

CloudSensei



Equal Access. Best Teachers. Any Time.

Business Plan

By

Dent in the Universe
Capital Associates

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I. Executive Summary

Dent in the Universe Capital Associates (DUCA), will create “CloudSensei,” an on-line educational service that will initially start as a preparatory course for the SAT and ACT. CloudSensei will utilize modern technology to create software that provides quality lessons with instantaneous feedback to help students. DUCA’s mission for CloudSensei is to provide all students with “equal access, to the best teachers, at all times.”

CloudSensei intends to flip the educational model by creating a software that provides quality lessons created by the best teachers with instantaneous feedback to help students at their convenience. Students will no longer sit through boring, excessively expensive preparatory courses that don’t offer the necessary personal feedback they need. CloudSensei will not only use the best teachers (Milken awards winners and Teachers of the Year, etc.), but have premium graphics to hold the attention of students during lessons, as well as provide the perfect balance of challenging yet attainable questions for each individual student. Both parents and students will have access to “Cerie” that will not only provide an accurate picture of their development, but also offer encouragement to continue their progress.

CloudSensei’s base of operations will be located in Honolulu, but its services will be global in nature. Customers will be able to access CloudSensei at <https://www.cloudsensei.com> (not a taken domain name) and purchase CloudSensei’s preparatory service for \$75/month.

By the end of Year 2, the stabilized monthly revenues and customer counts are expected to be \$300,000 and 4,000, respectively. The net income and cash flows for full Year 2 is projected to be \$998,000 and \$990,000 (before full debt repayment and equity

repayments), respectively. Year 2 breakeven are expected be 1,930 customers with sales of approximately \$144,776, considerably lower than the expected revenues noted above.

In order to develop CloudSensei, DUCA has estimated that start up costs will amount to \$1.05 million. The total amount of funding required for this venture is \$1.7 million which incorporate the start up costs and cash burn of \$.6 million during the first year of full operations. Of this \$1.7 million financing required, DUCA expects to secure a bank debt loan of \$.68 million and equity financings of \$1.02 million. Of the \$1.02 million equity financing, the principals will contribute \$.12 million and the remaining equity of \$.9 million will be sought from Outside Investors.

The venture will be structured so that all debt financing will be paid off first (estimated to be by the end of Year 2), then all equity risk capital will be paid back, and lastly any remaining available distributable funds will be split 60/40 to Outside Investors and the principals, respectively. Outside Investors are expected to receive back all of their capital invested by the end of Year 3. Total investment returns to Outside Investors, primarily from Years 4 to 10, are expected to amount to \$6.26 million dollars which would amount to a 10 year return of 626% or an average annual return of 63%. One possible exit strategy that DUCA may consider is selling out to the larger on-line educational services or to traditional book publishers seeking an inroad into this lucrative business.

The principals of DUCA are eager and pleased to present to you this business plan for your consideration. We are extremely excited about this venture and hope that you give it a serious consideration, as DUCA feels that it will offer both financial and social returns. Please feel free to contact us with any of your thoughts and concerns.

II. Business Organization

A. Company Overview

1. Investment Opportunity

i. CloudSensei

DUCA will create CloudSensei – an on-line educational experience that will initially provide SAT and ACT prep instructions. CloudSensei will provide to parents (the usual customers) and students (the consumers) the opportunity to have access to high caliber instructors and instruction, at reasonable prices. Instead of relying on “cut rate” SAT Preps that produce immeasurable results or relying on very expensive private prep school summer courses in large group atmospheres, CloudSensei will provide a state of the art and personalized educational experience. Most importantly, CloudSensei will even the playing field for all students, not just students who can afford expensive courses or individual tutors.

Based on our research, there is no company in the nation who currently provides the personalized, enticing (student friendly), and responsive (feedback and mobility) instruction that CloudSensei will provide. Students will be provided with practice problems created by our nationally recognized teachers that will emulate past SAT/ACT tests. The SAT/ACT prep courses will utilize software designed to pinpoint a student’s mistake and provide instant feedback. Similar to “Big Blue” who challenges the chess masters by anticipating potential moves, CloudSensei’s “Cerie” will anticipate, diagnose, and provide a remedy to students struggling with a concept or problem.

After establishing a solid reputation with its *first* phase of operations (SAT/ACT Prep Instruction), CloudSensei will enter its *second* phase of operations – the

development of on-line instruction for AP (Advanced Placement) courses. In this phase, CloudSensei will first focus on the more popular AP courses selected by students. In its *third* phase of operations, CloudSensei will focus on on-line instructions for popular but less populated high school electives. Finally, CloudSensei wants to take on the CORE classes (Math, Science, English, Social Studies) as either an on-line instructional alternative or supplement to what is being taught in the classroom. Although, the focus of CloudSensei is high school students in these four phases, it is conceivable that CloudSensei may one day branch out to the Elementary, Middle, and College levels of education.

Whereas the customers for phase one, SAT/ACT prep, will be primarily individuals, not schools; an impetus for the three subsequent phases will be establishing relationships with high schools. DUCA has selected to start with the SAT/ACT Prep as phase one in order to establish a track record that will make it easier for bureaucratic organizations to contract with CloudSensei. Depending on the financial success of phase one and our perceived “read” at the time of the competition, DUCA does not feel that it has to execute phase two (AP classes) and phase three (Electives) linearly, but could decide to do these phases concurrently. Phase Four (Core Courses) will need to be implemented with great thought given the institutional constraints (the unions, etc.). Although this is an on-line offering, much of the test marketing for each of the phases will be done in Hawaii. However, it is the goal to market CloudSensei globally.

Based on our financial models, DUCA expects to pay off all debt financing by the end of Year 2, return all capital invested to Outside Investors and principals by the end of Year 3.

2. Mission Statement

Simply put, DUCA's mission or mantra is to provide all students with *“equal access, to the best teachers, at any time.”* How many times have you heard students say, “oh, Mr/Ms. so and so's class is full and I'm left with the junk teacher.” Or, “my parents couldn't afford to send me to 'Punalani' even though I'm just as smart as them but now may have to settle for less.” Or, “my parents couldn't afford to send me to that expensive private school SAT prep so I'm left having to study on my own.” DUCA is on a mission to level the playing field, period! No longer should any student have to settle for less.

3. Vision Statement

DUCA plans to establish CloudSensei as a premium SAT/ACT prep course provider and, in doing so, establish CloudSensei as the number one prep course within Hawaii. Concurrently, DUCA also wishes to see CloudSensei as a reputable prep course provider on the mainland and international level. In addition, DUCA plans to expand CloudSensei's services to include AP courses by the beginning of its sixth year, otherwise known as *phase two*.

4. Short Term Goals

DUCA plans to pay off all debt financings by the end of Year 2, and return all equity financings by the end of Year 3. Net income is projected to be stabilized by the end of Year 2.

5. Long Term Goals

Once CloudSensei has developed a strong presence in Hawaii and Nationwide as an SAT/ACT prep course, DUCA plans to expand its services to providing online AP courses. By the fourth year DUCA will start to establish relationships with at least one

public and private school for phase two and three of its plan. Please note that although development costs are included for such phases in Years 3 to 5 within the 10 year cash flows, DUCA has conservatively projected no additional revenues for these phases.

6. Exit Strategy

After Year 5, DUCA will entertain offers to buy CloudSensei from other online providers, or traditional education providers such as Prentice Hall who are looking to expand their market.

B. Organizational Structure

1. DUCA Investment Team Structure

The primary owners/members of DUCA are Natasha A. White and Jasmine Burt.

Natasha A. White- Chief Executive Officer and Chief Financial Officer



Ms. White will be the Chief Executive Officer (CEO) and will oversee all marketing and new client development efforts to ensure the success of CloudSensei. In addition, Ms. White will act as the Chief Financial Officer (CFO), taking responsibility for all financing and accounting.

Ms. White is qualified for the position as she has held leadership positions throughout her high school career. She is currently the president of the school's Mock Trial team, which is a returning state champion, and is an officer for the school's Spanish Club. She has also a member of the school Student Association and has previously been a class representative. Ms. White has taken 1st place in a previous Marketing Plan competition, and 1st place in a recent statewide DECA competition. She has also been

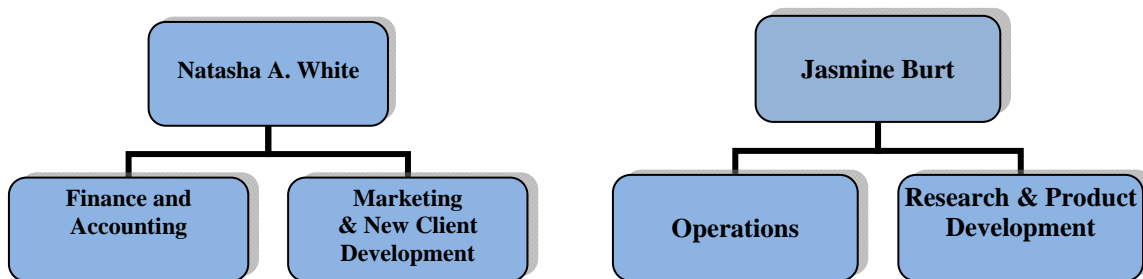
able to maintain a 3.9 GPA and is ranked in the top 10% of her class. In addition, Ms. White was a previous youth Garrison representative of Aliamanu Military Reservation.

Jasmine Burt- Chief Operating Officer and Chief Marketing Officer



Ms. Burt will act as the Chief Operating Officer (COO) and Chief Marketing Officer (CMO). She will be working with and overseeing the operations within CloudSensei. In addition she will be in charge of all research and new product development efforts.

Ms. Burt has held leadership positions throughout her high school career. She is currently the president of the school’s DECA Business Club. Ms. Burt is also a manager for the school’s store, where she has dealt with day-to-day operations. She is a member of the State Championship Mock Trial team, has taken 1st place in a previous Marketing Plan competition, and took 1st in a previous statewide DECA competition. She is also a fellow of Center for Tomorrow’s Leaders, a leadership focused organization. Ms. Burt has also been able to maintain a 3.7 GPA.



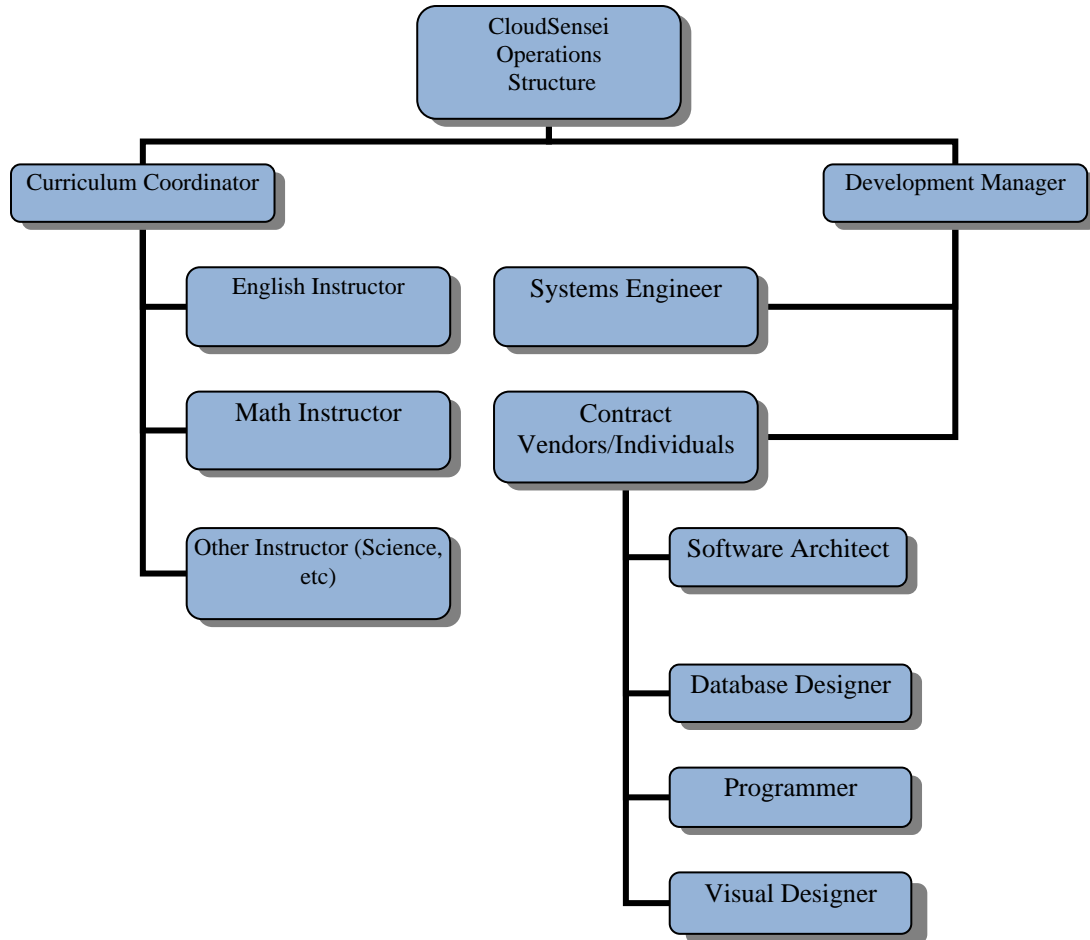
2. Management Structure

The company will be divided into two areas: 1) curriculum content and 2) curriculum development and delivery. These areas will be headed by the Curriculum Coordinator and the Development Manager, respectively.

The Curriculum Coordinator will work with three exceptional and award winning teachers/instructors in the SAT/ACT areas of Math, English, and Other (Science and Other Subject Areas). This coordinator will insure that our teachers create lesson plans that ensure compatibility and standards. Additionally, the curriculum coordinator will work with the Development Manager and articulate the desired format of supplemental graphics. Other tasks for the curriculum coordinator include: ensuring quality work from teachers, discovering new ways to ensure maximum comprehension with students, and new ideas to present lessons.

The English Instructor will be in charge of all aspects of the reading, writing (grammar), and essay portions of the SAT and ACT. The Math Instructor will be in charge of all aspects of the mathematics portions of the SAT and ACT. Lastly the Other Instructor will be in charge of the Science aspect of the ACT.

The Development Manager will be charged with developing the software and interactive web delivery system that will be enticing, challenging, and responsive to customers and consumers of CloudSensei. The Development Manager will need to interface with the Curriculum Coordinator, his/her permanent staff of designers and programmers, and contractual vendors and individuals to insure a seamless and fun experience. The linkage between the “on target” curriculum and the responsive delivery system will be a key to the success of this venture.



C. Ownership Structure

DUCA will operate CloudSensei as a Limited Liability Company (LLC). The LLC legal structure was chosen because of the protection against personal liability for debts and actions. Both Ms. White and Ms. Burt will own 50% of the LLC.

D. Special Laws and Regulations

During its first stage DUCA plans to comply with the Internet Community Ports Act to be segregated into “community ports,” rather than “open ports” that do not filter obscene and detrimental content from children. In addition DUCA plans to complete the accreditation process through Accrediting Council for Continuing

Education Training (ACCET) an organization that has been officially recognized by the U.S. Department of Education since 1978 as a “reliable authority” and is certified as an ISO 9001:2008-Quality Management System, under the international standards established by the International Organization for Standardization. (Accet.org)

Furthermore, there are also specific standards that CloudSensei must meet as an online education service, that go beyond the curriculum requirements and intend to regulate the technology component of online learning. Some of these standards include aspects of education such as ethical use of technology and ensuring that all teachers are technologically savvy in order to give the students the best possible chances of success as well as making sure that their learning is relevant and current.

III. Market/Business Environment

Please note that all discussion within the Market/Business Environment will focus only on Cloud Sensei’s first phase of operation – the SAT/ACT Prep market.

A. Market Opportunity Analysis

Demographics

The demographics of parents (usually the customers) most likely to take advantages of the services that CloudSensei will offer are the ones that value higher education highly, and are willing to invest into the prospect of their children’s future. Though there are parents such as these nationally and even globally, in Hawaii, according to our primary research, the parents who have this mindset tend to be of Asian or Caucasian descent (70%). As far as size, our survey indicated 90% of families in this division have two children, and are also considered to be middle to upper class families.

Social/Cultural

Parents with Asian decent tend to be particularly concerned with their children's education because of various reasons. Imbedded to their history, Asians tend to be quite disciplined when it comes to education. In fact many Asians immigrate to Hawaii, to provide their decedents with better opportunities, such as higher education.

Psychographics

The most common trend is the factor of high expectations of the children's scholarly achievements. With this trending mindset often comes a willingness to go the extra mile to do all they can to improve the child's SAT/ACT testing, which is why this particular subset would be most likely to be open to the services of CloudSensei's standardized test preparations.

Market Size

In the United States, over 1.65 million students take the SAT, with a rate of 43% of them meeting the national college preparation standards. In Hawaii 8,068 (59% public school) students took the SATs in 2010, with the state average below the national average. This large gap between Hawaii's and the national average, of which only 43% meet college preparation standards, makes Hawaii a prime area for an effective SAT preparatory service, despite competition. Also, 1.65 million students took the SAT in 2011, while 1.6 million took it in 2010, indicating a trend of SAT test taking. (Steinberg, 2010)

As far as the ACTs, over 1.6 million students took it nationally in 2011, with less than 500,000 students meeting the national college preparation standards. In Hawaii, 3,259 students took the test with only 25% meeting the standards in all areas.

Additionally, in 2010 about 1.57 million students took the ACT nationally, and 1.48 million in 2009, indicating a growing trend of students taking the ACT. Also, within the ACT prep course market there is no specific leader, allowing CloudSensei to dominate the market as its reputation of high quality instruction at reasonable pricing becomes more widespread amongst Hawaii residents. (Act.org)

As for phase two when AP exams are concerned, over 850,000 students took an AP exam in 2010. Of those students, approximately 500,000 were successful in at least one of their exams. Although the number of students taking AP exams overall is increasing rapidly, the percentage of students who pass is not increasing at a directly proportional rate. In addition the market for online education is similar to the SAT prep course market, in that there are established business, but ones with high quality are exceedingly expensive. (Vorsino, 2011)

B. Target Market

DUCA expects that the primary customer for CloudSensei will be middle class Caucasian and Asian families. However, our goal is to reach out to those underprivileged families who cannot afford to send their children to traditional methods of exam prep. By offering the course at such a low price compared to the rest of the market, we hope to make higher test scores attainable for those who would not otherwise be able to pay for it.

Parents that pay for an SAT or ACT prep course typically pay over \$500 for a period of 18-58 hours. In Hawaii, over 8,000 students take the SAT, and over 3,200 students take the ACT yearly. (The Princeton review, 2011)

According to our primary research, of the 56% of students that have been enrolled in a preparatory course, 39% of teenagers attended a private school prep course and 57 %

attended an SAT Prep Hawaii course at their respective public school. Our market share goal is to obtain less than 1% of teenagers who take the SATs or ACTs nationally every year. Estimated average purchase per customer is a 6 month subscription, at \$75 per month, resulting in a \$450 average purchase.

C. SWOT Analysis

1. Evaluating Business Environment

Industry Analysis

Currently, there is a large shift on higher education with 100,000 more teenagers attending college in 2010 than in 2009. However, requirements for quality education are getting stricter as many college students compete to obtain jobs after obtaining a bachelor's degree, thus driving many to continue their education. For those that do not, students must ensure that their degree comes from the best school – schools with higher requirements, which accept higher SAT/ACT scores. Thus with the barriers of entry becoming greater, parents are becoming increasingly concerned about their child's score. In fact according to our primary research, 60% of parents are providing some means of help to improve their child's test score. (Vorsino, 2011)

Opportunities

As mentioned earlier, 56% of students have been enrolled in an exam prep course, yet only 14% indicated that they would not be interested in taking an SAT/ACT online prep course. This suggests that at least 75% of students that took a preparatory SAT/ACT course were dissatisfied, allowing CloudSensei to step in and provide an unparalleled service, and establish CloudSensei as a leader in the SAT/ACT market in Hawaii.

In addition, there has been a trend toward technological use with 43% of virtual schools opening in 2000-2001. Also of note, 68% of students surveyed indicated that they were more than one type of learner. To provide an optimal experience for such students, CloudSensei provides lessons in the format that utilizes visuals, for visual learners, and the natural tone of a real life top tier teacher, for those that learn best through audio. The extensive practice problems also cater to those who are hands-on learners, ensuring that all types of learners can be helped through CloudSensei's services. (Clark, 2001)

Threats

The main threat to CloudSensei would be the other competitors already established in the market, such as SAT Prep Hawaii and Princeton Review that have more exposure and development. Also of note are courses offered by private institutions. This would be a threat to CloudSensei because many consumers may seek a more established company with significant credentials. Another threat for CloudSensei is the many free services online that go over past SAT/ACT tests.

Strengths

Dent in the Universe Capital plans to implement SAT/ACT preparatory classes that are more interactive and personalized compared to our competitors. Another strength of CloudSensei is that it will be built using the latest in technology, available on the latest in technology, and be stored in the Cloud. CloudSensei will have nationally recognized teachers (Milken award winners, Teachers of the Years) creating the content for its offerings. CloudSensei's competitive pricing will hopefully make preparatory courses available to a wider range of students.

Additionally, CloudSensei, as an online based business compatible with all internet capable devices, is a service available for students at their own convenience over a month for a reasonably low price of \$75 a month. Students will also be able to reserve webcam time or chat time with instructors during their interactive availability time.

Weaknesses

As an emerging service, CloudSensei has a weakness in that it has no established reputation of our quality. However, DUCA plans to utilize promotional techniques to increase awareness in our target market and, in doing so, will establish a reputation of our high quality services. Another thing to consider is the limited start up capital available to Ms. Burt and Ms. White.

Competition Grid

Competition Grid – SAT/ACT prep:

	CloudSensei	Princeton Rev./ Kaplan	SAT Prep Hawaii	Private Schools
Knowledge	SAT and ACT preparation.	SAT and ACT preparation.	SAT preparation.	SAT preparation.
Targeted Consumer	Motivated students.	High achieving students.	Average students.	High achieving students.
Key Assets	Practice tests, self-paced style. Interactive content.	Established. Associated with high achievers.	Established. Partnered with text company.	Established. Associated with high achievers.
Skills	Award winning teachers. Achievement tracker. Highly personalized. Score prediction.	Achievement tracker. Practice problems. Score prediction.	Practice problems. Score prediction.	Practice problems. Score prediction.
Weaknesses	Not established. No partnership with text company.	Limited time to learn. High price point. Tutoring not included.	Limited time to learn. Caters to athletes rather than intellectuals.	Limited time to learn. High price point.

IV. Marketing, Sales, and Distribution

A. Products/Services

In phase one, CloudSensei will offer SAT/ACT prep courses to prepare students for such standardized tests as well as help improve their score.

Here's how CloudSensei will work: A student will log on to the CloudSensei website with his or her password (on any mobile device through Cloud anytime) and then be directed to the SAT or ACT-prep lessons. For the Reading section, students will have interactive flashcards that maximize efficient memorization of vocabulary. A lesson on context clues will also be given, along with other techniques for the students to keep in mind. Reading comprehension passages will also be included. For the Math section, students will have various lessons on the different math problems that often appear on the SATs as well as the ACTs. For the Writing section, students will be exposed to various grammar rules tested on the standardized test and tips for improving essay writing.



Example of a digital flash card on CloudSensei

For the ACTs Science portion, students will have access to various science lessons that appear on the ACT. Students will also be given practice problems on all sections and immediate, personalized feedback using computer technology to deduce the common mistakes made by the students. Practice essay prompts and full length practice exams for both the SAT and ACT will also be included.

Cloud Sensei will offer online lessons that are made by teachers that are recognized as the best, allowing students to be taught by teachers who love what they do, know what they are doing, and can teach well. DUCA will evaluate the credentials of these teachers by hiring those who are Milken Awards winners, and Teachers of the Year on state and national levels. Students will also have access to a large bank of practice questions to ensure competency. When inputting their answers in the practice questions, quizzes, and tests, students will have instantaneous feedback that will better allow students to learn from their mistakes, similar to the Big Blue software that predicts possible moves in chess. Additionally, Cloud Sensei will be offered on all internet capable devices (desktops, laptops, tablets, smartphones, etc.) to increase productivity.

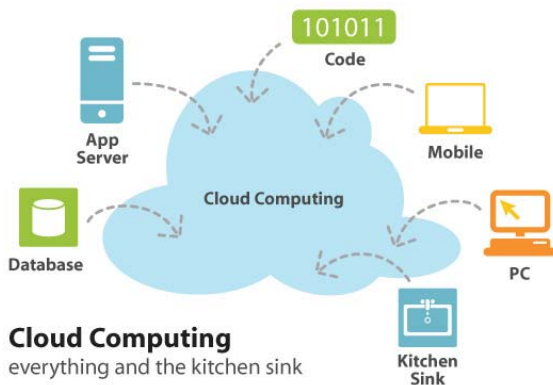
Furthermore, students that require additional instruction will be able to reserve appointments with the teachers over webcam, and have face to face sessions with the teachers to reinforce instruction.

Features and Benefits Grid - SAT/ACT				
		Kaplan/ Princeton Rev.	SAT Prep Hawaii	Private Schools
Price per Course	\$75/month	\$599 each	\$200 just SAT	\$550 just SAT
Length of Course	6 months	18 hours	20 hours	58 hours
Instant Personal Feedback	Y	Y	N	N
Mobile Device Capable	Y	N	N	N
Vocabulary Flash Cards	Y	N	Y	Y
Practice Problems	Y	Y	Y	Y
Full-Length Practice Exams	Y	Y	N	Y

B. Pricing

CloudSensei plans to provide quality lessons at a reasonable price point. The cost of an exam prep course will be \$75 per month per subscription. This cost is significantly less than our competitor’s prices and will buy better quality instruction than that of other programs. In other words, our cost is based on the competitive method, in that our prices our far more reasonable than other equal quality services.

C. Place

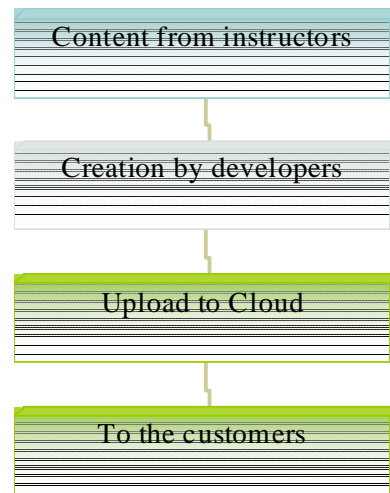


DUCA plans to use the growing trend of Cloud networking to store and distribute the content of CloudSensei. Through the hosting company Earthlink Cloud Networking, DUCA will upload all content and the website to a secure

server which will store the content and make it accessible from anywhere at anytime.

This eliminates the need for bulky servers in the office space DUCA will occupy. With the content and software stored securely in the Cloud,

the requests from our customers will feed directly from the Cloud, and all content will stream from there straight to the customers. By processing all requests through the Cloud, there is a higher reliability and a smaller likelihood that there will be a system crash should there be a large number of customers requesting content all at once. (Earthlink cloud, 2011)



As far as the website CloudSensei will be found on, it will be accessed at <https://www.cloudsensei.com> (not a taken domain name at time this plan was published). The welcome page will include a brief description of what CloudSensei offers and have a link readily available to the page that details in full the pricing system as well as a PayPal sponsored payment system. After paying for the first month's access, the customer will be directed to a page which will allow the customer to choose a secure password. This password, along with the email address initially provided, will be used to login to CloudSensei to access the content any time during the subscription period. Also available on the website will be testimonials, charts showing improvement of students who use the services, and brief credentials of the staff members. There will also be FAQ's that can be looked over as well as a contact section for those who have direct questions, which will help ensure customer awareness and satisfaction.

DUCA plans to conduct operations at 925 Dillingham Blvd. This location will serve as the administrative offices of the company. (Cityfeet)

D. Promotions

Public Relations and Publicity

In following with the mission statement to provide *“equal access, to the best teachers, at any time,”* DUCA plans to identify students who may not be able to afford even the reasonable prices of CloudSensei, and provide them with the opportunity to access the site's content either for free or at a discounted rate. This will not cut heavily into profits, because these students were not factored into the income statements, therefore revenues will not be affected.

Furthermore, when it is time to approach schools with proposals in phase two, one of the most important aspects of our publicity will be testimonials from respected individuals in the education field, such as previous superintendent Patricia Hamamoto.

Advertising

Testimonials from customers will be advertised in online advertisements. Google Ads will be utilized to draw in potential customers.

Personal Selling

As representatives of CloudSensei, the instructors must be service oriented and make sure that their priority is ensuring the best quality of education possible for the students. To ensure that our company is nationally established, one of the principal members will travel to national education conferences to introduce CloudSensei on a national level. DUCA plans to attend two national conferences a year, with a cost of \$2,500 per conference for travel expenses.

Sales Promotions & Social Media

As a primarily technological business, it is vital that CloudSensei maintain a strong presence on the internet in order to make sure it is seen as current. DUCA plans to first of all create a Yelp.com page in order to track customer satisfaction with CloudSensei as it grows. On a similar note, CloudSensei will be established as a school on RateMyTeacher.com, which will allow management to track effectiveness of teachers and ensure that the instructors working for CloudSensei are always perceived as the best of the best.

V. Finance and Accounting

A. Cost of Doing Business

1. Startup Costs – See spreadsheet and footnotes in Appendix A.

CloudSensei Initial Start-up Costs

		Year <u>0</u>
Real Estate Costs		
Tenant Deposit	\$	-
subtotal	\$	-
Operating Assests		
subtotal	\$	-
Office Equipment & Supplies		
Desktops (Dell-6)	\$	2,400
Desks (6)		390
Chairs (6)		360
File Cabinet		179
Office Supplies		68
subtotal	\$	3,397
Technology Costs		
Camtasia	\$	300
subtotal	\$	300
Professional Services		
Legal /Accounting	\$	20,000
subtotal	\$	20,000
Development Costs		
New Content Development	\$	985,000
subtotal	\$	985,000
subtotal - start up costs	\$	1,008,697
Interest Carry		39100
total - startup costs	\$	1,047,797

B. Sources of Funding and Financing

To fund the startup costs of CloudSensei and have the required cash reserves, the initial capitalization will be \$1,700,000 consisting of 40% debt and 60% equity. DUCA will pursue a bank loan of \$680,000, which DUCA plans to finance and pay off within the first 7 years (see Appendix B: Loan Amortization). The principal owners of the company will put in \$120,000. DUCA also estimates a \$900,000 contribution from Outside Investors.

CloudSensei Sources of Funds

	Year <u>0</u>
Debt	
Personal loans	
Family loans	
Friend loans	
Bank loans	\$ 680,000
SBS loans	
Other loans	
subtotal	\$ 680,000
 Equity	
Principals	\$ 120,000
Family	
Friends	
Angel	\$ 900,000
Venture Capital	
Other	
subtotal	\$ 1,020,000
 Total Sources of Funds	 \$ 1,700,000

C. Pro Forma Income Statement

See Appendix A for footnotes to Income Statement pg. 31

CloudSensei Income Statement Base					
	Year <u>1</u>	Year <u>2</u>	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>
Revenues					
Exam Prep	\$ 213,750	\$ 1,706,250	\$ 1,842,750	\$ 1,990,170	\$ 2,149,384
subtotal	\$ 213,750	\$ 1,706,250	\$ 1,842,750	\$ 1,990,170	\$ 2,149,384
Operating Expenses					
Variable Expenses					
Payroll	\$ 485,000	\$ 485,000	\$ 499,550	\$ 514,537	\$ 529,973
Employee Benefits	97,000	97,000	99,910	102,907	105,995
Hosting Costs	6,600	6,600	6,600	6,600	6,600
PayPal Costs	1,475	10,579	11,425	12,339	13,326
Mobile Application Fees	6,413	51,188	55,283	59,705	64,482
subtotal	\$ 596,487	\$ 650,366	\$ 672,768	\$ 696,088	\$ 720,375
Fixed Expenses					
Management	\$ -	\$ -	\$ 120,000	\$ 160,000	\$ 160,000
Rent	52,188	52,188	\$ 53,754	\$ 55,366	\$ 57,027
Promotional Costs	20,000	20,000	\$ 20,600	\$ 21,218	\$ 21,855
Professional Services	5,004	5,004	\$ 5,154	\$ 5,309	\$ 5,468
Other Content Costs	10,000	10,000	10,000	10,000	10,000
Other Fixed Costs	2,400	2,400	\$ 2,472	\$ 2,546	\$ 2,623
subtotal	\$ 89,592	\$ 89,592	\$ 211,980	\$ 254,439	\$ 256,972
Total Operating Expenses	\$ 686,079	\$ 739,958	\$ 884,747	\$ 950,527	\$ 977,347
Operating Income	\$ (472,329)	\$ 966,292	\$ 958,003	\$ 1,039,643	\$ 1,172,036
Interest	36,981	32,184	-	-	-
Income Before Taxes	\$ (509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036
Income Taxes					
Net Income	\$ (509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036

D. Pro Forma Cash Flows

See footnotes to Cash Flow in Appendix A, pg. 33

CloudSensei Cash Flows Ten Years											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flow From Operations											
Net Income	\$	(509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036	\$ 1,316,074	\$ 1,472,720	\$ 1,603,014	\$ 1,788,081	\$ 1,989,140
Add(Subtract)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Other non-cash items	-	-	-	-	-	-	-	-	-	-	-
Subtotal	(509,310)	934,108	958,003	1,039,643	1,172,036	1,316,074	1,472,720	1,603,014	1,788,081	1,989,140	
Cash Flow From Investing											
Initial Start Up Costs	(1,047,797)	-	-	-	-	-	-	-	-	-	-
Other Investments	-	-	-	-	-	-	-	-	-	-	-
Other Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
Subtotal	(1,047,797)	-	-	-	-	-	-	-	-	-	-
Cash Flow From Financings											
Debt Financing - Received	680,000	-	-	-	-	-	-	-	-	-	-
Debt Financing - Payments	(81,249)	(81,249)	(598,751)	-	-	-	-	-	-	-	-
Equity Financing - Received	1,020,000	-	(300,000)	(740,000)	(600,000)	(720,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)
Equity Financing - Payments	(1,700,000)	(81,249)	(898,751)	(740,000)	(600,000)	(720,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)
Subtotal	652,203	(590,560)	35,357	218,003	439,643	452,036	536,074	632,720	583,014	708,081	789,140
Net Cash Flow Before Reserves & Owners' Distributions											
Required Reserves	-	-	-	(180,000)	(400,000)	(480,000)	(520,000)	(560,000)	(680,000)	(720,000)	(800,000)
Owners' Distributions	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	\$ 652,203	\$ (590,560)	\$ 35,357	\$ 38,003	\$ 39,643	\$ (27,964)	\$ 16,074	\$ 72,720	\$ (96,986)	\$ (11,919)	\$ (10,860)
Beginning Cash Balance	-	652,203	61,643	97,000	135,003	174,646	146,683	162,757	235,477	138,490	126,572
Ending Cash Balance	\$ 652,203	\$ 61,643	\$ 97,000	\$ 135,003	\$ 174,646	\$ 146,683	\$ 162,757	\$ 235,477	\$ 138,490	\$ 126,572	\$ 115,711

E. Breakeven Analysis

See footnotes to Breakeven Analysis in Appendix A, pg. 34

CloudSensei Break Even Analysis

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Variable Expenses					
Payroll	485,000	485,000	499,550	514,537	529,973
Employee Benefits	97,000	97,000	99,910	102,907	105,995
Hosting Costs	6,600	6,600	6,600	6,600	6,600
PayPal Costs	1,475	10,579	11,425	12,339	13,326
Mobile Application Fees	6,413	51,188	55,283	59,705	64,482
Total variable cost	596,487	650,366	672,768	696,088	720,375
Fixed Cost					
Management	\$ -	\$ -	\$ 120,000	\$ 160,000	\$ 160,000
Rent	52,188	52,188	53,754	55,366	57,027
Promotional Costs	20,000	20,000	20,600	21,218	21,855
Professional Services	5,004	5,004	5,154	5,309	5,468
Other Content Costs	10,000	10,000	10,000	10,000	10,000
Other Fixed Costs	2,400	2,400	2,472	2,546	2,623
Total Fixed cost	\$ 89,592	\$ 89,592	\$ 211,980	\$ 254,439	\$ 256,972
Break Even Analysis					
Annual Customers					
Fixed Cost	\$ 89,592	\$ 89,592	\$ 211,980	\$ 254,439	\$ 256,972
No. of Yearly Subscriptions	2,850	22,750	24,570	26,536	28,658
Average Sales Price	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Variable Cost	\$ 209.29	\$ 28.59	\$ 27.38	\$ 26.23	\$ 25.14
Contribution Margin	\$ (134.29)	\$ 46.41	\$ 47.62	\$ 48.77	\$ 49.86
Units(customers) required to B/E	(667)	1,930	4,452	5,217	5,154
Sales required to break even	\$ (50,035)	\$ 144,776	\$ 333,873	\$ 391,302	\$ 386,514
Monthly Customers					
Units(customers) required to B/E	(56)	161	371	435	429
Sales required to break even	\$ (4,170)	\$ 12,065	\$ 27,823	\$ 32,609	\$ 32,210
Daily Customers					
Units(customers) required to B/E	(2)	5	12	14	14
Sales required to break even	\$ (137)	\$ 397	\$ 915	\$ 1,072	\$ 1,059

VI. References

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Appendix A

Assumptions and Footnotes

Footnotes to Financials

Initial Start-up Costs

1. **Initial Start-up Costs** can be broken down into the following categories: 1) Office Equipment and Supplies, 2) Technology Costs, 3) Professional Services, and 4) Development Costs. Items 1, 2, and 3 were estimated through research from various professional sources. Item 4 was derived from conversations with several technology industry professionals. (See pg. 21)
2. **Office Equipment and Supplies** – This category consists of the furniture and computers needed for the DUCA office space. This was broken down into computers, desks, chairs, file cabinets, and office supplies. These prices were based on the price of six of each of these items, as that is how many employees, including management, the CloudSensei staff will consist of for the first five years. The total for this category is \$3,397.
3. **Technology Costs** – This consists of the purchase of the Camtasia software. Camtasia runs at the price of a one-time purchase of \$300, and will allow the content to be uploaded into a format easily adapted to the website and then stored in the Cloud. Camtasia includes software to edit video as well as audio recordings. As Camtasia is the only cost for Technology, the total results in \$300.
4. **Professional Services** – The professional services for this plan consists of legal advisement as well as accounting. The total cost for these services in year zero amounts to a total of \$20,000.

5. **Development Costs** – These costs can be broken down into process costs and copyright costs. Process costs include the cost of hiring outside contractors, as well as the salaries of the in-house technicians. Content costs involve the salaries of the teachers as well as the costs required to acquire rights to previous tests. Process costs equate to \$655,000, and Content costs total \$330,000, making total Development Costs \$985,000.

Sources of Funding

1. DUCA is receiving funds from three sources: the principals, Outside Investors, and a bank loan. The principals will invest \$120,000, and Outside Investors will invest \$900,000. DUCA is confident that a bank loan will be able to be acquired of \$680,000 from a bank. Due to the sizes of the investments, Outside Investors will own 60% of the company, and DUCA will own 40%. (See pg. 22)
2. **Debt Financing** for this venture will be \$680,000 in the beginning of year 0. Based on the information obtained from Bank of Hawaii, the terms for this loan are as follows: 7 year term, fully amortizing, an interest rate of 5.75% (Prime rate of 3.25% + a spread of 2.5%). The loans will be fully guaranteed by the principals and will not incur any prepayment penalties. DUCA believes that there will be sufficient cash flow to pay off all debts by the end of Year 2.
3. **Equity Payments and Returns** will be made only after all debt financings are paid off. Additionally, no returns will be made to the principals until after all equity principal is paid off to Outside Investors. Through the projections, the Outside Investors should receive a return of their capital by Year 3. After that

date, all “free cash flow” will be distributed 60/40 to the Outside Investors and DUCA, respectively.

Income Statement

- 1. Revenues** – This is based on the gross margin detail for the first two years, with monthly subscriptions increased each subsequent year. (See Appendix B, pg. 39)
- 2. Variable Expenses** – This can be broken down into Payroll, Employee Benefits, Hosting Costs, and PayPal fees.
 - a. Payroll** – see schedule in Appendix
 - b. Employee Benefits** - Employee benefits consist of 20% of payroll.
 - c. Hosting Costs** – These costs are a flat fee of \$400 a month, plus a management fee of \$150 a month. The price is based on brackets of Cloud space usage, including storage of servers needed, and bandwidth. Storage involves the amount of GB required to store the webpages and all of the content on them, in this case, the videos, practice problems, full length tests, etc. Bandwidth involves the size of webpages that will be visited, and the number of customers who could potentially access the page at one time. CloudSensei will be utilizing the highest price bracket, which includes 250 GB of storage and 3000 GB of bandwidth. Based on assumptions and recommendations by industry professionals, these values should be more than enough to ensure that the website is securely stored in the Cloud without a chance of servers crashing. The \$150 management fee is also the highest price bracket, the Platinum service, and will allow the

technology oriented employees to focus on the output of new content and the maintenance of the website.

- d. **PayPal Fees** – All transactions on the website will be conducted through PayPal. PayPal charges a fee of \$0.30 per transaction, as well as 2.2% of the amount processed.
- e. **Mobile Application Fees** – In order to distribute CloudSensei through mobile applications to make it accessible at any time from anywhere, there is a fee of 30% of revenues made through the mobile device. DUCA is assuming that 10% of revenues will come through smartphones and therefore be subject to the 30% fee.

3. Fixed Expenses – These costs include Management, Rent, Promotional Costs, Professional Services, and Other Fixed Costs.

- a. **Management** – This will include the salaries of the principal owners, which will begin at \$60,000 in Year 3 and increase as revenues increase until reaching \$100,000.
- b. **Rent** – This cost involves the rent of an office space unit on Dillingham Blvd., at a rate of \$20.40 per square foot per year, resulting in a yearly rate of \$52,188.
- c. **Promotional Costs** – These costs include a monthly budgeted amount of \$200 a month towards Google Adwords. At this time, we do not anticipate making revenues off of pop-up ads or other distracting promotions on the website.

- d. **Other Content Costs** – Includes estimates of costs to secure previous SAT and ACT Exams.
 - e. **Other Fixed Costs** – This includes insurance at the price of \$5,000 a year.
- 4. **Interest** – See Loan Amortization schedules in Appendix B, pg. 47
 - 5. **Income Taxes** – Assumes flow through members, so no LLC income tax is shown.

Capacity Detail

- 1. **Yearly Revenues** – Derived from monthly/yearly income statements
- 2. **Total Number of Subscriptions** – The actual number of monthly subscriptions was calculated by dividing the yearly revenues by the \$75 subscription fee.
- 3. **Number of Subscribers** – Assuming that each customer purchases a six month subscription, a simplistic projection of actual number of customers can be found by dividing the number of monthly subscriptions purchased by six.
- 4. **Percent of Market** – Based on these assumptions, by the end of the tenth year CloudSensei will conservatively attain 0.43% of the national market.

Cash Flows

- 1. **Net Income** – Derived from monthly or yearly income statements. (Appendix B, pg. 35)
- 2. **Initial Start Up Costs** – See Initial Start-up Costs on pg. 21

3. **Financings** – See Sources of Funds on pg. 22
 - a. Debt Financing – DS Payments – Monthly/yearly amortization of loan principal.
 - b. Debt Financing – Additional Payments – Additional principal pay downs beyond assumptions.
4. **Owner Distributions** – Distributions to principals after capital is returned to debt and equity financing sources. Expected split between investors and principals is 60/40, respectively after repayments.

Breakeven Analysis

1. **Variable Costs** – Costs that change with the output of services. (See analysis for breakdown of costs from Breakeven Analysis on pg. 46)
2. **Fixed Costs** – Costs that do not change based on production. (See analysis for breakdown of costs from Breakeven Analysis on pg. 46)

Sensitivity Schedule

1. This sensitivity schedule reflects the development costs expected for phases II and III, with a total of \$1 million being spent in years 3 through 5 to prepare for the release of the subsequent phases. At this time, no revenues have been projected for phases II and III, and only development costs are being shown. Even without revenues for these phases, there is a current projected 57% returns per year.

Appendix B

CloudSensei Financial Statements

a. i – Cash Flow 10 Years

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CloudSensei Cash Flows Ten Years											
Cash Flow From Operations											
Net Income	\$ (509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036	\$ 1,316,074	\$ 1,472,720	\$ 1,603,014	\$ 1,788,081	\$ 1,989,140	
Add/Subtract:											
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Other non-cash items	-	-	-	-	-	-	-	-	-	-	-
Subtotal	(509,310)	934,108	958,003	1,039,643	1,172,036	1,316,074	1,472,720	1,603,014	1,788,081	1,989,140	
Cash Flow From Investing											
Initial Start Up Costs	(1,047,797)	-	-	-	-	-	-	-	-	-	-
Other Investments	-	-	-	-	-	-	-	-	-	-	-
Other Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
Subtotal	(1,047,797)	-	-	-	-	-	-	-	-	-	-
Cash Flow From Financings											
Debt Financing - Received	680,000	-	-	-	-	-	-	-	-	-	-
Debt Financing - Payments	-	(81,249)	(598,751)	-	-	-	-	-	-	-	-
Equity Financing - Received	1,020,000	-	-	-	-	-	-	-	-	-	-
Equity Financing - Payments	-	-	(300,000)	(740,000)	(720,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)	
Subtotal	1,700,000	(81,249)	(898,751)	(740,000)	(720,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)	
Net Cash Flow Before Reserves & Owners' Distributions	652,203	(590,560)	35,357	218,003	439,643	462,036	536,074	632,720	583,014	708,081	789,140
Required Reserves	-	-	-	-	-	-	-	-	-	-	-
Owners' Distributions	-	-	(180,000)	(180,000)	(400,000)	(480,000)	(520,000)	(560,000)	(680,000)	(720,000)	(800,000)
Net Cash Flow	\$ 652,203	\$ (590,560)	\$ 35,357	\$ 38,003	\$ 39,643	\$ (27,964)	\$ 16,074	\$ 72,720	\$ (96,986)	\$ (11,919)	\$ (10,860)
Beginning Cash Balance	-	652,203	61,643	97,000	135,003	174,646	146,683	162,757	235,477	138,490	126,572
Ending Cash Balance	\$ 652,203	\$ 61,643	\$ 97,000	\$ 135,003	\$ 174,646	\$ 146,683	\$ 162,757	\$ 235,477	\$ 138,490	\$ 126,572	\$ 115,711

a. ii – Cash Flow 1st Year

CloudSensei Cash Flows Month to Month Year 1														
Time	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Year Total		
0	1	2	3	4	5	6	7	8	9	10	11	12	1	
Cash Flow From Operations														
Net Income	\$ (56,162)	\$ (54,685)	\$ (53,209)	\$ (51,010)	\$ (48,812)	\$ (45,891)	\$ (42,969)	\$ (39,325)	\$ (35,682)	\$ (31,315)	\$ (26,948)	\$ (23,303)	\$ (509,310)	
Adj(Subtract)														
Depreciation														
Other non-cash items														
Subtotal	(56,162)	(54,685)	(53,209)	(51,010)	(48,812)	(45,891)	(42,969)	(39,325)	(35,682)	(31,315)	(26,948)	(23,303)	(509,310)	
Cash Flow From Investing														
Initial Start Up Costs	(1,047,797)													
Other Investments														
Other Capital Expenditures														
Subtotal	(1,047,797)													
Cash Flow From Financing														
Debt Financing - Received	680,000													
Debt Financing - Payments	(6,594)	(6,626)	(6,658)	(6,689)	(6,721)	(6,754)	(6,786)	(6,819)	(6,851)	(6,884)	(6,917)	(6,950)	(81,249)	
Equity Financing - Received	1,020,000													
Equity Financing - Payments	(6,584)	(6,626)	(6,658)	(6,689)	(6,721)	(6,754)	(6,786)	(6,819)	(6,851)	(6,884)	(6,917)	(6,950)	(81,249)	
Subtotal	1,700,000	(6,584)	(6,626)	(6,658)	(6,689)	(6,721)	(6,754)	(6,786)	(6,819)	(6,851)	(6,884)	(6,917)	(6,950)	(81,249)
Net Cash Flow Before Reserves & Owners' Distributions	652,203	(62,756)	(61,311)	(59,867)	(57,700)	(55,534)	(52,644)	(49,755)	(46,143)	(42,533)	(38,199)	(33,865)	(30,253)	(530,560)
Required Reserves														
Owners' Distributions														
Net Cash Flow	\$ 652,203	\$ (62,756)	\$ (61,311)	\$ (59,867)	\$ (57,700)	\$ (55,534)	\$ (52,644)	\$ (49,755)	\$ (46,143)	\$ (42,533)	\$ (38,199)	\$ (33,865)	\$ (30,253)	\$ (530,560)
Beginning Cash Balance	652,203	589,447	528,136	468,269	410,570	355,036	302,392	252,637	206,493	163,960	125,762	91,897	652,203	
Ending Cash Balance	\$ 589,447	\$ 528,136	\$ 468,269	\$ 410,570	\$ 355,036	\$ 302,392	\$ 252,637	\$ 206,493	\$ 163,960	\$ 125,762	\$ 91,897	\$ 61,643	\$ 61,643	

a. iii – Cash Flow 2nd Year

Cloud Sensei Cash Flows Month to Month Year 2													
	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Year Total 2
Cash Flow From Operations													
Net income	\$ (23,242)	\$ (12,365)	\$ (1,489)	\$ 13,002	\$ 27,492	\$ 49,211	\$ 70,931	\$ 98,880	\$ 128,827	\$ 157,776	\$ 193,953	\$ 230,131	\$ 934,108
Add(Subtract)													
Depreciation													
Other non-cash items													
Subtotal	(23,242)	(12,365)	(1,489)	13,002	27,492	49,211	70,931	98,880	128,827	157,776	193,953	230,131	934,108
Cash Flow From Investing													
Initial Start Up Costs													
Other Investments													
Other Capital Expenditures													
Subtotal													
Cash Flow From Financings													
Debt Financing - Received													
Debt Financing - Payments	(6,984)	(7,017)	(7,051)	(7,084)	(7,118)	(7,152)	(7,187)	(7,221)	(7,256)	(7,291)	(7,325)	(520,065)	(586,751)
Equity Financing - Received													
Equity Financing - Payments	(6,984)	(7,017)	(7,051)	(7,084)	(7,118)	(7,152)	(7,187)	(7,221)	(7,256)	(7,291)	(7,325)	(300,000)	(300,000)
Subtotal	(30,225)	(19,382)	(8,540)	5,917	20,373	42,059	63,744	92,658	121,571	150,485	186,628	(589,934)	35,357
Net Cash Flow Before Reserves & Owners' Distributions													
Required Reserves													
Owners' Distributions													
Net Cash Flow	\$ (30,225)	\$ (19,382)	\$ (8,540)	\$ 5,917	\$ 20,373	\$ 42,059	\$ 63,744	\$ 92,658	\$ 121,571	\$ 150,485	\$ 186,628	\$ (589,934)	\$ 35,357
Beginning Cash Balance	61,643	31,418	12,036	3,497	9,414	29,788	71,847	135,591	228,249	349,821	500,306	686,934	61,643
Ending Cash Balance	\$ 31,418	\$ 12,036	\$ 3,497	\$ 9,414	\$ 29,788	\$ 71,847	\$ 135,591	\$ 228,249	\$ 349,821	\$ 500,306	\$ 686,934	\$ 97,000	\$ 97,000

b. Sensitivity Report

	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	0	1	2	3	4	5	6	7	8	9	10
CloudSensei Cash Flows Ten Years											
Cash Flow From Operations											
Net Income	\$	(509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036	\$ 1,316,074	\$ 1,472,720	\$ 1,603,014	\$ 1,788,081	\$ 1,989,140
Add(Subtract)		-	-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-	-	-
Other non-cash items		-	-	-	-	-	-	-	-	-	-
Subtotal		(509,310)	934,108	958,003	1,039,643	1,172,036	1,316,074	1,472,720	1,603,014	1,788,081	1,989,140
Cash Flow From Investing											
Initial Start Up Costs	(1,047,797)	-	-	-	-	-	-	-	-	-	-
Other Investments		-	-	(200,000)	(300,000)	(400,000)	-	-	-	-	-
Other Capital Expenditures		-	-	(200,000)	(300,000)	(400,000)	-	-	-	-	-
Subtotal	(1,047,797)	-	-	(200,000)	(300,000)	(400,000)	-	-	-	-	-
Cash Flow From Financings											
Debt Financing - Received	680,000	-	-	-	-	-	-	-	-	-	-
Debt Financing - Payments		(81,249)	(598,751)	-	-	-	-	-	-	-	-
Equity Financing - Received	1,020,000	-	-	(620,000)	(620,000)	(480,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)
Equity Financing - Payments		-	(300,000)	(620,000)	(620,000)	(480,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)
Subtotal	1,700,000	(81,249)	(698,751)	(620,000)	(620,000)	(480,000)	(780,000)	(840,000)	(1,020,000)	(1,080,000)	(1,200,000)
Net Cash Flow Before Reserves & Owners' Distributions	652,203	(590,560)	35,357	138,003	319,643	292,036	536,074	632,720	583,014	708,081	789,140
Required Reserves											
Owners' Distributions				(100,000)	(280,000)	(320,000)	(520,000)	(560,000)	(680,000)	(720,000)	(800,000)
Net Cash Flow	\$ 652,203	\$ (590,560)	\$ 35,357	\$ 38,003	\$ 39,643	\$ (27,964)	\$ 16,074	\$ 72,720	\$ (96,986)	\$ (11,919)	\$ (10,860)
Beginning Cash Balance	-	652,203	61,643	97,000	135,003	174,646	146,683	162,757	235,477	138,490	126,572
Ending Cash Balance	\$ 652,203	\$ 61,643	\$ 97,000	\$ 135,003	\$ 174,646	\$ 146,683	\$ 162,757	\$ 235,477	\$ 138,490	\$ 126,572	\$ 115,711

c. i – Income Statement 5 Years

CloudSensei Income Statement Base					
	Year <u>1</u>	Year <u>2</u>	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>
Revenues					
Exam Prep	\$ 213,750	\$ 1,706,250	\$ 1,842,750	\$ 1,990,170	\$ 2,149,384
subtotal	\$ 213,750	\$ 1,706,250	\$ 1,842,750	\$ 1,990,170	\$ 2,149,384
Operating Expenses					
Variable Expenses					
Payroll	\$ 485,000	\$ 485,000	\$ 499,550	\$ 514,537	\$ 529,973
Employee Benefits	97,000	97,000	99,910	102,907	105,995
Hosting Costs	6,600	6,600	6,600	6,600	6,600
PayPal Costs	1,475	10,579	11,425	12,339	13,326
Mobile Application Fees	6,413	51,188	55,283	59,705	64,482
subtotal	\$ 596,487	\$ 650,366	\$ 672,768	\$ 696,088	\$ 720,375
Fixed Expenses					
Management	\$ -	\$ -	\$ 120,000	\$ 160,000	\$ 160,000
Rent	52,188	52,188	\$ 53,754	\$ 55,366	\$ 57,027
Promotional Costs	20,000	20,000	\$ 20,600	\$ 21,218	\$ 21,855
Professional Services	5,004	5,004	\$ 5,154	\$ 5,309	\$ 5,468
Other Content Costs	10,000	10,000	10,000	10,000	10,000
Other Fixed Costs	2,400	2,400	\$ 2,472	\$ 2,546	\$ 2,623
subtotal	\$ 89,592	\$ 89,592	\$ 211,980	\$ 254,439	\$ 256,972
Total Operating Expenses	\$ 686,079	\$ 739,958	\$ 884,747	\$ 950,527	\$ 977,347
Operating Income	\$ (472,329)	\$ 966,292	\$ 958,003	\$ 1,039,643	\$ 1,172,036
Interest	36,981	32,184	-	-	-
Income Before Taxes	\$ (509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036
Income Taxes					
Net Income	\$ (509,310)	\$ 934,108	\$ 958,003	\$ 1,039,643	\$ 1,172,036

c. ii – Income Statement 1st Year

Cloud Sensei
Income Statement
First 12 Months

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year Total
Revenues													
Exam Prep	\$ 3,750	\$ 5,250	\$ 6,750	\$ 9,000	\$ 11,250	\$ 14,250	\$ 17,250	\$ 21,000	\$ 24,750	\$ 29,250	\$ 33,750	\$ 37,500	\$ 213,750
Classroom													
subtotal	\$ 3,750	\$ 5,250	\$ 6,750	\$ 9,000	\$ 11,250	\$ 14,250	\$ 17,250	\$ 21,000	\$ 24,750	\$ 29,250	\$ 33,750	\$ 37,500	\$ 213,750
Operating Expenses													
Variable Expenses													
Payroll	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	485,000
Employee Benefits	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	97,000
Hosting Costs	550	550	550	550	550	550	550	550	550	550	550	550	6,600
PayPal Costs	26	36	47	62	78	98	119	145	171	202	233	259	1,475
Mobile Application Fees	113	158	203	270	338	428	518	630	743	878	1,013	1,125	6,413
subtotal	\$ 49,188	\$ 49,244	\$ 49,299	\$ 49,382	\$ 49,465	\$ 49,576	\$ 49,687	\$ 49,825	\$ 49,963	\$ 50,129	\$ 50,295	\$ 50,434	\$ 596,487
Fixed Expenses													
Management													
Rent	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	52,188
Promotional Costs	1,666	1,666	1,666	1,666	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000
Professional Services	417	417	417	417	417	417	417	417	417	417	417	417	5,004
Copyright Costs	833	833	833	833	833	833	833	833	834	834	834	834	10,000
Other Fixed Costs	200	200	200	200	200	200	200	200	200	200	200	200	2,400
subtotal	\$ 7,465	\$ 7,465	\$ 7,465	\$ 7,465	\$ 7,466	\$ 7,466	\$ 7,466	\$ 7,466	\$ 7,467	\$ 7,467	\$ 7,467	\$ 7,467	\$ 89,592
Total Operating Expenses	\$ 56,653	\$ 56,709	\$ 56,764	\$ 56,847	\$ 56,931	\$ 57,042	\$ 57,153	\$ 57,291	\$ 57,430	\$ 57,596	\$ 57,762	\$ 57,901	\$ 686,079
Operating Income	\$ (52,903)	\$ (51,459)	\$ (60,014)	\$ (47,847)	\$ (45,681)	\$ (42,792)	\$ (39,903)	\$ (36,291)	\$ (32,680)	\$ (28,346)	\$ (24,012)	\$ (20,401)	\$ (472,329)
Interest	3,258	3,227	3,195	3,163	3,131	3,099	3,066	3,034	3,001	2,968	2,935	2,902	36,981
Income Before Taxes	\$ (56,162)	\$ (54,885)	\$ (63,209)	\$ (51,010)	\$ (48,812)	\$ (45,891)	\$ (42,969)	\$ (39,325)	\$ (35,682)	\$ (31,315)	\$ (26,948)	\$ (23,303)	\$ (509,310)
Income Taxes													
Net Income	\$ (56,162)	\$ (54,885)	\$ (63,209)	\$ (51,010)	\$ (48,812)	\$ (45,891)	\$ (42,969)	\$ (39,325)	\$ (35,682)	\$ (31,315)	\$ (26,948)	\$ (23,303)	\$ (509,310)

c. iii – Income Statement 2nd Year

**Cloud Sensei
Income Statement
Second 12 Months**

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Year Total 2
Revenues													
Exam Prep Classroom	37,500	48,750	60,000	75,000	90,000	112,500	135,000	165,000	195,000	225,000	262,500	300,000	1,706,250
subtotal	\$ 37,500	\$ 48,750	\$ 60,000	\$ 75,000	\$ 90,000	\$ 112,500	\$ 135,000	\$ 165,000	\$ 195,000	\$ 225,000	\$ 262,500	\$ 300,000	\$ 1,706,250
Operating Expenses													
Variable Expenses													
Payroll	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	40,417	485,000
Employee Benefits	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	97,000
Hosting Costs	550	550	550	550	550	550	550	550	550	550	550	550	6,600
PayPal Costs	233	302	372	465	558	698	837	1,023	1,209	1,395	1,628	1,860	10,579
Mobile Application Fees	1,125	1,463	1,800	2,250	2,700	3,375	4,050	4,950	5,850	6,750	7,875	9,000	51,188
subtotal	\$ 50,408	\$ 50,815	\$ 51,222	\$ 51,765	\$ 52,308	\$ 53,123	\$ 53,937	\$ 55,023	\$ 56,109	\$ 57,195	\$ 58,553	\$ 59,910	\$ 650,366
Fixed Expenses													
Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	52,188
Promotional Costs	1,666	1,666	1,666	1,666	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000
Professional Services	417	417	417	417	417	417	417	417	417	417	417	417	5,004
Other Content Costs	833	833	833	833	833	833	833	833	834	834	834	834	10,000
Other Fixed Costs	200	200	200	200	200	200	200	200	200	200	200	200	2,400
subtotal	\$ 7,465	\$ 7,465	\$ 7,465	\$ 7,465	\$ 7,466	\$ 7,466	\$ 7,466	\$ 7,466	\$ 7,467	\$ 7,467	\$ 7,467	\$ 7,467	\$ 89,592
Total Operating Expenses	\$ 57,873	\$ 58,280	\$ 58,687	\$ 59,230	\$ 59,774	\$ 60,589	\$ 61,403	\$ 62,489	\$ 63,576	\$ 64,662	\$ 66,020	\$ 67,377	\$ 739,958
Operating Income	\$ (20,373)	\$ (9,530)	\$ 1,313	\$ 15,770	\$ 30,226	\$ 51,912	\$ 73,597	\$ 102,511	\$ 131,424	\$ 160,338	\$ 196,481	\$ 232,623	\$ 966,292
Interest	2,869	2,836	2,802	2,768	2,734	2,700	2,666	2,631	2,597	2,562	2,527	2,492	32,184
Income Before Taxes	\$ (23,242)	\$ (12,365)	\$ (1,489)	\$ 13,002	\$ 27,492	\$ 49,211	\$ 70,931	\$ 99,880	\$ 128,827	\$ 157,776	\$ 183,953	\$ 230,131	\$ 934,108
Income Taxes													
Net Income	\$ (23,242)	\$ (12,365)	\$ (1,489)	\$ 13,002	\$ 27,492	\$ 49,211	\$ 70,931	\$ 99,880	\$ 128,827	\$ 157,776	\$ 183,953	\$ 230,131	\$ 934,108

d. Schedule of Revenues

CloudSensei Revenues													
First 12 Months - 1 - 12													
Revenues	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
<u>Exam Prep</u>													
No. of Fee Users	50	70	90	120	150	190	230	280	330	390	450	500	2,850
Price per subscription	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
subtotal	3,750	5,250	6,750	9,000	11,250	14,250	17,250	21,000	24,750	29,250	33,750	37,500	213,750
<u>Total Revenues</u>	\$ 3,750	\$ 5,250	\$ 6,750	\$ 9,000	\$ 11,250	\$ 14,250	\$ 17,250	\$ 21,000	\$ 24,750	\$ 29,250	\$ 33,750	\$ 37,500	\$ 213,750

Cloud Sensei Revenues													
Second 12 Months - 13 - 24													
Revenues	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Year 2 Total
<u>Exam Prep</u>													
No. of Fee Users	500	650	800	1,000	1,200	1,500	1,800	2,200	2,600	3,000	3,500	4,000	22,750
Price per subscription	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
subtotal	37,500	48,750	60,000	75,000	90,000	112,500	135,000	165,000	195,000	225,000	262,500	300,000	1,706,250
<u>Total Revenues</u>	\$ 37,500	\$ 48,750	\$ 60,000	\$ 75,000	\$ 90,000	\$ 112,500	\$ 135,000	\$ 165,000	\$ 195,000	\$ 225,000	\$ 262,500	\$ 300,000	\$ 1,706,250

e. Capacity Detail

**CloudSensei
Capacity Detail
Ten Years**

Year	Yearly Revenues	Revenue s per Unit	Total Number of Subscrip tions	Assumed Length of Subscription (months)	Number of Subscribers	Number of Test Takers Yearly (Nationally)	Percent of National Market
1	\$ 213,750	\$ 75	2,850	6	475	1,650,000	0.03%
2	\$ 1,706,250	\$ 75	22,750	6	3,792	1,650,000	0.23%
3	\$ 1,842,750	\$ 75	24,570	6	4,095	1,650,000	0.25%
4	\$ 1,990,170	\$ 75	26,536	6	4,423	1,650,000	0.27%
5	\$ 2,149,384	\$ 75	28,658	6	4,776	1,650,000	0.29%
6	\$ 2,321,334	\$ 75	30,951	6	5,159	1,650,000	0.31%
7	\$ 2,507,041	\$ 75	33,427	6	5,571	1,650,000	0.34%
8	\$ 2,707,604	\$ 75	36,101	6	6,017	1,650,000	0.36%
9	\$ 2,924,213	\$ 75	38,990	6	6,498	1,650,000	0.39%
10	\$ 3,158,150	\$ 75	42,109	6	7,018	1,650,000	0.43%

f. i - Start-up Costs

**CloudSensei
Initial Start-up Costs**

	Year <u>0</u>
Real Estate Costs	
Tenant Deposit	\$ -
subtotal	<u>\$ -</u>
Operating Assests	
subtotal	\$ -
Office Equipment & Supplies	
Desktops (Dell-6)	\$ 2,400
Desks (6)	390
Chairs (6)	360
File Cabinet	179
Office Supplies	68
subtotal	<u>\$ 3,397</u>
Technology Costs	
Camtasia	\$ 300
subtotal	<u>\$ 300</u>
Professional Services	
Legal /Accounting	\$ 20,000
subtotal	<u>\$ 20,000</u>
Development Costs	
New Content Development	\$ 985,000
subtotal	<u>\$ 985,000</u>
subtotal - start up costs	<u><u>\$ 1,008,697</u></u>
Interest Carry	39100
total - startup costs	<u><u>\$ 1,047,797</u></u>

f. ii – Development Costs

**CloudSensei
Development Costs
Year 0**

Process Costs

Contractors

Upfront Cost		\$	75,000
Software Architect	\$	6,667	\$ 80,000
Database Designer	\$	6,667	\$ 80,000
Programmer	\$	6,667	\$ 80,000
Visual Designer	\$	6,667	\$ 80,000
Animator	\$	6,667	\$ 80,000

In-House Technicians

Tech Coordinator	\$	8,333	\$ 100,000
Systems Engineer	\$	6,667	\$ 80,000
subtotal	\$	48,333	\$ 655,000

Content Costs

Teachers

Exam Coordinator	\$	6,667	\$ 80,000
Exam Instructor - Math	\$	6,250	\$ 75,000
Exam Instructor - English	\$	6,250	\$ 75,000
Exam Instructor - Other	\$	6,250	\$ 75,000
Other Content Costs	\$	2,083	\$ 25,000

subtotal	\$	27,500	\$ 330,000
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Total Development Costs \$ 985,000

g. Breakeven Analysis 5 Years

CloudSensei
Break Even Analysis

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Variable Expenses					
Payroll	485,000	485,000	499,550	514,537	529,973
Employee Benefits	97,000	97,000	99,910	102,907	105,995
Hosting Costs	6,600	6,600	6,600	6,600	6,600
PayPal Costs	1,475	10,579	11,425	12,339	13,326
Mobile Application Fees	6,413	51,188	55,283	59,705	64,482
Total variable cost	596,487	650,366	672,768	696,088	720,375
Fixed Cost					
Management	\$ -	\$ -	\$ 120,000	\$ 160,000	\$ 160,000
Rent	52,188	52,188	53,754	55,366	57,027
Promotional Costs	20,000	20,000	20,600	21,218	21,855
Professional Services	5,004	5,004	5,154	5,309	5,468
Other Content Costs	10,000	10,000	10,000	10,000	10,000
Other Fixed Costs	2,400	2,400	2,472	2,546	2,623
Total Fixed cost	\$ 89,592	\$ 89,592	\$ 211,980	\$ 254,439	\$ 256,972
Break Even Analysis					
Annual Customers					
Fixed Cost	\$ 89,592	\$ 89,592	\$ 211,980	\$ 254,439	\$ 256,972
No. of Yearly Subscriptions	2,850	22,750	24,570	26,536	28,658
Average Sales Price	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Variable Cost	\$ 209.29	\$ 28.59	\$ 27.38	\$ 26.23	\$ 25.14
Contribution Margin	\$ (134.29)	\$ 46.41	\$ 47.62	\$ 48.77	\$ 49.86
Units(customers) required to B/E	(667)	1,930	4,452	5,217	5,154
Sales required to break even	\$ (50,035)	\$ 144,776	\$ 333,873	\$ 391,302	\$ 386,514
Monthly Customers					
Units(customers) required to B/E	(56)	161	371	435	429
Sales required to break even	\$ (4,170)	\$ 12,065	\$ 27,823	\$ 32,609	\$ 32,210
Daily Customers					
Units(customers) required to B/E	(2)	5	12	14	14
Sales required to break even	\$ (137)	\$ 397	\$ 915	\$ 1,072	\$ 1,059

h. Loan Amortization 2 Years

CloudSensei Loan Amortization 7 Year Amortization							
\$ 680,000 amt							
5.75% int rate							
	Payment	Interest	Principal	Balance			
0				680,000			
1	9,853	3,258	6,594	673,406			
2	9,853	3,227	6,626	666,780			
3	9,853	3,195	6,658	660,122			
4	9,853	3,163	6,689	653,433			
5	9,853	3,131	6,721	646,712			
6	9,853	3,099	6,754	639,958			
7	9,853	3,066	6,786	633,172			
8	9,853	3,034	6,819	626,353			
9	9,853	3,001	6,851	619,502			
10	9,853	2,968	6,884	612,618			
11	9,853	2,935	6,917	605,701			
12	9,853	2,902	6,950	598,751	36,981	81,249	Yr 1
13	9,853	2,869	6,984	591,767			
14	9,853	2,836	7,017	584,750			
15	9,853	2,802	7,051	577,700			
16	9,853	2,768	7,084	570,615			
17	9,853	2,734	7,118	563,497			
18	9,853	2,700	7,152	556,344			
19	9,853	2,666	7,187	549,158			
20	9,853	2,631	7,221	541,937			
21	9,853	2,597	7,256	534,681			
22	9,853	2,562	7,291	527,390			
23	9,853	2,527	7,325	520,065			
24	9,853	2,492	7,361	512,704	32,184	86,046	Yr 2

i. Payroll

CloudSensei Payroll Year 1			
	<u>workers</u>	<u>Monthly</u>	<u>Year</u>
Management			
Manager	1	\$ -	\$ -
Manager	1	\$ -	\$ -
subtotal	<u>2</u>	<u>\$ -</u>	<u>\$ -</u>
Employees			
Exam Coordinator	1	\$ 6,667	\$ 80,000
Exam Instructor - Math	1	\$ 6,250	\$ 75,000
Exam Instructor - English	1	\$ 6,250	\$ 75,000
Exam Instructor - Other	1	\$ 6,250	\$ 75,000
Tech Coordinator	1	\$ 8,333	\$ 100,000
Systems Engineer	1	\$ 6,667	\$ 80,000
subtotal	<u>6</u>	<u>\$ 40,417</u>	<u>\$ 485,000</u>
Total	<u>8</u>	<u>\$ 40,417</u>	<u>\$ 485,000</u>

Note: First year's payroll only includes employee payroll and doesn't include salaries of managers as principals will take no salary in first year.

CloudSensei Payroll Year 2			
	<u>workers</u>	<u>Monthly</u>	<u>Year</u>
Management			
Manager	1	\$ -	\$ -
Manager	1	\$ -	\$ -
subtotal	<u>2</u>	<u>\$ -</u>	<u>\$ -</u>
Employees			
Exam Coordinator	1	\$ 6,667	\$ 80,000
Exam Instructor - Math	1	\$ 6,250	\$ 75,000
Exam Instructor - English	1	\$ 6,250	\$ 75,000
Exam Instructor - Other	1	\$ 6,250	\$ 75,000
Tech Coordinator	1	\$ 8,333	\$ 100,000
Systems Engineer	1	\$ 6,667	\$ 80,000
subtotal	<u>6</u>	<u>\$ 40,417</u>	<u>\$ 485,000</u>
Total	<u>8</u>	<u>\$ 40,417</u>	<u>\$ 485,000</u>

Note: Second year's payroll only includes employee payroll and doesn't include salaries of managers as principals will take no salary in second year.

Appendix C

Collateral

Price table for Earthlink Cloud Networking

Get Started Today

Pricing: Start small and Scale up at any time! Our Cloud Server pricing levels are set monthly costs, so there is no guess work on how much your monthly bill will be based on the amount of traffic or requests your server will get. All transactions, bandwidth, data transfer and backup storage is included in the cost of the cloud server.

	Level 1	Level 2	Level 3	Level 4	Level 5
All levels include 25 OS Templates, Control Panel, and CPU Monitor					
CPUs	1 CPU	2 CPU	4 CPU	6 CPU	8 CPU
RAM	1024 MB	2048 MB	4096 MB	8192 MB	16384 MB
SAN Storage	20 GB	60 GB	100 GB	150 GB	250 GB
Backup Storage	20 GB	60 GB	100 GB	150 GB	250 GB
Public IP's	1	2	4	6	8
Bandwidth In	1500 GB	1500 GB	3000 GB	3000 GB	3000 GB
Bandwidth Out	1500 GB	1500 GB	3000 GB	3000 GB	3000 GB
Hourly Pricing	\$0.08/hr	\$0.14/hr	\$0.24/hr	\$0.38/hr	\$0.56/hr
Monthly Pricing	\$60/mo	\$100/mo	\$175/mo	\$275/mo	\$400/mo
	SELECT	SELECT	SELECT	SELECT	SELECT

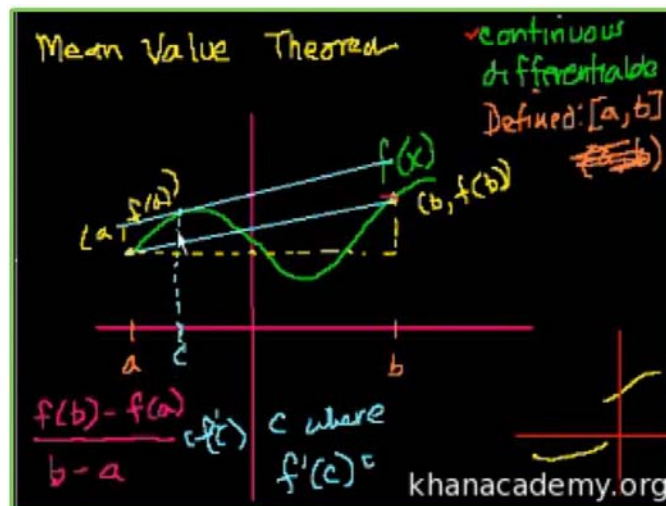
Features and Benefits Grid - Courses (Phase II)

	CloudSensei	Kaplan	Stanford	Khan	K12
Application Fee	N	\$100	\$35	N	N
Price per Course	\$450	\$995	\$3,200	0	\$850
Price per AP Course	\$500	\$1,495	\$3,200	0	\$925
Animated Videos	Y	N	N	Y	N
Daily Progress Access	Y	Y	N	Y	N
Teacher-Run Forum	Y	N	N	N	Y
Instant Personal Feedback	Y	N	N	N	N
Mobile Devices	Y	N	N	N	N
Practice Assessments	Y	N	N	N	N
Practice Problems	Y	N	N	Y	N

Competition Grid – Courses (Phase II):

	CloudSensei	Kaplan	Stanford	Khan	K12
Knowledge	Online credit courses.	Online high school.	Online high school	Online supplement to lessons.	Online high school.
Targeted Consumer	Driven high school students.	Self-directed students.	High achieving high school students.	Struggling students.	Students who do not thrive in a normal class setting.
Assets	High quality teachers. Innovative interactive programming.	Offers different learning tracks based on motivation level.	Established. Association with high standard of learning.	Established. Funded by Google.	Established. Offers public and private schooling.
Skills	User-friendly. Interactive learning experience.	Efficient marketing strategies.	Efficient marketing strategies.	Efficient timeline of new content.	Efficient marketing strategies.
Weaknesses	Not established. Limited initial content offering.	High price point.	Limited elective offerings. Very high price point.	Low quality graphics, little interactivity.	Lessons learned more offline than by computer.

Screenshot of cluttered Khan Academy video



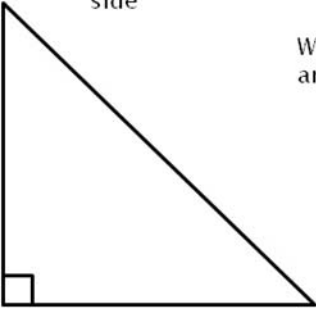
*Photo of office building to
serve as administrative
headquarters*



Emblem of Milken Educator Awards

Example of CloudSensei's Cerie program

I. The side opposite of the right angle is a leg
 II. The side opposite of the right angle is a hypotenuse
 III. The side opposite of the right angle is a hypotenuse because it is the longest side

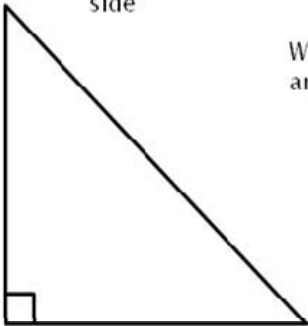


What is true about the opposite side of the right angle?

a) I and II are true
 b) II and III are true
 c) I is true
 d) I, II, and III are true
 e) II is true

All possible mistakes will be taken into account for each answer. For example, if a student clicks on answer d, Cerie will indicate that the answer was incorrect and give possible reasons for the mistake.

I. The side opposite of the right angle is a leg
 II. The side opposite of the right angle is a hypotenuse
 III. The side opposite of the right angle is a hypotenuse because it is the longest side



What is true about the opposite side of the right angle?

a) I and II are true
 b) II and III are true
 c) I is true
 d) I, II, and III are true
 e) II is true

That answer was incorrect.

Possible reasons for mistake:

- Unfamiliar with the definition of a leg

That answer was incorrect.

Possible reasons for mistake:

- Unfamiliar with the definition of a leg

Student may click on the highlighted word and given options to help the student not make the same mistake again. In this specific case, the student may view a video that covers right triangles (hypotenuses) or simply review the definition of a leg. This possibility would also be listed if the student chose answer c.

That answer was incorrect.

Possible reasons for mistake:

- Unfamiliar with the definition of a leg

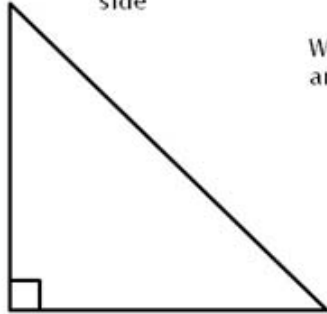
Definition of a Leg:
In a right triangle, the sides opposite to the acute angles are called the Legs of a Triangle

— OR —

Characteristics of Legs:
The legs are the two shorter sides of a right triangle.
The legs of a right triangle are perpendicular to each other.

If the student chose another answer, like e, then the possible reason for the mistake would be unfamiliarity with the definition of a hypotenuse.

I. The side opposite of the right angle is a leg
 II. The side opposite of the right angle is a hypotenuse
 III. The side opposite of the right angle is a hypotenuse because it is the longest side



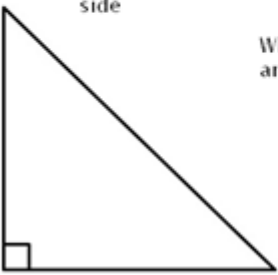
What is true about the opposite side of the right angle?

a) I and II are true
 b) II and III are true
 c) I is true
 d) I, II, and III are true
 e) II is true

That answer was true, but is not the best answer.
 Possible reasons for mistake:
 • Unfamiliar with the definition of a hypotenuse

If the student chose a or c, the possible mistakes would deal with both unfamiliarity of the definition of a hypotenuse and leg. If the student chose b, that would have been the correct answer, and the practice problems would continue with increased difficulty in this particular concept.

I. The side opposite of the right angle is a leg
 II. The side opposite of the right angle is a hypotenuse
 III. The side opposite of the right angle is a hypotenuse because it is the longest side



What is true about the opposite side of the right angle?

a) I and II are true
 b) II and III are true
 c) I is true
 d) I, II, and III are true
 e) II is true

That answer was incorrect.
 Possible reasons for mistake:
 • Unfamiliar with the definition of a leg
 • Unfamiliar with the definition of a hypotenuse

After the student is comfortable with the concept, the practice problems will continue, however each mistake made by the student will be recorded by Cerie. In other

words the program will then focus on areas that are not entirely mastered after the student returns to the practice problems. This technique will ensure complete mastery of concepts that the student had previous difficulties with.

Example of CloudSensei's mock SAT exam

13. Points A and B are the end points of a line segment, the length of the segment is less than 28. There are five other points on the line segment, K, L, M, N, and O, which are located at distances of 2, 5, 6, 11 and 14, respectively, from point A. Which could be the midpoint of AB?

- a) K
- b) L
- c) M
- d) N
- e) O

14. How many three digits numbers have the hundreds digits equal to 4 and the units digit equal to 3?

- a) 9
- b) 10
- c) 11
- d) 19
- e) 20

15. If a and b are positive integers, which of the following expressions is equivalent to $(3^a)^b / 3^a$?

- a) 1^b
- b) 3^a
- c) 3^{a^b-1}
- d) $3^{ab} - 3^a$
- e) $(3^a)^{b-1}$

Time left: 11 min, 16 sec

This depicts an example of the SAT mock exam that indicates to the student how much time they have left.

Appendix D

Parent Survey

1. How many children do you have?
0 1 2 3 4 5+
2. Of your children, how many are of high school age?
0 1 2 3 4 5+
3. Is your child currently enrolled in:
 - a. Public School
 - b. Private School
 - c. Homeschooled
4. Which grade is your child currently enrolled in?
 - a. Lower than 9th grade
 - b. 9th
 - c. 10th
 - d. 11th
 - e. 12th
 - f. Above 12th grade
5. Quality instruction is important to your child's learning.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
6. Different children learn best in different ways.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
7. Receiving instructional feedback is important to your child's education.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
8. You have easy access to your child's school progress.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
9. You are aware of your child's progress on a day to day basis, not just every quarter.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
10. You are familiar with the idea of online education (classes taken on the internet).
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
11. Is, or has your child ever been enrolled in an online high school?
 - a. Yes
 - b. No
12. If yes, how large a part of your child's education were the online classes?
 - a. Full-Time student
 - b. Part-Time student
 - c. Supplement to regular classes
 - d. Never used online education
13. Has your child ever used an online tutoring service?
 - a. Yes, a free one
 - b. Yes, one that I paid for
 - c. No
14. Would you consider enrolling your child in online courses?
 - a. Yes
 - b. No
 - c. Maybe
15. How much would you be willing to pay for a year long online high school course?
 - a. \$0
 - b. \$1-100
 - c. \$101-200
 - d. \$201-300
 - e. \$301-400
 - f. \$401+
16. Would you consider enrolling your child in college accredited (Advanced Placement, Classes for college credit) online courses?
 - a. Yes
 - b. No
 - c. Maybe
17. Which type of class would you be most likely to enroll your child in?
 - a. Mathematics
 - b. Science
 - c. Technology
 - d. Language Arts
 - e. Social Studies
 - f. Foreign Language
18. How much would you be willing to pay for a year long online AP level course?
 - a. \$0
 - b. \$1-100
 - c. \$101-200
 - d. \$201-300
 - e. \$301-400
 - f. \$401+
19. Has your child ever been enrolled in an online SAT or ACT preparation course?
 - a. Yes
 - b. No
20. If yes, who was the preparation course offered by?
 - a. Private School
 - b. SAT Prep Hawaii
 - c. College Sponsored (e.g. Princeton Review)
 - d. Other _____
21. Would you consider enrolling your child in a SAT or ACT college entrance exam online preparation course?
 - a. Yes
 - b. No
22. How much would you be willing to pay for a 6 month extensive SAT or ACT prep course?
 - a. \$0
 - b. \$1-100
 - c. \$101-200
 - d. \$201-300
 - e. \$301-400
 - f. \$401+
23. How much would you be willing to pay for a year long extensive SAT or ACT prep course?
 - a. \$0
 - b. \$1-100
 - c. \$101-200
 - d. \$201-300
 - e. \$301-400
 - f. \$401+
24. Do you have internet access in your home?
 - a. Yes
 - b. No
25. Do you own any internet capable mobile devices such as smartphones or tablets?
 - a. Yes
 - b. No
26. What is your gender?
 - a. Male
 - b. Female
27. What is your age bracket?
 - a. 0-18
 - b. 19-30
 - c. 31-40
 - d. 41-50
 - e. 50+
28. What part of the island do you live?
 - a. East Oahu
 - b. Downtown Honolulu
 - c. Central Oahu
 - d. Leeward Oahu
 - e. Windward Oahu
 - f. North Shore
29. What is your primary ethnicity?
 - a. African American
 - b. Asian
 - c. Caucasian
 - d. Hispanic
 - e. Pacific Islander
30. What category is your profession?
 - a. Business Administration
 - b. Health Services
 - c. Arts & Communication
 - d. Public and Human Services
 - e. Industrial & Engineering Technology
 - f. Natural Resources
31. What is your yearly income level bracket?
 - a. \$40,000 or below
 - b. \$40,001 - \$60,000
 - c. \$60,001 - \$80,000
 - d. \$80,001 - \$100,000
 - e. \$100,001 or above

Appendix E

Parent Frequency Tables

CHILDREN

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	5	10.0	10.0	10.0
2	35	70.0	70.0	80.0
3	10	20.0	20.0	100.0
Total	50	100.0	100.0	

HIGH

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	15	30.0	30.0	30.0
1	30	60.0	60.0	90.0
2	5	10.0	10.0	100.0
Total	50	100.0	100.0	

SCHOOL

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Public School	35	70.0	70.0	70.0
Private School	15	30.0	30.0	100.0
Total	50	100.0	100.0	

GRADE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Lower than 9th grade	15	30.0	30.0	30.0
9th	5	10.0	10.0	40.0
10th	5	10.0	10.0	50.0
11th	10	20.0	20.0	70.0
12th	15	30.0	30.0	100.0
Total	50	100.0	100.0	

QUALITY

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	40	80.0	80.0	80.0
Agree	10	20.0	20.0	100.0
Total	50	100.0	100.0	

STYLES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	40	80.0	80.0	80.0
	Agree	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

FEEDBACK

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	40	80.0	80.0	80.0
	Agree	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

ACCESS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	20	40.0	40.0	40.0
	Neutral	25	50.0	50.0	90.0
	Disagree	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

DAILY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	30.0	30.0	30.0
	Neutral	20	40.0	40.0	70.0
	Disagree	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

ONLINE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	20	40.0	40.0	40.0
	Agree	25	50.0	50.0	90.0
	Disagree	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

ENROLLED

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	20.0	20.0	20.0
	No	40	80.0	80.0	100.0
	Total	50	100.0	100.0	

PART

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Part-time student	5	10.0	10.0	10.0
Supplement to regular classes	5	10.0	10.0	20.0
Never used online education	25	50.0	50.0	70.0
Missing Value	15	30.0	30.0	100.0
Total	50	100.0	100.0	

TUTORING

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes, a free one	5	10.0	10.0	10.0
Yes, one that I paid for	10	20.0	20.0	30.0
No	35	70.0	70.0	100.0
Total	50	100.0	100.0	

CONSIDER

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	25	50.0	50.0	50.0
Maybe	25	50.0	50.0	100.0
Total	50	100.0	100.0	

CLASSPAY

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid \$1-100	15	30.0	30.0	30.0
\$101-200	5	10.0	10.0	40.0
\$201-300	10	20.0	20.0	60.0
\$401+	20	40.0	40.0	100.0
Total	50	100.0	100.0	

AP

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	25	50.0	50.0	50.0
Maybe	25	50.0	50.0	100.0
Total	50	100.0	100.0	

TYPE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mathematics	20	40.0	40.0	40.0
	Science	20	40.0	40.0	80.0
	Technology	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

APPAY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	\$1-100	5	10.0	10.0	10.0
	\$101-200	10	20.0	20.0	30.0
	\$201-300	5	10.0	10.0	40.0
	\$301-400	15	30.0	30.0	70.0
	\$401+	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

PREP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	60.0	60.0	60.0
	No	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

OFFERED

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SAT Prep Hawaii	25	50.0	50.0	50.0
	Other	5	10.0	10.0	60.0
	Missing Value	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

SATONLIN

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	100.0	100.0	100.0

SATPAY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	\$1-100	5	10.0	10.0	10.0
	\$101-200	10	20.0	20.0	30.0
	\$201-300	10	20.0	20.0	50.0
	\$301-400	5	10.0	10.0	60.0
	\$401+	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

SATYRPAY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	\$101-200	10	20.0	20.0	20.0
	\$201-300	5	10.0	10.0	30.0
	\$401+	30	60.0	60.0	90.0
	Missing Value	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

INTERNET

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	100.0	100.0	100.0

DEVICES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	100.0	100.0	100.0

GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	25	50.0	50.0	50.0
	Female	25	50.0	50.0	100.0
	Total	50	100.0	100.0	

AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	31-40	25	50.0	50.0	50.0
	41-50	20	40.0	40.0	90.0
	51+	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

LOCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	East Oahu	15	30.0	30.0	30.0
	Central Oahu	25	50.0	50.0	80.0
	Leeward Oahu	5	10.0	10.0	90.0
	North Shore	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

RACE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Asian	15	30.0	30.0	30.0
	Caucasian	20	40.0	40.0	70.0
	Hispanic	5	10.0	10.0	80.0
	Pacific Islander	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

JOB

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business Administration	20	40.0	40.0	40.0
	Public and Human Services	30	60.0	60.0	100.0
	Total	50	100.0	100.0	

INCOME

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	\$40,000 or below	5	10.0	10.0	10.0
	\$60,001 - \$80,000	15	30.0	30.0	40.0
	\$80,001 - \$100,000	10	20.0	20.0	60.0
	\$100,001 or above	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

Appendix F

Student Survey

1. Are you currently enrolled in:
 - a. Public school
 - b. Private school
 - c. Homeschooled
2. Which grade are you currently in?
 - a. Lower than 9th grade
 - b. 9th
 - c. 10th
 - d. 11th
 - e. 12th
 - f. Above 12th grade
3. You believe that quality instruction is important to your learning.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
4. You believe that different children learn best in different ways.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
5. What type of learner are you?
 - a. Visual
 - b. Auditory
 - c. Hands-On
 - d. More than one
 - e. Other _____
6. You believe that receiving instructional feedback is important to your education.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
7. You are aware of your progress in school.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
8. You feel that you have easy access to your school progress
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
9. You are aware of your progress on a day to day basis, not just every quarter.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
10. You are familiar with the idea of online education (classes taken on the internet).
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree
11. Are, or have you ever been enrolled in an online high school?
 - a. Yes
 - b. No
12. If yes, how large a part of your education were the online classes?
 - a. Full-time Student
 - b. Part-time Student
 - c. Supplement to regular classes
 - d. Never used online education
13. Have you ever used an online tutoring service?
 - a. Yes, a free one
 - b. Yes, one that I paid for
 - c. No
14. Would you consider enrolling in online courses?
 - a. Yes
 - b. No
 - c. Maybe
15. Would you consider enrolling in college accredited (Advanced Placement, International Baccalaureate, Classes for college credit) online courses?
 - a. Yes
 - b. No
 - c. Maybe
16. Which type of class would you be most likely to enroll in?
 - a. Mathematics
 - b. Science
 - c. Technology
 - d. Language Arts
 - e. Social Studies
 - f. Foreign Language
17. Have you ever been enrolled in a SAT or ACT preparation course?
 - a. Yes
 - b. No
18. If yes, who was the prep course offered by?
 - a. Private School Sponsored
 - b. SAT Prep Hawaii
 - c. College Sponsored (e.g. Princeton Review)
 - d. Other _____
19. Would you consider enrolling in an SAT or ACT college entrance exam extensive online prep course?
 - a. Yes
 - b. No
 - c. Maybe
20. Do you have internet access in your home?
 - a. Yes
 - b. No
21. Do you own internet capable mobile devices such as smartphones or tablets?
 - a. Yes
 - b. No
22. What type of social media do you use?
 - a. Facebook
 - b. Twitter
 - c. Google+
 - d. Other _____
23. What is your gender?
 - a. Male
 - b. Female
24. What is your age bracket?
 - a. 0-18
 - b. 19-30
 - c. 31-40
 - d. 41-50
 - e. 51+
25. What part of the island do you live in?
 - a. East Oahu
 - b. Downtown Honolulu
 - c. Central Oahu
 - d. Leeward Oahu
 - e. Windward Oahu
 - f. North Shore
26. What is your primary ethnicity?
 - a. African American
 - b. Asian
 - c. Caucasian
 - d. Hispanic
 - e. Pacific Islander
 - f. Other _____

Appendix G

Student Frequency Tables

GRADE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 10th	2	4.0	4.0	4.0
11th	38	76.0	76.0	80.0
12th	10	20.0	20.0	100.0
Total	50	100.0	100.0	

QUALITY

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	41	82.0	82.0	82.0
Agree	8	16.0	16.0	98.0
Neutral	1	2.0	2.0	100.0
Total	50	100.0	100.0	

STYLES

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	36	72.0	72.0	72.0
Agree	9	18.0	18.0	90.0
Neutral	3	6.0	6.0	96.0
Strongly Disagree	2	4.0	4.0	100.0
Total	50	100.0	100.0	

TYPE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Visual	9	18.0	18.0	18.0
Hands-On	4	8.0	8.0	26.0
More than one	34	68.0	68.0	94.0
Other	2	4.0	4.0	98.0
Missing Value	1	2.0	2.0	100.0
Total	50	100.0	100.0	

FEEDBACK

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	35	70.0	70.0	70.0
Agree	13	26.0	26.0	96.0
Neutral	2	4.0	4.0	100.0
Total	50	100.0	100.0	

PROGRESS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	16	32.0	32.0	32.0
Agree	22	44.0	44.0	76.0
Neutral	9	18.0	18.0	94.0
Disagree	3	6.0	6.0	100.0
Total	50	100.0	100.0	

ACCESS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	13	26.0	26.0	26.0
Agree	19	38.0	38.0	64.0
Neutral	18	36.0	36.0	100.0
Total	50	100.0	100.0	

DAILY

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	9	18.0	18.0	18.0
Agree	15	30.0	30.0	48.0
Neutral	17	34.0	34.0	82.0
Disagree	8	16.0	16.0	98.0
Strongly Disagree	1	2.0	2.0	100.0
Total	50	100.0	100.0	

ONLINE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	14	28.0	28.0	28.0
Agree	20	40.0	40.0	68.0
Neutral	10	20.0	20.0	88.0
Disagree	5	10.0	10.0	98.0
Strongly Disagree	1	2.0	2.0	100.0
Total	50	100.0	100.0	

ENROLLED

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	8	16.0	16.0	16.0
No	42	84.0	84.0	100.0
Total	50	100.0	100.0	

PART

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Full-time Student	1	2.0	2.0	2.0
	Part-time Student	2	4.0	4.0	6.0
	Supplement to regular classes	6	12.0	12.0	18.0
	Never used online education	27	54.0	54.0	72.0
	Missing Value	14	28.0	28.0	100.0
	Total	50	100.0	100.0	

TUTORING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes, a free one	19	38.0	38.0	38.0
	Yes, one that I paid for	2	4.0	4.0	42.0
	No	29	58.0	58.0	100.0
	Total	50	100.0	100.0	

CONSIDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	22	44.0	44.0	44.0
	No	10	20.0	20.0	64.0
	Maybe	18	36.0	36.0	100.0
	Total	50	100.0	100.0	

AP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	54.0	54.0	54.0
	No	13	26.0	26.0	80.0
	Maybe	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

MATH

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	32.0	32.0	32.0
	No	34	68.0	68.0	100.0
	Total	50	100.0	100.0	

SCIENCE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	15	30.0	30.0	30.0
No	35	70.0	70.0	100.0
Total	50	100.0	100.0	

TECH

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	8	16.0	16.0	16.0
No	42	84.0	84.0	100.0
Total	50	100.0	100.0	

LANG

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	12	24.0	24.0	24.0
No	38	76.0	76.0	100.0
Total	50	100.0	100.0	

SSTUDIES

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	18	36.0	36.0	36.0
No	32	64.0	64.0	100.0
Total	50	100.0	100.0	

FOREIGN

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	12	24.0	24.0	24.0
No	38	76.0	76.0	100.0
Total	50	100.0	100.0	

SAT

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	28	56.0	56.0	56.0
No	21	42.0	42.0	98.0
Missing Value	1	2.0	2.0	100.0
Total	50	100.0	100.0	

OFFERED

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Private School Sponsored	11	22.0	22.0	22.0
SAT Prep Hawaii	16	32.0	32.0	54.0
Other	2	4.0	4.0	58.0
Missing Value	21	42.0	42.0	100.0
Total	50	100.0	100.0	

PREP

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	23	46.0	46.0	46.0
No	7	14.0	14.0	60.0
Maybe	18	36.0	36.0	96.0
Missing Value	2	4.0	4.0	100.0
Total	50	100.0	100.0	

INTERNET

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	49	98.0	98.0	98.0
No	1	2.0	2.0	100.0
Total	50	100.0	100.0	

DEVICES

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	31	62.0	62.0	62.0
No	19	38.0	38.0	100.0
Total	50	100.0	100.0	

SOCIAL

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Facebook	43	86.0	86.0	86.0
Twitter	1	2.0	2.0	88.0
Google+	1	2.0	2.0	90.0
Other	5	10.0	10.0	100.0
Total	50	100.0	100.0	

GENDER

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	23	46.0	46.0	46.0
Female	27	54.0	54.0	100.0
Total	50	100.0	100.0	

AGE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-18	50	100.0	100.0	100.0

LOCATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid East Oahu	6	12.0	12.0	12.0
Downtown Honolulu	8	16.0	16.0	28.0
Central Oahu	22	44.0	44.0	72.0
Leeward Oahu	9	18.0	18.0	90.0
Windward Oahu	3	6.0	6.0	96.0
North Shore	1	2.0	2.0	98.0
Missing Value	1	2.0	2.0	100.0
Total	50	100.0	100.0	

RACE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid African American	3	6.0	6.0	6.0
Asian	31	62.0	62.0	68.0
Caucasian	12	24.0	24.0	92.0
Hispanic	3	6.0	6.0	98.0
Other	1	2.0	2.0	100.0
Total	50	100.0	100.0	