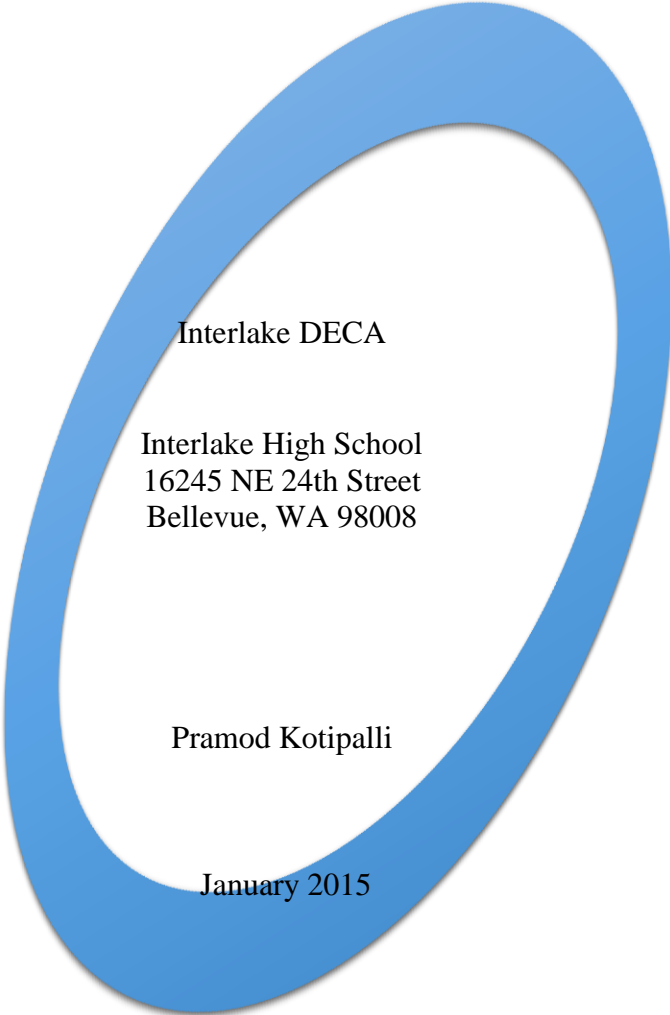


ENTREPRENEURSHIP WRITTEN EVENT

oneBand LLC



Interlake DECA

Interlake High School
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Pramod Kotipalli

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I. EXECUTIVE SUMMARY

OneBand is a limited liability company that provides technology products that enable our users to take charge of their health with truly actionable health insights. oneBand LLC offers a Health Band and Health Monitoring service that track a wide variety of health/fitness metrics and, in turn, predict diseases/conditions (such as diabetes or high blood pressure) upon which the user can act to improve their lifestyle and overall health.

MISSION STATEMENT	oneBand LLC aims to help individuals lead healthier lives by offering them predictive and preventative health notices based on truly actionable health metrics thus reducing the costs and pain associated with long-term curative medication and procedures.
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Types of product/service: oneBand LLC will have two revenue streams:

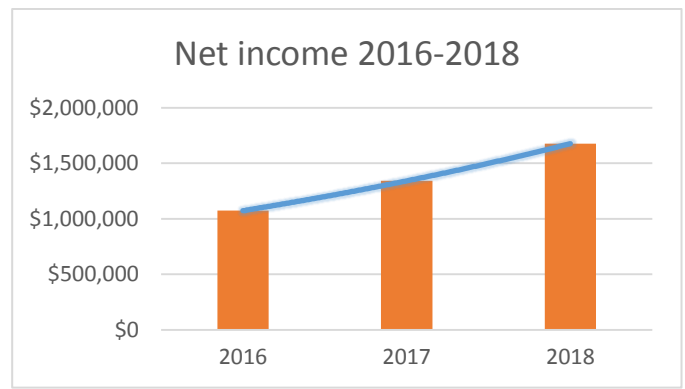
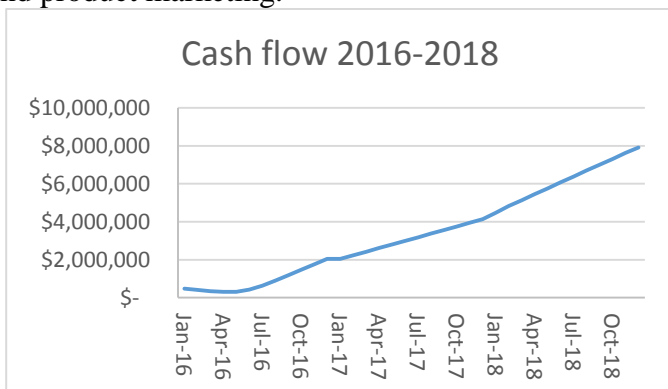
- oneBand Health Band:** Although built upon a smartwatch form factor, this health/fitness band will offer users more actionable health metrics by measuring blood glucose and blood lipid levels (with electric and laser-based sensors) that track health behaviors in addition to the market standard GPS sensor, heart rate monitor, and accelerometer that track fitness behaviors. This product will sell through retail and direct-to-customer distribution channels at \$199.99.
- oneBand Health Monitoring Service (HMS):** This software/web app accompanies the Health Band curates all data it collects. The HMS analyzes this data, identifies concerning trends, and alerts the user of the potential of developing lifestyle diseases such as heart disease, diabetes, or high/low blood pressure. The HMS also allows users to set fitness goals and can relay the selected data to a doctor for applications such as outpatient tracking/monitoring. It will be available online as a web app and on major mobile platforms. This is a subscription service charged at a rate of \$15 per month.

Target market analysis:

- Focusing on adults ages 18-55 in King County, Washington State
- Target cities: Seattle, Bellevue, Redmond (all in King County, WA)
- Target users have high (discretionary) incomes and experience with high-tech products
- Target market is very active in outdoor activities and are health-conscious and fitness-oriented
- Headquarters in Bellevue, WA: labor pool has significant experience with tech/software development
- Access to medical consultants in major medical research intuitions (e.g. University of Washington)

Strategic competitive advantage: oneBand LLC is the only provider of smart watches/band that track vital health metrics such as blood sugar and cholesterol for truly actionable health notifications that predict the development of lifestyle diseases. Our users will be able to effectively monitor their exercise, sleep, food, and body routines throughout the day to gain truly actionable insights as to their health and well-being. Further, oneBand is the only technology company that seeks to work with medical professionals to develop software that identifies concerning trends in our users' long-term health so that we can inform our users to take corrective action and avoid expensive, curative medical care in the long-term.

Financial highlights/request: I will invest \$200,000 from my private funds into oneBand LLC. I am requesting a loan of \$500,000 that will be paid back over three (3) years with an interest rate of 4.0%. With this loan, oneBand will enough funds to ensure a successful startup, liquidity, continued product/software development, and product marketing.



Steadily increasing cash flow over three years

Net income increases 56% from \$1.07m to \$1.68m

II. INTRODUCTION

The past few years have been witness to a meteoric rise in wearable technology¹. Wearable technology is a category of the mobile high-tech industry that allows users hands-free communication as well as the ability to monitor one's health/fitness in the form factor of common wearable articles of clothing such as a watch or pair of glasses. Such devices include their independent processing capabilities and usually feature biometric sensors such as heart-rate monitors and location/movement trackers. In the past year, there have been major developments within this category as processors, sensors, and manufacturing have become increasingly inexpensive. As such Apple, Samsung, Google, and Microsoft have all release their own iterations of the smart watch and health/fitness band (more information/sources on this topic can be found in the Bibliography, page 27). However, each of these products offer very superficial tracking and do not predict preventable lifestyle diseases; all the technology is available for such an actionable health service, but no company has executed upon this important application of wearable technology so that they can take charge of their health with prophylactic solutions that reduce the costs of expensive curative operations in the long-term. As such, oneBand aims to increase the usefulness of wearable technology and machine learning pattern identification software in the aim of fundamentally improving our lives by eliminating the prevalence of expensive lifestyle diseases.



The Microsoft Band tracks a user's location and heart rate throughout exercise in an attractive package but it cannot predict preventable lifestyle diseases.

MISSION STATEMENT	oneBand LLC aims to help individuals lead healthier lives by offering them predictive and preventative health notices based on truly actionable health metrics thus reducing the costs and pain associated with long-term curative medication and procedures.
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At oneBand, we understand that users expect a fluid, feature-filled product that will help them lead a better life. As such, we are committed to constantly improving and expanding features in our product and service alongside developments in the industry and the needs of our customers.

¹ "Wearable Technology Industry Is on the Rise." *Mobile Living by Verizon Wireless*. N.p., 16 Jan. 2014. Web. 1 Jan. 2015. <<http://www.verizonwireless.com/mobile-living/tech-smarts/wearable-technology/>>.

In summary, oneBand LLC will have two revenue streams: the sale of the Health Band health/fitness tracker and smart watch, and the subscription Health Monitoring Service. Organized as a limited liability company offering profit incentives for employees, oneBand LLC will provide a Health Band that can track such vital metrics as heart rate, blood sugar, and blood pressure. Further, the accompanying Health Monitoring Service will be offered as an app on major software platforms and will identify patterns in the collected data to predict and alert users of the development of concerning lifestyle diseases. oneBand will target adults in King County, WA, an area where people are proficient with technology, have high discretionary incomes, and have a demonstrated interest in health/fitness and outdoors activities. The Health Monitoring Service will be offered on both desktop and mobile operating systems as subscription service integrated with the Health Band.

Advisors/mentors:

Krishna Kotipalli: My father is an outstanding mentor for this DECA paper because he has over 20 years of experience in the high technology industry working at Microsoft as a senior software development engineer. He is a very-well informed technologist who inspires me to think creatively about technology's applications in our world.

Srivani Eluri: My mother has significant experience working with cloud-based technology services during her continuing 15-year tenure at Microsoft. As such, she has extensive knowledge of machine learning techniques and big data processing. She encourages me to explore technology and embrace the power of the internet in an increasingly interdependent world.

Lasinnda Mathewson: Ms. Mathewson is the International Baccalaureate Business and Management teacher at Interlake High School and has over 20 years of experience in business and marketing education. Ms. Mathewson has guided me as I wrote this paper by clarifying my ideas and encouraging me to increase the feasibility of these ideas in the marketplace.

III. ANALYSIS OF THE BUSINESS SITUATION

A. Self-analysis

I, Pramod Kotipalli, have significant experience with business/management and technology through DECA and my self-studies in computer science and software development.

Firstly, I have been a member of DECA for the past three years and I have been a finalist in the Washington State Career Development Conference in the Buying and Merchandising Team Decision Making and Automotive Services Marketing events. This experience in particular has developed and expanded my knowledge of retail buying operations and distribution channels for commercial goods. In addition to DECA, I avidly read business, technology, and political news through periodicals such as *The Economist*, *WIRED*, and *Al Jazeera*. Such interest in business, technology, and global commerce enables me to be very well versed in the high-tech industry as well as the execution of business through an understanding of the concepts of finance, marketing, business organization, and operational strategy.

Secondly, I have significant experience with computer science and software development. I am fluent in HTML, CSS, PHP, and JavaScript and have been developing applications with Leap Motion and Google Apps Script in Java and Python for the past few years. Such technical knowledge allows me to effectively implement my ideas in technology into useful, market-ready products. More recently, I have interned at a local technology company that develops an application for anonymous social networking. At this internship, I have learned about software/product development, product/project management, and the skills required to bring a technology product to market.

Finally, I have significant experience with leadership in school. I was elected class officer by my peers where I have raised funds for our senior year's graduation and prom events. As class officer, I organized, planned, and executed multiple fundraisers that have raised thousands of dollars.

I believe that my extensive experience with business concepts, computer programming, product management, and leadership will allow me to effectively lead oneBand LLC in the demanding technology industry. These skills will allow me to effectively manage employees, work with

manufacturers, pilot marketing content, and lead oneBand LLC in keeping with our Mission Statement.

I am also willing to learn and take risks as oneBand grows: I will always be open to employee feedback as to how to become a more effective communicator and manager. As I am investing \$200,000 in this mission that I believe in, it is clear that I am willing to take well-informed risks. As such, I believe, under my leadership, oneBand LLC will become a profitable, industry leader in the category of health/fitness bands.

B. Trading area analysis

1. General data: geographic, demographics, economics

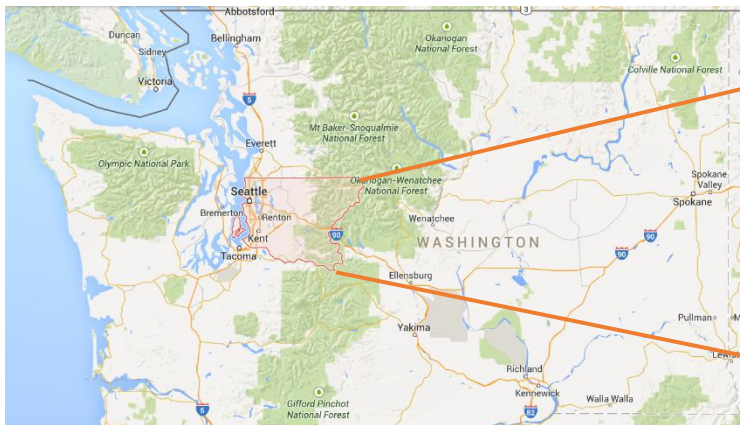
Geographic: King County in Washington State (focusing on the Bellevue and Seattle metropolitan areas) is ideal for oneBand because of the area's strong technology infrastructure, the area's prevalence of high-tech corporations/research, and Seattle's numerous, top-ranked medical facilities and resources. These elements are vital for a company such as oneBand that provides a health-oriented product and service.

In terms of technological infrastructure, the Seattle-Bellevue-Redmond area will superbly support oneBand's growing technology needs. For example, CenturyLink's nationwide fiber optics network has been expanded through Seattle and Bellevue² and can provide "gigabit" speeds of over 1000 megabits per second, demonstrating the continued growth of a strong technological infrastructure; such high speeds will allow our users to enjoy a fast, fluid experience as they use our Health Monitoring service. Further, with the headquarters of major technology companies such as Microsoft and Amazon in oneBand's geographic trading area, oneBand will be able to work closely with these companies to improve the quality of our product's sensors and services. For example, Amazon's headquarters in Seattle will allow us to work closely with them to develop a web-based application for our Health Monitoring service

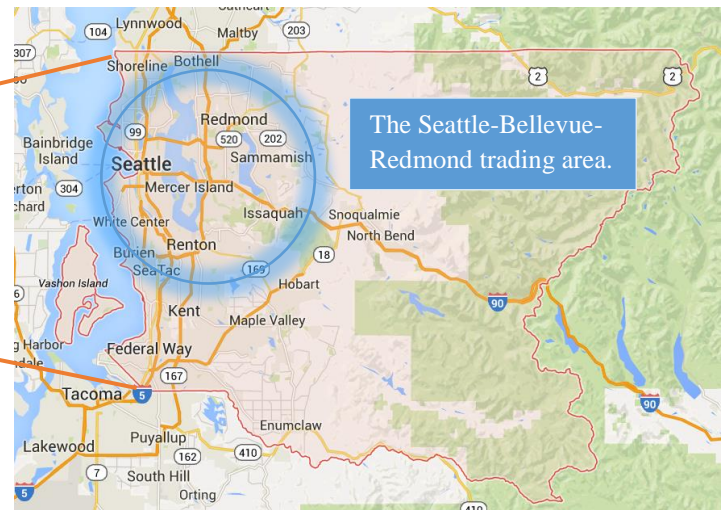
² "CenturyLink Fiber Network." *CenturyLink Fiber Network* (n.d.): n. pag. *CenturyLink*. CenturyLink. Web. 1 Jan. 2015. <<http://www.centurylink.com/business/asset/network-map/fiber-network-nm090928.pdf>>.

using Amazon's HIPAA-compliant³ Amazon Web Service (AWS) thus saving costs on database management while maintaining the integrity of our user's health data. In addition, we can work with Amazon to store oneBand's product inventory with Amazon's Inventory Management⁴ system in order to provide a responsive and cost-effective solution that provide retailers and customers with our Health Band product.

Finally, the Seattle-Bellevue-Redmond area is also saturated with top-ranked medical facilities, centers, and schools making it one of the highest areas of medical research activity in the country. For example, the top-ranking University of Washington and its network of nationally ranked⁵ medical centers throughout the region⁵ provides an excellent resource for new medical technologies for the Health Band and trends to track in our Health Monitoring service. In addition, the area's highly-experienced medical professionals can serve as consultants/advisors in developing our Health Monitoring Service. The unique combination of a strong technology and medical scene makes King County and the Seattle-Bellevue-Redmond area the perfect geographical trading area for oneBand.



King County within Washington State (Google Maps)



³ "Health Information Privacy." *Health Information Privacy*. US Government - Health and Human Services, n.d. Web. 1 Jan. 2015. <<http://www.hhs.gov/ocr/privacy/>>.

⁴ "Inventory Management FAQs." *Amazon.com*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.amazon.com/gp/help/customer/display.html?nodeId=200325430>>.

⁵ "University of Washington." *US News Rankings*. N.p., n.d. Web. 10 Jan. 2015. <<http://grad-schools.usnews.rankingsandreviews.com/best-graduate-schools/top-medical-schools/university-of-washington-04122>>.

Demographics: King County, WA is renowned in Washington State and the greater Pacific Northwest for its hiking and biking trails that attract millions of enthusiasts to the outdoors every year. Such interest in the outdoors and in fitness is illustrated by such now-national outdoor recreation gear retailers like Recreational Equipment, Inc. which found its origins in Seattle, WA. The region's general affluence has also spawned well-known fitness clubs and brands such as PRO Sports Club and the Bellevue Club, two organizations that illustrate a focus on fitness and health in King County, WA. As such, we intend to sell in retailers such as REI, Sports Authority, and BIG5, as well as in sports clubs in the area.

Further, city-level lawmakers are taking extra initiative to promote alternative forms of transportation by designating and incentivizing walking, biking, and overall health-oriented behaviors. As such, the number of bikers, hikers, and exercise enthusiasts continues to grow in King County, WA.

Economics: Washington State is the ideal market in which to trade because of the various tax credits available to companies in the high technology industry. First, OneBand can claim "High Technology R&D Expenditures" as a Washington State Business & Occupation Tax Credit⁶ meaning that any research or technological infrastructure investments we make can be deducted from our tax filing. Secondly, oneBand can claim "High Technology Deferral" on sales/use taxes⁷ meaning that oneBand's tax liabilities on technology assets and subscriptions are not realized until a future date in oneBand's accounting period. For example, income from an annual OneBand Health Monitoring subscription of \$180 paid at the beginning an accounting period will not be fully taxed in the period that that subscription has been purchased; if only \$45 is utilized in a particular accounting period, then only those \$45 will be taxed as Washington State income taxes. Such tax credits and deferrals are highly conducive to growth and expansion in

⁶ "Synopsis of Tax Incentives 2014." (n.d.): n. pag. *Washington State Department of Revenue*. State of Washington. Web. 1 Jan. 2015. <<http://dor.wa.gov/Docs/Pubs/Incentives/SynopsisTaxIncentives.pdf>>.

⁷ Ibid.

Washington State.

2. Competitive data: present competitors (listed and briefly described), competitive advantages and disadvantages of the proposed business: The table below outlines and evaluates oneBand’s competitors

Competitor	Advantages	Disadvantages	Cost
Android Wear (by Google)	<ul style="list-style-type: none"> - utilizes popular Android OS** - provides suite of integrated smart watch services such as navigation, music playback, communication, etc. - smart watch OS runs on devices of numerous third party device manufacturers (outside of Google) 	<ul style="list-style-type: none"> - fitness tracking application of device only utilizes - fitness tracking limited only to heart rate and footsteps - no comprehensive service to predict disease so user can take preventative action - confusing UI*/OS** for non-expert users 	varies: \$150- \$300
Apple Watch	<ul style="list-style-type: none"> - supported by massive brand value of Apple - potential for many third-party app integrations in addition to watch, health, and communication functionalities - appealing UI* and external design - personalized fitness goals systems 	<ul style="list-style-type: none"> - health app only available on iOS devices (iPad, iPhone, and iPod) - watch and app provides only simple metrics (e.g. heart rate, user motion, location) - no system to inform users on potential diseases developed by exercise; not a preventative-based service 	expected price: >\$300
Microsoft Band	<ul style="list-style-type: none"> - simple UI/graphics design - accompanying “Microsoft Health” app provided on all three major mobile platforms (iOS, Android, Windows Phone) - heart rate, sleep, and calorie tracking - focus on productivity for business clients - integrated with various fitness-related applications 	<ul style="list-style-type: none"> - goal setting functionality lacks - provides 24/7 tracking claiming “actionable” health data but doesn’t provide suggestions for how users can improve lifestyle based on health metrics (known as “Microsoft HealthVault”) - oversimplified UI* with limited screen real estate for productive tasks 	\$200
Fitbit Surge (fitness-oriented smart watch)	<ul style="list-style-type: none"> - continuous heart-rate monitoring - differentiates between various sports/activities - watch face provided in addition to alarms and notifications - battery life of up to 7 days - comprehensive online service coupled with apps on all major OS** platforms 	<ul style="list-style-type: none"> - health/fitness data is limited to heart rate, user motions, a location data - online service doesn’t extend to identifying and alerting the user of concerning health trends 	\$250
* “UI” is an abbreviation for user interface ** “OS” is an abbreviation for operating system			

oneBand’s competitors all offer attractive, premium-priced devices compatible with only a few mobile device platforms per device. However, one element absent in all of these devices: a truly actionable health monitoring system. Although heart rate and location tracking offer useful data about exercise and sleep routines, truly actionable results stem only from useful health metrics such as glucose, cholesterol, blood pressure, and blood fat levels. In this field of competitors, only oneBand is poised to offer the tracking of these vital health statistics in an

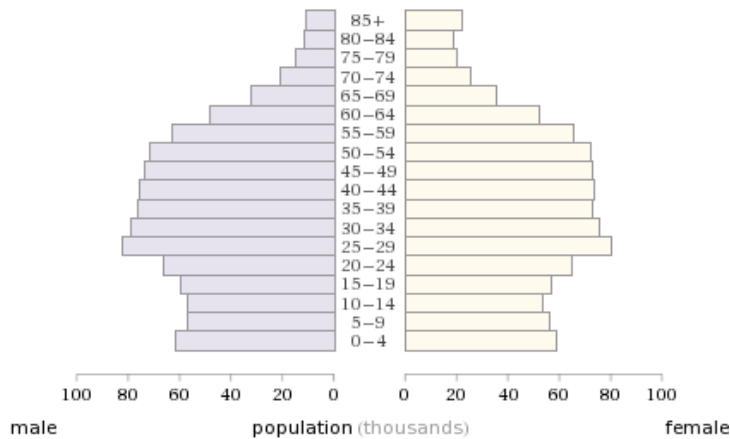
actionable way that still provides the attractive, well-priced, and productive features required of health/fitness bands today.

The advantages and disadvantages of oneBand LLC in comparison to its competitors are detailed in a SWOT (Strengths, Weakness, Opportunities, Threats) analysis which assesses a business’ internal and external factors related to its business situation and growth (see Appendix A, page 28).

C. Market segment analysis

Because of the legal complications involved with providing minors with medical advice through our Health Monitoring service, only adults over the age 18 will considered in our market segment. As such, we have refined oneBand’s target to residents of the Seattle-Bellevue-Redmond area between ages 15 to 55 of those people with access to modern technology and high-speed internet. Below we further define our target market:

Population pyramid for people aged 18 to 55 in King County, WA⁸



There are 1.085 million people aged 18 to 55 in King County, WA thereby defining the maximum size of our target demographic. However, this number does not represent the number of people with internet access and a computer or smartphone.

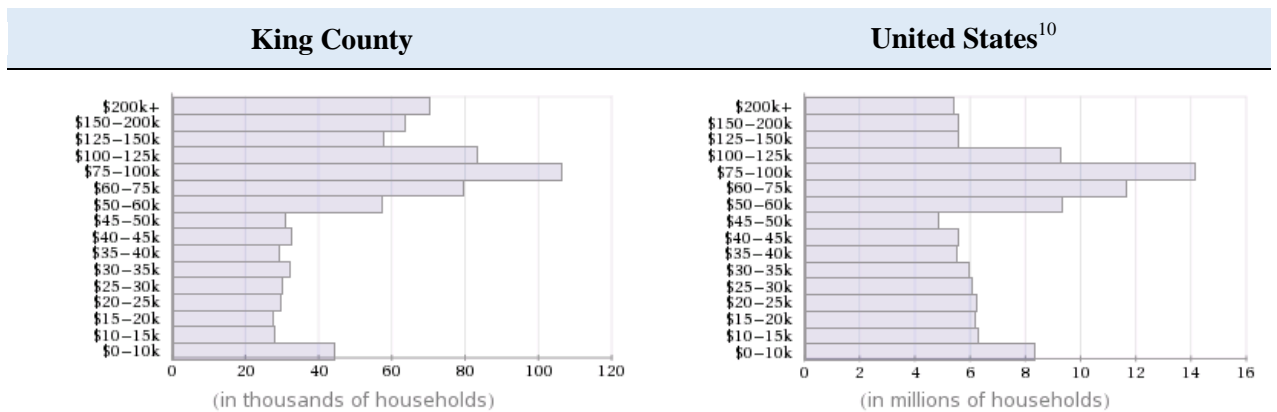
Below is table outlining internet access by home computer or smartphone in the U.S. as a whole:

⁸ Source: American Community Survey 2008-2012, computed by WolframAlpha⁸
 Wolfram|Alpha: Computational Knowledge Engine. N.p., n.d. Web. 01 Jan. 2015. <<http://www.wolframalpha.com/>>.

Internet access through smartphones or at home in the U.S., by age (in thousands) ⁹							
Total 15 + years	243,689	Home internet users		Smartphone users		Either	
Age	Total	Number	%	Number	%	Number	%
25-34 years	41,408	30,839	64.5	27,896	67.8	35,683	86.2
35-44 years	39,478	30,426	77.1	23,235	58.9	33,630	85.2
45-54 years	43,882	31,225	71.2	19,777	45.1	33,903	77.3
Total for ages 25-54	124,768	9,249	70.9	70,908	57.3	103,216	82.9

Thus, it can be extrapolated that in King County, that about (or at least) 82.9% of King County residents have internet access through one of the many software platforms supported by oneBand on a smartphone or computer. Thus, about $82.9\% \times 1.085 \text{ million} = 899,334 \approx \mathbf{900 \text{ thousand}}$ people aged 18-55 in King County define our target market.

Finally, the residents of our trading area can economically support the costs of our product. The histograms below illustrate that there is concentration of wealth in King County, Washington meaning that there many more higher-earning families in our trading area thus contributing to a greater discretionary income for the innovative medical goods provided by oneBand. In other words, our trading area can very much support the costs of oneBand’s services.



Positioning is very important for creating a place in the customer’s mind for oneBand’s product and service. Below are the four Ps of the marketing mix that come together to define oneBand and its product and service for our market segment:

1. Product: oneBand’s product and service, the Health Band and Health Monitoring Service, will

⁹ Computer and Internet Use in the United States (n.d.): n. pag. US Census Bureau. US Government. Web. 1 Jan. 2015. <<http://census.gov/>>.

¹⁰ American Community Survey 2008-2012, computed by WolframAlpha Wolfram|Alpha: Computational Knowledge Engine. N.p., n.d. Web. 01 Jan. 2015. <<http://www.wolframalpha.com/>>.

create a demand amongst adults concerned with preventing expensive lifestyle diseases by use of actionable health metrics from mobile/wearable technology.

2. **Place:** oneBand LLC is targeting individuals in King County who are proficient with technology, have significant discretionary income, and are interested in health/fitness products and well-being.

3. **Price:**

- oneBand’s Health Band is priced in the same price range as our competitors. The typical price of a smart watch with health/fitness features ranges from \$150-\$350 with most competing products (Android Wear and Apple Watch specifically) significantly priced above \$200. Thus, oneBand’s price of \$200 has a competitive price while maintaining the air of a premium product.
- oneBand’s Health Monitoring Service is priced strategically at \$15 per month. Most competitors have health/fitness tracking services that are free with the purchase of an expensive mobile device and band but these services do not offer features that lack in quality and are not in any way comparable to those of oneBand. In addition, most premium internet services in music and entertainment are priced from \$10-\$15. Thus, a price of \$15 per month is a fair ask considering the benefits we offer our users.

4. **Promotion:** oneBand LLC will utilize both above-the-line and below-the-line promotion in our marketing endeavors. For above-the-line promotion, oneBand will purchase advertisement space in various mass-circulation magazines including *WIRED* and *Seattle Metropolitan*. For below-the-line promotion, we will send informational emails to our current and interested users. We will also actively support charities such as the American Heart Association and the American Diabetes Association. In addition, we will offer a discount for our early adopter customers. A full promotional plan is elaborated further in Section IV-C under “Proposed marketing strategies.”

D. Analysis of potential locations

After extensive research, I have narrowed down potential locations for oneBand to the Bellevue Technology Center or offices in downtown Bellevue which both have significantly lower operation/lease costs than offices Seattle or Redmond, the two other major cities in our trading area of King County.

Element of potential location analysis	Bellevue Technology Center (NE 24th Street Bellevue, WA) ¹¹	Bellevue Pacific Center (106th Ave NE, Bellevue, WA) ¹²
Environment	Calm suburban	Busy urban
Square footage in rentable square footage (RSF)	5,725 RSF	3,180 RSF
Long-term lease price (for three years)	\$6,000 per month	\$9,000 per month
Utility expenses	Comparable	
Local amenities/food	Limited local shopping, franchise restaurants	Diverse cuisines restaurants, shopping
Housing	Many quality apartments and houses at fair price; near PRO Sport Club	Extremely premium apartments at premium prices

Considering all the elements, the Bellevue Technology Center is the best environment for oneBand’s headquarters. Further, the Bellevue Technology Center is down the street from the

¹¹ "Bellevue Technology Center." *Bellevue Technology Center*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.jllnw.com/websites/bellevuetechnologycenter/>>.

¹² "Bellevue Pacific Center." *Officespace.com*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.officespace.com%2Fbuilding%2F63019-188-106th-Ave-NE-Bellevue-WA-98004>>.

corporate/global headquarters of Microsoft, a company that we can work with to further develop or product and service. Also, Amazon is just a 10 minute drive away from our intended office location. Finally, employees will have easy access to quality, affordable housing near work and will be able to work out at the renowned PRO Sports Club about one mile from our worksite.

IV. PLANNED OPERATION OF THE PROPOSED BUSINESS/PRODUCT/SERVICE

A. Proposed organization

Type of ownership and rationale: oneBand will remain a limited liability company meaning that the company will be fully under my control and direction. With this type of company, we can always raise money from private investors but not from shareholders in the general public through avenues such as the stock markets, allowing me to make decisions regarding the future of the company while remaining separate from the company in the case of financial downturn. By keeping the company private, we will not have to act according to the will of stockholders allowing us to follow our mission statement and intended goals to their fullest extent. However, the disadvantages of a LLC are the legal formations in forming the company. Another disadvantage is that we must file a more complex tax form every year while also being required to immediately recognize profits thereby decreasing the flexibility of reinvesting cash flow back into the business. Also, selling shares to raise capital will also be difficult because equity shares cannot be directly sold to the general public. This situation may be problematic in times of low liquidity.

Steps to startup: To register and establish oneBand LLC as a limited liability company in the State of Washington we will:

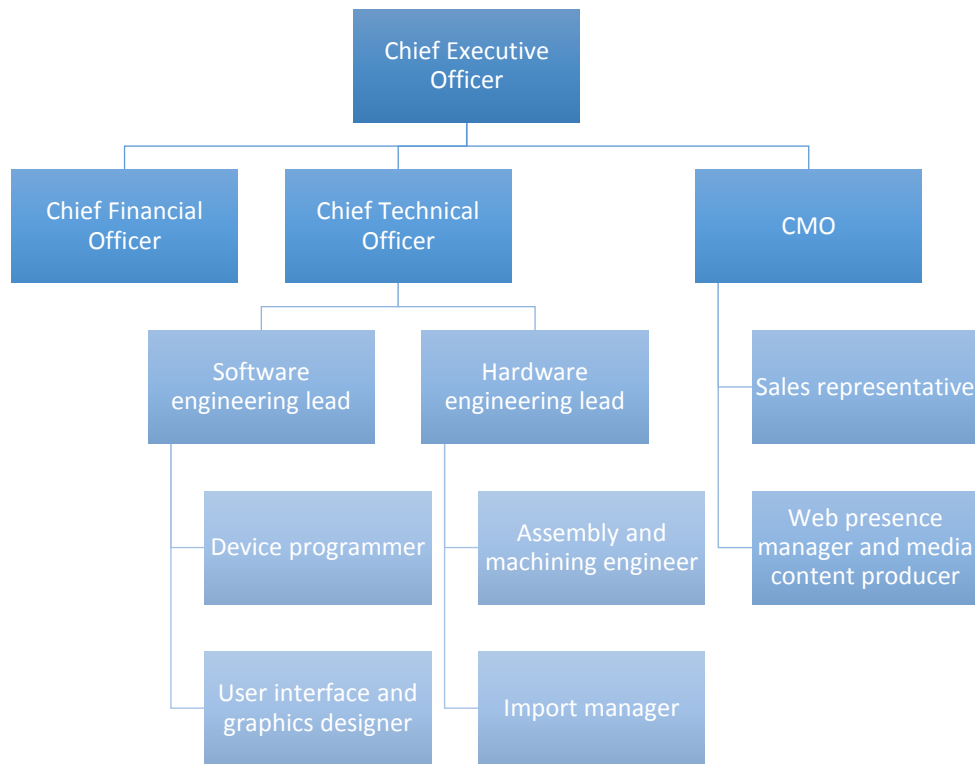
1. Seek advice of a lawyer in the state and fill out the appropriate forms in regards to RCW 25.15, which deals with the registration of LLCs.
2. Fill out a Business License Application (BLS) and apply for a Federal Tax Identification number.¹³
3. Rent out a medium-sized office in Bellevue and purchase the required assets such as office equipment, computers, and cloud/data services.
4. Hire and orient staff and implement short-term goals and initiate talks with hospitals in the target

¹³ "File a Business License Application." *Business Licensing Service*. State of Washington, 2011. Web. 1 Dec. 2013. <<http://bls.dor.wa.gov/file.aspx>>.

market area.

5. The proposed structure for the company will be outlined below including organization, job descriptions, and payroll and relevant taxes.
6. I, as owner, find it important to offer a form of equity to motivate employees to remain motivated about oneBand and its product and service. As such, I will consult with a lawyer to offer equity incentives (“profit interests”/“profit sharing”)¹⁴ by way of requesting an 83(b) election. It is important to note that these are non-voting shares in oneBand ensuring I have full control over the direction of oneBand in the future.

Organization of company: Here is an organizational chart illustrating the proposed organization



Job descriptions:

Chief Executive Officer (CEO) & owner: As CEO of oneBand, I will oversee the entire operation of the business ranging from product development to effective marketing. I will work closely with the CTO and technical team to develop and deliver a product that acts to fulfill our Mission Statement. I will also work closely with the sales and marketing team to market our product and build our product’s retail and web presence. As I will be the representative of the business to the community, I will also be active with local business organizations, government councils, and charities that aim to improve public health.

¹⁴ "Equity Incentives in Limited Liability Companies (LLCs)." *National Center for Employment Ownership*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.nceo.org/articles/equity-incentives-limited-liability-company-llc>>.

Chief Financial Officer (CFO): The CFO will be responsible for maintaining all the financial functions of oneBand including payroll, tax forms, financial statements, accounts payable, banking, and the funding of international purchase orders. The CFO will also work closely with the CEO to keep me apprised on the cash flow of the business and the relationship with oneBand's equity investors and business/bank loans. The CFO will also be responsible for managing and paying employee health benefits, ordering office supplies and technical resources, filing taxes as the end of each fiscal quarter and year, and working with me to determine product pricing.

Chief Technical Officer (CTO): The CTO will be responsible for managing and the product development team and any oversees manufacturing/sourcing for our product and service. The CTO will outline product development timelines and work with the CEO, software engineering lead, and hardware engineering lead to ensure that development quotas a met in accordance to user feedback, market trends, and technology research.

Software engineering lead (SEL): The SEL will manage and code the software for the oneBand device as well as the Health Monitoring service by working with local health academics and professionals from the University of Washington and local hospitals. Further, the SEL will work with the CTO to establish and follow through on software production cycles.

Device programmer (DVP): The device programmer will be the primary programmer of device software for the oneBand device. He/she will be responsible for designing and coding the core software of the device as well as the complimentary applications for iOS, Android, and Windows Phone devices. He/she will work closely with the UIX designer to create an appealing, feature-filled, and easy-to-use suite of software applications.

User interface and graphics designer (UIX): The UIX designer will work closely with the device programmer and the CTO to draft and design icons, brand logos, software graphics in order to develop an appealing user interface for users. He/she must have experience with graphic

design programs such as Adobe Illustrator.

Hardware engineering lead (HEL): The HEL will work closely with the CTO, SEL, and UX designer to design a visually-appealing product that is in keeping with oneBand's brand, user interface, and graphics. He/she will primarily employ product design and CAD (computer-aided design) software to design both the external form and internal electronics of the device.

Assembly and machining engineer (AME): The AME will collaborate closely with the HEL and sourcing manager to locate quality manufacturers of individual product components and deliver those components to an assembly facility in China or Taiwan. The AME will also be responsible for communicating with production facilities to develop any machines or assembly operations required to assemble the oneBand product.

Import manager (IM): The import manager will oversee the delivery of individual components to the production facility in China or Taiwan. He/she will also manage and oversee the transportation of the manufactured product to the export port in East Asia, through a Pacific Ocean shipping vessel, and to the Port of Seattle where the product will be transported to a warehouse for distribution to Amazon's Fulfillment Centers and retail outlets. The import manager will also work with the CFO to fill out the appropriate paper with the federal government to fill out appropriate paperwork and pay required import/export taxes.

Chief Marketing Officer (CMO): This position requires passion for the product, service, and mission of oneBand as well as creativity and experience in product marketing and branding within the industry of high-technology. He/she will be required to conduct thorough market research. Also, the CMO will work closely with the UX to develop a uniform and effective brand image. In addition, the CMO must be able to sell our product and service through effective sales presentations for retailers in both physical and online presences.

Sales representative (REP): First and foremost, the sales representative must be able to execute effective sales presentations to entice new retailers in our geographic trading area to carry our

product. He/she must have excellent presentation and people skills and a passion for our product.

Web presence manager and media content producer (WPM): As the reputation of businesses relies more and more on an effectively managed online presence, an effective manager of oneBand’s online image is vital. As such, the web presence manager will curate oneBand’s social media presence as well as maintain oneBand’s website and blog. In addition, he/she will be responsible for producing videos and advertising content for future YouTube or TV campaigns.

Salaries and equity structure:

The following table outlines the salary and equity structure as well as the monthly and annual payroll expenses for oneBand. Because a sense of personal investment in the upside of our company will serve as the best motivator for oneBand’s employees, employees will be offered an equity stake in the form of an equity incentive (or “profit interest”) which guarantees a certain percent of the profit as payout for each employee when oneBand turns a profit; also, offering equity also justifies paying salaries that are below market value, thus saving oneBand significant money in our critical growth phase. *It is important to note that I am still the 100% owner of equity but I am just opting to share profits to boost employee morale and our employee’s sense of purpose in oneBand.* To comply with the legal formation of an LLC while still offering a form of equity, I will, as owner, initiate a 83(b) election to distribute equity incentives (which are non-voting shares of no real equity/power value); employees would then be required to fill out the appropriate paperwork (K-1 statement) to ensure that these revenues are not taxed as income from their “limited partner” status¹⁵.

Position	Hourly Rate	Hours in Month	Payroll Expense ¹⁶		Equity incentives/ “Profit interests”	Equity (voting shares)
			Monthly	Annual		

¹⁵ "Equity Incentives in Limited Liability Companies (LLCs)." *National Center for Employment Ownership*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.nceo.org/articles/equity-incentives-limited-liability-company-llc>>.

¹⁶"Glassdoor – an inside Look at Jobs & Companies." *Glassdoor*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.glassdoor.com/index.htm>>.

CEO, Owner	-	-	\$7,000	\$84,000	84.50%	100%
CFO	-	-	\$6,200	\$74,400	3.00%	0%
CTO	-	-	\$6,700	\$80,400	3.00%	0%
SEL (software)	\$55	120	\$6,600	\$79,200	2.00%	0%
DVP (devices)	\$50	120	\$6,000	\$72,000	0.75%	0%
UIX (user interface, gfx)	\$40	120	\$4,800	\$57,600	0.75%	0%
HEL (hardware)	\$55	120	\$6,600	\$79,200	2.00%	0%
AME (manufacturing)	\$45	100	\$4,500	\$54,000	0.50%	0%
IM (import)	\$40	100	\$4,000	\$48,000	0.50%	0%
CMO	-	-	\$6,000	\$72,000	2.00%	0%
REP (sales)	\$35	120	\$4,200	\$50,400	0.50%	0%
WPM (web, media)	\$35	100	\$3,500	\$42,000	0.50%	0%
Total			\$66,100	\$793,000	100.00%	100%

If sales are inadequate during the first year of operation, the executive team (CFO, CTO, and CMO) and I (CEO) have agreed to not take a salary from oneBand.

Payroll taxes and benefits table:

Below is the payroll taxes and benefits table which outlines total federal payroll taxes as well as health benefits offered to our employees. Because our business aims to create a healthier and actionable, technologically-informed fitness product and service, I believe it is apt to invest in the health and fitness endeavors of our staff.

Position	Federal payroll taxes ¹⁷		Cumulative benefits Rate	Total percent burden	Total Burden upon salary
	Social Security tax	Total Medicare tax			
CEO, Owner	6.20%	1.45 + 0.18%	10.00%	17.83%	\$14,977.20
CFO	6.20%	1.45 + 0.18%	20.00%	27.83%	\$20,705.52
CTO	6.20%	1.45 + 0.18%	20.00%	27.83%	\$22,375.32
SEL (software)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$22,041.36
DVP (devices)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$20,037.60
UIX (user interface, gfx)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$16,030.08
HEL (hardware)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$22,041.36
AME (manufacturing)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$15,028.20
IM (import)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$13,358.40
CMO	6.20%	1.45 + 0.18%	20.00%	27.83%	\$20,037.60
REP (sales)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$14,026.32
WPM (web, media)	6.20%	1.45 + 0.18%	20.00%	27.83%	\$11,688.60
Total					\$212,347.56

B. Proposed product/service: oneBand LLC will offer one product and one service:

Product/Service	Description	Pricing
oneBand Health Band	Although built upon a smartwatch form factor, this will offer customers more actionable health metrics by	A complete breakdown of the production costs of this device is provided in the Appendix B, page 29.

¹⁷ "(Circular E), Employer's Tax Guide." IRS. US Government, n.d. Web. 1 Jan. 2015. <<http://www.irs.gov/pub/irs-pdf/p15.pdf>>.

	measuring blood glucose and lipid levels with electric and laser-based sensors in addition to the market standard GPS sensors, heart rate monitors, and pedometer.	This product will cost the customer \$199.99 through direct-to-customer or retail distribution channels.
oneBand Health Monitoring Service	This software curates all data provided by the oneBand Health Band and analyzes the data in such a way that the user can take action to improve his life by tracking blood sugar and fat levels as well as sleep and heart rate patterns over time. It will be available as a web app and on all mobile platforms.	A complete breakdown of the technology service and data storage costs associated with this service is provided in the Appendix B, page 29. This service will cost \$15 per month. A discounted annual subscription will be offered at \$180 per year starting in the second year of operation.

oneBand Health Band

Unlike all our competitors in the health/fitness band market, only the oneBand offers the next level of health monitoring by providing additional sensors that can track a person’s health in a meaningful way in the form factor of a smart watch. Although the health metrics garnered will be stored on the band via internet sync, features such as GPS require a companion app that will be provided for iOS, Android, and Windows Phone. In addition to a 1.5 by 4.5 cm capacitive touch screen display and in-built hardware buttons, our Version 1 product will feature the following health-related sensors:

1. GPS (location): When paired with a mobile device through Bluetooth, the Health Band will track a user’s location over the course of a day or exercise routine. By actively referencing position data with a maps database (such as Google Maps), the Health Band can also track a user’s altitude, thus allowing for more accurate fitness records for bikers and hikers.
2. Accelerometer (motion): The Health Band’s accelerometer can track a user’s activity when they are performing intensive activities that involve repeated arm motion such as jogging or weightlifting. In such cases, the accelerometer provides more accurate information about user energy consumption and movement. In addition, the accelerometer can provide metrics in regards to sleep patterns.
3. Heart-rate sensor: Integrated into feature #5, a low-strength Class 1M laser and Photoplethysmogram (PPG)¹⁸ sensor will enable the Health Band to detect pulsations in the blood arteries of the wrist, thus allowing for heart-rate monitoring through the night, during exercise, or during a workday.



An exploded view of the Microsoft Band, a product similar to the oneBand Health Band.

¹⁸ Allen, John. "Photoplethysmography and Its Application in Clinical Physiological Measurement." *Physiological Measurement* 28.3 (2007): n. pag. Print.

4. Blood glucose monitor: Because changes in blood sugar concentration induce changes in the electrical properties of the skin, the Health Band will be able to effectively and accurately monitor changes in glucose levels throughout exercise or during the day by use of a row of electric sensors embedded in the wrist strap.
5. Blood cholesterol and lipid (fat) monitor: Using laser absorption spectrophotometry with a Class 1M laser projected into the blood vessels of the wrist, the Health Band can effectively measure and monitor changes in the concentration of cholesterol and lipids (fat) in the blood.

oneBand Health Monitoring Service (HMS)

None of our competitors offer a meaningful solution to track people's health in a way that is actionable on the part of the user. Our HMS automatically uploads the health metric captured by the Health Band to a HIPPA-compliant¹⁹ web service (hosted by Amazon Web Services) that analyzes the health data to identify patterns consistent with concerning health conditions. Our Version 1 HMS will be able to predict the following preventable diseases that result from lifestyle choices:

1. Heart Disease and Heart Palpitations: By tracking a user's heartrate during both active exercise and through regular activities, abnormalities or irregularities can be analyzed. Further, such analysis any concerning trends that align with known precursors of a serious medical event. At this point, the user is alerted of these trends based on objective, data-based analysis so that he/she can take action by consulting with a doctor.
2. Diabetes: Because, the oneBand can measure blood sugar levels, concerning trends in blood sugar concentrations following a meal or exercise can be indicative of the development of Type I or Type II diabetes.
3. Chronic High or Low Blood Pressure: Following period of exercise during times of normal heart rate, sustained periods of high blood pressure can be indicative of chronic high blood pressure problems that lead to eye problems such as hypertension or weakening of the blood vessels of the body. Similarly, chronic low blood pressure can lead to its own host of medical issues. Because it features a blood pressure sensor, the oneBand can actively monitor and predict blood pressure conditions and inform the user so that he/she can take action to improve his/her health.
4. Strokes: By monitoring blood pressure and heart rate patterns, the oneBand will also be able to predict a stroke and inform the user so that he/she may consult with a physician.

Using techniques in big-data machine learning and by employing the expertise of local health professionals in the King County area, oneBand's HMS will be able to effectively monitor, predict, and prompt users to be aware of concerning trends in their lifestyles.

In addition to the health tracking application of the oneBand, we will also develop software based on productivity as our competitors do with their smart watches. These features include, but are not limited

¹⁹ "Health Information Privacy." *Health Information Privacy*. US Government - Health and Human Services, n.d. Web. 1 Jan. 2015. <<http://www.hhs.gov/ocr/privacy/>>.

to: email notifications, driving direction, and a personal voice-based assistant. This companion app for the oneBand HMS will be developed concurrently for Windows, Mac, Windows Phone, iOS, Android, and the web.

To protect our intellectual property regarding the ongoing proprietary research/insights we gain regarding our Health Band's sensors and HMS's software, we will hire a patent attorney to file patents as the need arises.

C. Proposed marketing strategies

Our proposed marketing plan will focus on four elements:

First, we will use social media to advertise our product. Social media promotion is free and 74% of Americans are registered with at least one social media service²⁰. As such, we will establish and maintain a Facebook business page and Twitter account, in addition to our website, which we will update daily with updates on product development or intriguing facts/statistics regarding oneBand's use.

Secondly, we will open up a limited beta phase for our product in which we will offer use of the oneBand and the accompanying Health Monitoring Service. The benefits of such a promotional activity is two-fold: Firstly, this strategy will an element of exclusivity and desire for our product. Such promotion will increase our customer's demand for the oneBand as they see their peers enjoy the oneBand; this fervor may further spread through grapevine marketing thus increasing desire and demand for the oneBand. Secondly, this form of promotion will allow our technical team to collect and analyze vital insights into use of the product in addition to troubleshooting information about issues that arise during mass-scale use.

Thirdly, we will actively donate 1% of our revenue to charity as consumers are 89%²¹ more likely to buy a product if the company supports a charity that the consumer also supports. We expect to be involved with health-oriented organizations such as the American Heart Association and American

²⁰ "Social Networking Fact Sheet." *Pew Research Centers Internet American Life Project*. Pew Research Center, 27 Dec. 2013. Web. 1 Jan. 2015. <<http://www.pewinternet.org/fact-sheets/social-networking-fact-sheet/>>.

²¹ "Should You Buy That Charity Affiliated Product?: Charity Navigator." *Charity Navigator*. N.p., n.d. Web. 1 Jan. 2015. <<http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1635>>.

Diabetes Association. Because our target market is home to various well-known research organizations, we will also donate portions of our revenue to the Fred Hutchinson Cancer Research Center based in Seattle and the University of Washington's School of Medicine.

Finally, we will maintain a mailing list for customers that purchase the oneBand or those who express interest in our product on our social media or web outlets. Doing so will allow us to directly contact consumers about future promotions, product releases, or important software updates.

In addition to the four major points above, we have included a **one-year outline of our promotional plan** below:

Element ²²	Total cost	Rationale	Measurement	Implementation dates (2016)
Social media promotion	\$0	Over 75% of target market is on social media; most effective way to communicate with masses	Analytics on Facebook and Twitter including click-through rates and user engagement; effective ROI tracking. Goal to observe 20% month-on-month organic shares	All of 2016
National search engine optimization	\$6,000	Ensures that anyone searching for a related product will see ours at the top of search engine listings; provides free stream of qualified traffic	Website redirects are track-able with website analytics provided with. Goal of 10% month-on-month increases in impressions	All of 2016
Develop and maintain an online presence	\$0 (included with web manager)	Establishing a strong website and social media presence will allow our customers to learn about of product and service; establishes our name online	Goal of increase in web traffic of at least 10% per month	All of 2016
National online pay-per-click campaign	estimate: \$47822.74	Using services like Google AdSense and Facebook's targeted advertising will allow us to effectively target our target demographics as they surf the web and online social media.	Google and Facebook advertising analytics. Goal of increase of 10% month-on-month impressions. Note: cost varies with click rate and sales goals;	All of 2016
<i>WIRED</i> magazine ad	\$10,000	<i>WIRED</i> 's audience of over 750,000 is technologically-passionate; best exposure for our product	50% increase in website/social media traffic during magazine circulation.	January edition of <i>WIRED</i>
<i>Seattle Metropolitan</i> magazine ad	\$4,000 total (\$2,000 per month)	Magazine's audience of wealthy, Seattle-based users is our target market; gains mass-market exposure	50% increase in website/social media traffic during magazine circulation	January and February editions
Discount for early adopters	\$0*	A discount of 10% for early adopters enables our product to gain share in the market faster than would otherwise be possible; this promotion will generate buzz and will boost oneBand's sales and market presence	Direct sales analytics are immediately track-able by our sales team. 10% week-on-week sales growth.	February through March
Limited public beta	\$0**	Adds element of exclusivity; contributes to effective grapevine marketing; creates	Direct user engagement and use metrics garnered through product	February through March

²² "The Cost of Advertising Nationally Broken Down by Medium." *WebpageFX*. N.p., 30 July 2013. Web. 1 Jan. 2015. <<http://www.webpagefx.com/blog/business-advice/the-cost-of-advertising-nationally-broken-down-by-medium/>>.

		demand for product; aids in product development	use	
American Diabetes Association Seattle Expo 2016	<\$100	Demonstrates corporate social responsibility and engagement with charitable causes	Increase in website traffic of 10% in the days following the exposition	Early April
Seasonal discount for summer months	\$0*	A discount of 5-10% for both our product and service during the summer months will ensure that our services remain in use during our target demographics' the most active period of the year	Increases sales of 50% during the summer months	June through August
American Heart Association Heart & Stroke Walk 2016	<\$100	Demonstrates corporate social responsibility and engagement with charitable causes	Personal interest taken by event-goers measured by engagement with our company's booth; number of flyers taken; increased web traffic from the Seattle area of 20%.	Early October
2016 Step Out Diabetes awareness run/walk in Seattle, WA				
* Because our pricing accounts for all the costs and labor of our product and service, there is no immediate cost to us, only a reduced profit // ** Because all inventory must be returned by beta testers, there will be no immediate cost to us				

V. PLANNED FINANCING

A. Projected income and expenses: Below are financial statements for oneBand LLC's three years starting in 2016. The cost and revenue model (see Appendix C, page 30) generate the revenue and cost of goods sold figures. The fixed asset and depreciation model (see Appendix D, page 30) explains the figures for the startup costs and the depreciation expenses. I will utilize the previous forecasted statements by comparing them to the actual results then identifies strengths and weaknesses of oneBand upon which I will respond accordingly.

1. Projected income statements by month for the first year's operation (sales, expenses, profit/loss)

oneBand LLC															
Forecasted statement of income															
For the years ending December 31, 2016, 2017, and 2018															
2016													Totals		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016	2017	2018
Operating revenue															
oneBand Health Band	\$ -	\$ 39,998	\$ 39,998	\$ 89,996	\$ 89,996	\$ 239,988	\$ 299,985	\$ 359,982	\$ 299,985	\$ 239,988	\$ 179,991	\$ 119,994	\$ 1,999,900	\$ 2,499,875	\$ 3,124,844
oneBand Health Monitoring	-	9,000	18,000	38,160	58,500	112,500	180,000	261,000	328,500	382,500	423,000	450,000	2,261,160	2,826,450	3,533,063
Total operating revenue	-	48,998	57,998	128,156	148,496	352,488	479,985	620,982	628,485	622,488	602,991	569,994	4,261,060	5,326,325	6,657,906
Cost of goods sold															
oneBand Health Band	-	20,400	20,400	45,900	45,900	122,400	153,000	183,600	153,000	122,400	91,800	61,200	1,020,000	1,275,000	1,593,750
oneBand Health Monitoring	-	350	700	1,484	2,275	4,375	7,000	10,150	12,775	14,875	16,450	17,500	87,934	109,918	137,397
Total cost of goods sold	-	20,750	21,100	47,384	48,175	126,775	160,000	193,750	165,775	137,275	108,250	78,700	1,107,934	1,384,918	1,731,147
Gross profit															
oneBand Health Band	-	19,598	19,598	44,096	44,096	117,588	146,985	176,382	146,985	117,588	88,191	58,794	979,900	1,224,875	1,531,094
oneBand Health Monitoring	-	8,650	17,300	36,676	56,225	108,125	173,000	250,850	315,725	367,625	406,550	432,500	2,173,226	2,716,533	3,395,666
Total gross profit	-	28,248	36,898	80,772	100,321	225,713	319,985	427,232	462,710	485,213	494,741	491,294	3,153,126	3,941,408	4,926,759
		58%	64%	63%	68%	64%	67%	69%	74%	78%	82%	86%	74%	74%	74%
Operating expenses															
Health Band inventory purchases	-	20,400	20,400	45,900	45,900	122,400	153,000	183,600	153,000	122,400	91,800	61,200	1,020,000	1,275,000	1,593,750
Health Monitoring app maint.	-	350	700	1,484	2,275	4,375	7,000	10,150	12,775	14,875	16,450	17,500	87,934	109,918	137,397
Payroll	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	793,200	991,500	1,239,375
Payroll taxes, health benefits	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	212,348	265,434	331,793
Corporate charitable donation	-	490	580	1,282	1,485	3,525	4,800	6,210	6,285	6,225	6,030	5,700	42,611	53,263	66,579
Office electronics purchases	34,100	-	-	-	-	-	-	-	-	-	-	-	34,100	42,625	53,281
Asset depreciation	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Automobile/furniture purchases	66,000	-	-	-	-	-	-	-	-	-	-	-	66,000	82,500	103,125
Business insurance	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000	22,500	28,125
Business license and fees	250	250	250	500	500	500	500	500	500	500	500	500	5,250	6,563	8,203
Office space lease	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000	72,000	72,000
Utilities	400	400	400	400	400	400	400	400	400	400	400	400	4,800	6,000	7,500
Promotion/advertising	13,500	3,600	1,875	2,219	2,648	3,186	3,857	4,696	5,745	7,057	8,696	10,745	67,823	84,778	105,973
Web presence maintenance	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,750	4,688
Miscellaneous/office supplies	2,500	250	250	250	250	250	250	250	250	250	250	250	5,250	6,563	8,203
Adjustment for inflation (~2%)	305	305	305	305	305	305	305	305	305	305	305	305	3,662	3,662	3,662
Total interest burden	15,636	15,571	15,506	15,439	15,371	15,302	15,232	15,160	15,087	15,012	14,935	14,857	183,107	228,884	286,105
Total operating expenses	226,836	135,762	134,411	161,924	163,280	244,388	279,489	315,417	288,493	258,569	230,912	203,002	2,642,484	3,303,105	4,128,882
Income/loss before tax	(226,836)	(107,514)	(97,513)	(81,153)	(62,960)	(18,675)	40,496	111,815	174,217	226,644	263,829	288,292	510,642	638,302	797,878
Tax Expense															
Washington State Business and Occupation tax (1.5%)	-	-	-	-	-	-	607	1,677	2,613	3,400	3,957	4,324	16,579	20,724	25,905
Federal income tax (34% + \$113,900 upon filing)	-	-	-	-	-	-	13,768	38,017	59,234	77,059	89,702	98,019	375,800	469,750	587,187
Total tax burden	-	-	-	-	-	-	14,376	39,694	61,847	80,459	93,659	102,344	392,379	490,474	613,092
Net Income [Loss]	\$ (226,836)	\$ (107,514)	\$ (97,513)	\$ (81,153)	\$ (62,960)	\$ (18,675)	\$ 54,871	\$ 151,509	\$ 236,064	\$ 307,102	\$ 357,489	\$ 390,636	\$ 903,021	\$ 1,128,776	\$ 1,410,970
	-	-146%	-190%	-181%	-175%	-116%	690%	175%	56%	30%	16%	9%	-	25%	25%

2. Projected cash flow for the first year
3. Projected cash flow by month for the first year's operation
4. Projected balance sheet, end of first year
5. Projected three-year plan

oneBand LLC
Forecast statement of cash flows
For the years ending December 31, 2016, 2017 & 2018

	2016												Annual		
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beginning cash balance	-	\$ 475,764	\$ 391,600	\$ 317,786	\$ 286,618	\$ 274,433	\$ 385,132	\$ 568,987	\$ 832,092	\$ 1,107,444	\$ 1,386,456	\$ 1,660,497	\$ 1,920,884	\$ 3,888,625	
Cash inflows:															
<i>Owner funds</i>	200,000	-	-	-	-	-	-	-	-	-	-	-	200,000	-	-
<i>Loan proceeds</i>	500,000	-	-	-	-	-	-	-	-	-	-	-	500,000	-	-
<i>Total sales</i>	-	48,998	57,998	128,156	148,496	352,488	479,985	620,982	628,485	622,488	602,991	569,994	4,261,060	5,326,325	7,989,488
Total cash inflows	700,000	48,998	57,998	128,156	148,496	352,488	479,985	620,982	628,485	622,488	602,991	569,994	4,961,060	5,326,325	7,989,488
Available cash balance	700,000	524,762	449,598	445,942	435,113	626,921	865,117	1,189,969	1,460,577	1,729,932	1,989,447	2,230,491	-	7,247,209	11,878,113
Cash outflows:															
Health Band inventory purchases	-	20,400	20,400	45,900	45,900	122,400	153,000	183,600	153,000	122,400	91,800	61,200	1,020,000	1,275,000	1,912,500
Health Monitoring app maint.	-	350	700	1,484	2,275	4,375	7,000	10,150	12,775	14,875	16,450	17,500	87,934	109,918	164,876
Payroll	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	66,100	793,200	793,200	793,200
Payroll taxes, health benefits	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	17,696	212,348	212,348	212,348
Corporate charitable donation	-	490	580	1,282	1,485	3,525	4,800	6,210	6,285	6,225	6,030	5,700	42,611	53,263	66,579
Office electronics purchases	34,100	-	-	-	-	-	-	-	-	-	-	-	34,100	14,000	14,000
Automobile/furniture purchases	66,000	-	-	-	-	-	-	-	-	-	-	-	66,000	-	-
Total state and federal taxes	-	-	-	-	-	-	19,241	45,060	67,240	84,907	98,038	106,606	421,092	526,365	789,547
Business insurance	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000	18,000	18,000
Business license and fees	250	250	250	500	500	500	500	500	500	500	500	500	5,250	5,250	5,250
Office space lease	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000	72,000	72,000
Utilities	400	400	400	400	400	400	400	400	400	400	400	400	4,800	4,800	4,800
Adjustment for inflation (~2%)	305	305	305	305	305	305	305	305	305	305	305	305	3,662	3,662	3,662
Promotion/advertising	13,500	3,600	1,875	2,219	2,648	3,186	3,857	4,696	5,745	7,057	8,696	10,745	67,823	84,778	127,168
Web presence maintenance	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,000	3,000
Miscellaneous/office supplies	2,500	250	250	250	250	250	250	250	250	250	250	250	5,250	3,000	3,000
Subtotal	208,601	117,591	116,306	143,885	145,309	226,486	280,899	342,717	338,045	328,464	314,015	294,751	2,857,069	3,178,583	4,189,929
Other cash outflows:															
Loan principal	13,889	13,839	13,788	13,736	13,683	13,628	13,573	13,515	13,457	13,396	13,334	13,270	166,667	166,667	166,667
Loan interest	1,747	1,732	1,718	1,703	1,688	1,674	1,659	1,645	1,630	1,616	1,601	1,587	20,000	13,333	6,667
Subtotal	15,636	15,571	15,506	15,439	15,371	15,302	15,232	15,160	15,087	15,012	14,935	14,857	183,107	180,000	173,333
Total cash outflows	224,236	133,162	131,811	159,324	160,680	241,788	296,131	357,877	353,132	343,476	328,950	309,607	3,040,176	3,358,583	4,363,263
Ending Cash Balance	\$ 475,764	\$ 391,600	\$ 317,786	\$ 286,618	\$ 274,433	\$ 385,132	\$ 568,987	\$ 832,092	\$ 1,107,444	\$ 1,386,456	\$ 1,660,497	\$ 1,920,884	\$ 1,920,884	\$ 3,888,625	\$ 7,514,850

6. A brief narrative description of the planned growth of the proposed business, including financial resources and needs

In the three year income statement and cash flow presented, oneBand LLC has a forecasted growth of 25% year-on-year growth of sales and net income in 2017 and 2018. The word about the proposed health benefits will spread from the users of the initial beta test in the month of February 2016 causing strong sales in the summer months; as word continues to spread through the internet and social media during our second and third years of operation, we will constantly grow at an annual rate of 25% (I have figured a 2% inflation rate into expenses of the previous charts). We expect the word of oneBand's product and service to expand beyond our geographical trading area to include new market (in California and the east coast) into which we can expand our physical and online retail presence, thus ensuring oneBand will continue to grow steadily into the future.

To meet our startup expenses and to fund initial inventory and service charges, I am investing a significant amount of my own money and am also requesting a bank loan which is elaborated further below.

B. Proposed plan to meet capital needs

1. Personal and internal sources

As owner of oneBand LLC, I will invest \$200,000 of my own money into oneBand LLC. In order to ensure startup liquidity and positive cash flow in the first three years of operation, I am also requesting a bank loan.

2. Earnings, short-term and long-term borrowing, long-term equity

I anticipate that yearly net incomes will always be positive ensuring that oneBand is always earning upon my original investment and the bank's loan. Personal investment/borrowing is anticipated to be one-time event occurring at startup. Long-term voting-share equity, I foresee, will remain 100% within my hands.

3. External sources

I am requesting a loan of \$500,000 that will be paid back over three years with a 4%^{23,24,25} interest rate. With this loan, oneBand LLC will have enough funds to ensure a successful startup, liquidity, and the continued development and marketing of our health/fitness product and service.

4. Short-term and long-term borrowing, long-term equity

This bank loan is intended to be a single event initiated at startup. I anticipate being the sole, 100% voting-share owner of this LLC.

5. Repayment plans, 6. Plan to repay borrowed funds or provide return on investment to equity funds

The following is the amortization (repayment) schedule for the requested loan. This table outlines the principals and interests that will be paid over the next three years.

Loan amortization schedule for oneBand LLC				
Loan amount	Interest rate	Term	Start date	
\$ 500,000	4%	3 years	January 2016	
Summary of payments and interest				
Monthly payment will be		\$	14,444	
Total interest paid over loan life		\$	40,000	
Interest paid in 2016		\$	20,000	
Interest paid in 2017		\$	13,333	
Interest paid in 2018		\$	6,667	
Payment schedule for oneBand LLC				
Year	Principal paid	Interest paid	Loan balance	
Begin			\$	500,000
2016	\$ 166,667	\$ 20,000	\$	333,333
2017	\$ 166,667	\$ 13,333	\$	166,667
2018	\$ 166,667	\$ 6,667	\$	-
Totals		\$ 40,000	\$	-

VI. CONCLUSION

I believe that oneBand LLC will be successful because we offer a differentiated and unique product in the health/fitness category of wearable technology. We believe that our users will benefit

²³ "7(a) Loan Amounts, Fees & Interest Rates, SBA." *U.S. Small Business Administration*. US SBA, n.d. Web. 1 Dec. 2013. <<http://www.sba.gov/content/7a-loan-amounts-fees-interest-rates>>.

²⁴ "Small Business Administration Lending - SBA Loans - Wells Fargo." *Wells Fargo*. Wells Fargo, n.d. Web. 1 Dec. 2013. <https://www.wellsfargo.com/biz/loans_lines/sba/>.

²⁵ "7(a) Loan Amounts, "Wall Street Journal prime rate, NYT." *New York Times - Markets*. New York Times, BankRate.com, n.d. Web. 1 Dec. 2013. <<http://www.bankrate.com/rates/interest-rates/wall-street-prime-rate.aspx>>.

significantly from using our actionable and predictive health technologies as they aim to lead healthier lives. In summary, oneBand LLC will be successful because:

- We offer the only health/fitness band in industry that tracks blood sugar, blood cholesterol, blood pressure, and blood fat levels
- We offer the only subscription health monitoring service allows access and use across all major operating systems and mobile devices to truly actionable health metrics
- Washington State offers many beneficial tax deductions and deferrals for high-tech businesses
- People are naturally inclined towards products that can help them reduce medical/healthcare costs/surgeries
- Our target market is very interested in health/fitness; they are also technological proficient and have significant discretionary incomes
- oneBand is poised to effectively expand beyond our trading area as our user base increases, thus ensuring increasing revenues and profit over time

As such, oneBand LLC is justified in asking for a \$500,000 loan over three years at a 4% interest rate.

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VIII. APPENDIX

Appendix A: SWOT Analysis

A SWOT (Strengths, Weaknesses, Opportunities, & Threats) analysis helps to understand the internal and external factors that may influence the current and future business situation.

Strengths (internal)	Weaknesses (internal)
<ul style="list-style-type: none"> • Only health/fitness band in industry to track blood sugar, blood cholesterol, blood pressure, and blood fat levels • Subscription service allows access and use across all major operating systems and mobile devices • Highly motivated and knowledgeable owner • Value proposition tied to element no one can refuse: improving the quality of life and decreasing long-term medical expenses • Targeting of specific market in King County will lead to market domination in area; grapevine/word-of-mouth will spread across region and country for expanded growth • Those interested in smart watches will see our product an equally viable option to purchase considering comparable price and extra features 	<ul style="list-style-type: none"> • Establishing a new business • Must educate some of public on the benefits of wearable technology and the oneBand Health Band • Customers must be willing to bear long-term subscription costs (up to \$180/year) • Must train staff on sourcing/manufacturing product as well as how to educate the public • Must grow customer base from zero
Opportunities (external)	Threats (external)
<ul style="list-style-type: none"> • No competitor has a product comparable to ours in terms of set of features • Significant tax credits and deferrals for high-tech businesses in Washington State • People have a natural interest in products that can increase the quality of their lives • Almost 900,000 people define our target market; grapevine/word-of-mouth sharing on social media will allow our product, service, and business to naturally expand into other trading areas in the future • King County has a highly talented labor pool and many quality doctors we can consult with regarding 	<ul style="list-style-type: none"> • When patents expire, there is nothing stopping larger companies from using our previously-proprietary technologies and software • Smart watches and health/fitness bands could be part of a fad • Changing political regulations regarding health/medical devices • Expiry of high-tech tax credits/deductions • Increasing scrutiny on manufacturing of technology products in Asia

our product and service	
<ul style="list-style-type: none"> King County’s residents have a high discretionary income and high interest in tech products 	

Appendix B: Pricing of proposed product and service

oneBand Health Band: Below is a table outlining the expected price per component per unit of the Health Band:

Product component	Component type	Manufacturer	Price
Internal memory components	Internal electronics	Texas Instruments and Toshiba	\$8
Internal processing and computing components	Internal electronics	Intel Corporation	\$12
Internal QI (wireless) charging Li-ion component	Internal electronics	Texas Instruments	\$3
High capacity 400 mAh lithium-ion battery	Internal electronic	Motorola Mobility (Google subsidiary)	\$2
Various internal and external components	Internal and external electronics	Various	\$15
AMOLED capacitive 1.5 cm by 4.5 cm (300 dpi) touchscreen	External electronic	Samsung	\$8
Photoplethysmogram (PPG) heart rate sensor	External medical sensor	Samsung	\$2
Class 1M red-wavelength laser (spectrophotometry for blood fat)	External medical sensor	Texas Instruments	\$2
Conductivity-based glucose monitor	External medical sensor	Independent manufacturer	\$3
Pressure sensors (for blood pressure)	External medical sensor	Texas Instruments	\$3
Bluetooth transmitter	Internal electronic	Texas Instruments	\$2
GPS transmitter	Internal electronic	Intel Corporation	\$4
Accelerometer	Internal electronic	InvenSense	\$2
Plastic/metal and glass casing	External material	Independent manufacturer, Corning	\$4
Manufacturing and labor costs for East Asia producer		Pegatron Corporation	\$20
Trans-Pacific shipping to Port of Seattle		Maersk Line	\$10
Amazon Inventory Management			\$2
Total			\$102

To be profitable and to price our product alongside competitors, we will price the oneBand at \$199.99 retail or direct-to-customer online sale.

oneBand Health Monitoring Service: Below is the a table outline the cost per subscriber per month of hosting and operating the online Health monitoring service.

Service element	Provider	Price (estimated cost per month per subscriber)
Amazon Web Services Health Monitoring application hosting	Amazon, Inc.	\$3
Wireless internet connection	CenturyLink	\$2
Website and domain hosting	SiteGround	\$2
Total		\$7

Thus, to remain competitive and to employ a premium pricing strategy, we will charge \$15 per subscriber per month for the Health Monitoring service. A discounted annual subscription will be offered at \$150 per year.

Appendix C: Revenue Model

oneBand LLC							
Revenue model							
For the year of 2016							
Revenue stream	Units sold			Average sales price	Budgeted revenue		
	Conservative	Likely	Aggressive		Conservative	Likely	Aggressive
oneBand Health Band	5000	10000	15000	\$199.99	\$999,950.00	\$1,999,900.00	\$2,999,850.00
oneBand Health Monitoring	1250	2500	3750	\$180.00	\$225,000.00	\$2,261,160.00	\$675,000.00
Totals					\$1,224,950.00	\$4,261,060.00	\$3,674,850.00

Cost model							
For the year of 2016							
Revenue stream	Units sold			Average cost per unit	Budgeted cost		
	Conservative	Likely	Aggressive		Conservative	Likely	Aggressive
oneBand Health Band	7500	10000	15000	\$102.00	\$765,000.00	\$1,020,000.00	\$1,530,000.00
oneBand Health Monitoring	1875	2500	3750	\$7.00	\$13,125.00	\$1,055,208.00	\$26,250.00
Totals					\$778,125.00	\$2,075,208.00	\$1,556,250.00

Gross profit model							
For the year of 2016							
Revenue Stream	Units sold			Average gross profit per unit	Budgeted gross profit		
	Conservative	Likely	Aggressive		Conservative	Likely	Aggressive
oneBand Health Band	7500	10000	15000	\$97.99	\$734,925.00	\$979,900.00	\$1,469,850.00
oneBand Health Monitoring	1875	2500	3750	\$173.00	\$324,375.00	\$1,205,952.00	\$648,750.00
Totals					\$1,059,300.00	\$2,185,852.00	\$2,118,600.00

** It is important to note that the Health Monitoring service is a subscription service. That is to say that revenues garnered are recursive based on pre-existing subscriptions. For example, total revenues for the month of March are also based on revenues from subscriptions that are continued from February.

Appendix D: Fixed Asset and Depreciation Model

oneBand LLC								
Fixed asset and deprecation schedule								
For the period beginning January 2016								
Count	Fixed asset		Acquisition		Life - years	Salvage value	Annual straight line depreciation	
	Type	Description	Date	Cost			Value	Expense
	Computer							
12	workstation	Lenovo ThinkCentre	Dec '15	\$ 12,000.00	5	\$ 1,200.00	\$ 10,800.00	\$ 2,160.00
	Smartphone +							
12	service plan	Microsoft Lumia 920	Dec '15	\$ 3,600.00	5	\$ 360.00	\$ 3,240.00	\$ 648.00
2	Printer/fax	Brother all-in-one	Dec '15	\$ 1,000.00	8	\$ 100.00	\$ 900.00	\$ 112.50
	Peripherals and							
24	accessories	Keyboards, mice, cords	Dec '15	\$ 1,000.00	5	\$ 50.00	\$ 950.00	\$ 190.00
	Computer-aided							
2	design (CAD)	Autodesk	Dec '15	\$ 1,000.00	∞	-	\$ 1,000.00	\$ 1,000.00
	Electronics							
4	workshop	3D printer, rapid ideation materials	Dec '15	\$ 8,000.00	1	\$ 800.00	\$ 7,200.00	\$ 7,200.00
	Office							
12	productivity	Office 365 software package	Dec '15	\$ 1,500.00	∞	-	\$ 1,500.00	\$ 1,500.00
	Test devices							
12	Test devices	iPhone 6 Plus, Android device, Lumia 920	Dec '15	\$ 6,000.00	1	\$ 300.00	\$ 5,700.00	\$ 5,700.00
	Total Electronics			\$ 34,100.00			\$ 31,290.00	\$ 18,510.50
2	Automobile	Nissan Leaf + charging	Dec '15	\$ 60,000.00	5	\$ 6,000.00	\$ 54,000.00	\$ 10,800.00
24	Furniture	Chairs, Desks, Lighting	Dec '15	\$ 6,000.00	3	\$ 300.00	\$ 5,700.00	\$ 1,900.00
	Total miscellaneous			\$ 66,000.00			\$ 59,700.00	\$ 12,700.00
	Total all fixed assets			\$ 100,100.00				\$ 31,210.50