

MasterPieces

Business Plan

Lantian Jia
Jinxin Xu

Wenzhou-Kean University

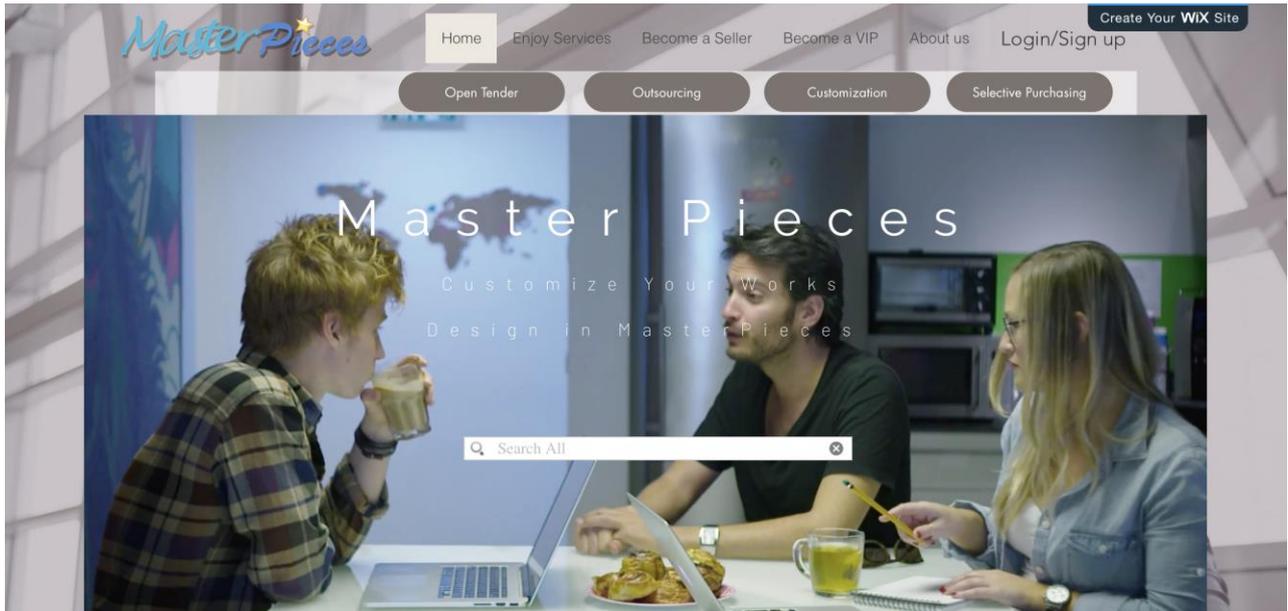
Customize your works, design in MasterPieces!

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Welcome to the Website



Master Pieces

<https://xujinx.wixsite.com/masterpieces>

1.0 Executive Summary

Opportunity/Problem

Custom design is needed everywhere and associated with everyone, no matter in daily office work or the field of business and public welfare. Except for professional designer, people who spark unique ideas can be excellent designers. However, the increasing demand is difficult to meet, because a few bridges are accessible to reach the extensive supply. A large number of designers do not have access to make contributions. Although the freelance industry is promising, it confronts the problems of no convenient access and no integrated platform for potential designers.

Solution

Freelance here is defined as a writer or artist who sells services to different employers without a long-term contract with any of them. First, the solution is to build a bridge to connect the demand and supply sides. The access should be easy and convenient for demand and supply sides to achieve. They can easily find it and simply operate it to obtain what they want. Second, the platform should be synthetic and integrated, so that it is multi-functional to meet various kind of needs. Third, service categories should keep up with the times. The supply should keep pace with the demand, even lead the demand forward. MasterPieces is aimed at building a bridge, as an intermediary, to connect the demand and supply for design with special modes of open tender, outsourcing, customization and selecting purchasing.

Competition and Competitive Advantage

MasterPieces enters a new market combining various existing services. In China, these are emerging and developing industries, and it already shows a large potential market and opportunities. Pioneers in America are numerous and relative professional, however, no one like MasterPieces who adopt various operational modes together, so that both demand and supply sides can share more sources and the entry barrier is lower to attract more customer. MasterPieces welcome any potential designers with talent, interest, and ability, not just limited to professional designers. To protect works, MasterPieces provide the certificate to protect copyright.

Target Market

MasterPieces will adopt a three-stage strategy to reach the target market.

First, campus to campus - MasterPieces starts in the region of campus. The reason is that students have more leisure time compared to the society and they are creative and ambitious. Thus, MasterPieces become a perfect platform for them to realize their capabilities. Meanwhile, students become the potential market for MasterPieces and support source of originality. So, in this phase, MasterPieces mainly does advertising to the student group.

Second, campus to business - The next stage is to explore the market in the field of business, which is the transition stage to the third one. In this stage, MasterPieces try to connect students to the business. More opportunities are provided to students, and companies obtain relatively cheap and dynamic works. In this phase, MasterPieces expands from small business to mature business.

Third, business to business - Based on the previous two stages, MasterPieces expands the market to business to business level. It is the stage that MasterPieces will have its own physical company for further development.

The key trends affecting our industry is the flourishing economy driving the need for marketing, advertising, designing and inventing. At the same time, people are tired of dull information, but desire for originality and attraction. Also, technology development is overwhelming. MasterPieces seizes all these transitional and developing moments to grow.

Why Us?

Members of our team have relative experience of website operation and design. MasterPieces stands out from the competitors by Superior works, innovative modes, professional services. MasterPieces provides a platform and opportunity to not only professional designers, but also potential designers with talents, interest, and ability. The distinctive modes of open tender, outsourcing, customization and selective purchase comply with market demands and meet the social needs. Last but not least, MasterPieces can handle management risks as follows:

- Signing Issue for Designers – Demission or Part-time Jobs
- Recruitment Issue for Designers – Boom or Recession of MasterPieces
- Works' Issue for Customers – Dissatisfaction on the Works
- Copyright Issue for Works – Tort or Plagiarism
- Operation Issue for MasterPieces – Badly Running

Forecast

MasterPieces expects to break even in the second year. We pursue stable growth of 3% in finance at the first three years with 2% inflation rate. Then when we have a large customer base, MasterPieces goes into the rapid development stage.

At the chart shows, MasterPieces will not be profitable in the first year. The first three years projected revenues will be \$29,539 for the first year, \$31,016 for the second year, \$62,032 for the third year when MasterPieces into Phase II, \$65,133 in the fourth year and \$68,390 in the fifth year.



Financing Needed

The start-up cost of business is low, which includes first contest program, start-up subsidy program, designer employment and website maintenance fee. The total amount is around \$6,500. Individually each of MasterPieces Team members (2 members) will invest \$1,750, bring that total to \$3,500. Then we plan to borrow the loan from Industrial and Commercial Bank of China (ICBC). The amount of loan is \$3,000 for 3 years and the interest is 4.75% each year based on the principal of the loan. Totally, the source of funds reaches to \$6,500 in Phase I of MasterPieces.

2.0 Opportunity

2.1 Problems

Freelance here is defined as a writer or artist who sells services to different employers without a long-term contract with any of them. (WordNet, 2018) In China, the freelance industry is unprosperous. One reason is that creative environment in China is not strong. A famous artist even said, “The Chinese art world does not exist.” (Guardian News, 2012) Another reason is the worse living condition of artists. The upgrading of the city is already affecting the arts sector. Rising rents - a direct outcome of urban redevelopment - have made the production of art in China difficult, forcing artists to the city’s fringes, and beyond. (The Economist, 2016)

However, China's surging economy brings the demand for art. The article, *How the Arts and Culture Sector Catalyzes Economic Vitality*, emphasizes that the activities of the arts and culture sector and local economic vitality are connected in following ways: improve a community's competitive edge; create a foundation for defining a sense of place; attract new and visiting populations; integrate the visions of community and business leaders; and contribute to the development of a skilled workforce. (Plan Association, 2018) Commercial art, such as posters, advertising video, and creative design are in a thirsty demand.

In addition to the commercial field, individual demand for art is large. In daily life, people use stickers and emoji on the social platform to entertain. For work and study, officers and students need art design for their projects. In some specific field, writers who publish books may need a customized cover for the books. Teachers may have a demand for design works that are for the coming student activities or celebration. Boyfriends may desire for special designed gifts for their girlfriends. Human beings cannot live without artworks, meanwhile, this kind of demand is increasing with the development of the society.

It is worth attention that not because of the shortage of designers, but a large number of designers do not have access to make contributions. Some excellent professional artists or designers work for the major corporation or design studio. However, plenty of potential artists or designers who have abilities, interests, and desire to excel do not have a chance. As a result, their talents are stifled, which is the waste of resources of human talents to some extent.

In recent years, graphic design companies emerge in China. However, these companies are physical so that they just benefit in the limited area. Some online business about design appears, however, they provide limited services, for example, selective

purchase. Both physical design companies or online business, they have their own designers and the quality of the design works are limited. From the temporary condition, there is no integrated platform to provide design works and design opportunities.

All in all, in China, the freelance industry is promising. The demand increases, but it confronts the problems of no convenient access and no integrated platform for potential designers.

2.2 Solution

According to the problem analysis, above all, it is important to build a bridge to connect the demand and supply sides. The access should be easy and convenient for demand and supply sides to achieve. They can easily find it and simply operate it to obtain what they want. Second, the platform should be synthetic and integrated, so that it is multi-functional to meet various kind of needs. Currently, general demands are customization and regular works. Third, service categories should keep up with the times. The supply should keep pace with the demand, even lead the demand forward. So, creative environment is encouraged. Fourth, copyright of every design work is protected. Intellectual property is significantly important for design works, so certificates of copyright are provided to avoid plagiarism.

3.0 Company Description

3.1 Overview

MasterPieces will operate as a sole proprietorship and belong to freelance industry, which firstly will be an online business, and will become a physical company in the fifth year. The reason that we have chosen to become a sole proprietorship is due to simple requirements and low taxes. MasterPieces Website: <https://xujinx.wixsite.com/masterpieces>



LOGO



QR CODE

3.2 Business Objectives

The primary objectives of the business plan for MasterPieces are below:

- To enhance brand awareness and increase market shares
- To provide superior works and offer professional services.
- To achieve 3% annual increase in revenues

3.3 Mission Statement

Customize your works, design in masterpieces!

3.4 Vision Statement

MasterPieces is ambitious to be the No.1 company in the freelance industry with the largest market shares. Thus, we are dedicated to winning the heart of customers by providing superior works, innovative modes, and professional services. We plan to gain continuous resources and support by providing customer benefit and employee welfare.

3.5 Key to Success

MasterPieces stands out from the competitors through the following methods:

- Superior works – providing excellent, creative and latest works as the main attractive point.
- Innovative modes – cooperating in new modes to increase the quality of services and products.
- Professional services – offering considerate and expert services to customers to avoid disputes and mistakes.

3.6 Distinctive Product and Services

3.6.1 Product Category

According to current demand, MasterPieces provides five categories of products – advertisement, media, elements, office, and website. Specific products are listed in the table below. Product categories will update to keep pace with prevailing fashions and growing needs.

CATEGORIES						
Advertisement	1. Posters	2. Brochures	3. Panels	4. Leaflets	5. Covers	6. Cards
Media	1. Videos	2. Picture Videos	2. Songs	3. Background music	4. Sound effects	5. Animations
Elements	1. Logos	2. Icons	3. Character design	4. Vignette		
Office	1. PPT templates	2. Excel templates	3. Word templates			
Website	1. Homepages	2. Subpages	3. Applications			

Prices for each product are listed in the table following. All prices are decided by normal price level. Estimated prices 1 are just for selective purchase and estimated prices 2 are for open tender, outsourcing, and customization.

Price of Products			
Category		Estimated Price 1 Selective Purchase	Estimated Price 2 Open Tender Outsourcing Customization
Advertisement	1. Posters	\$2	\$9
	2. Brochures	2	9
	3. Panels	2	9
	4. Leaflets	2	9
	5. Covers	2	9
	6. Cards	2	9
Media	1. Videos	-	200
	2. Picture videos	-	30
	3. Songs	-	150
	4. Background music	-	100
	5. Sound effects	-	70
	6. Animations	-	300
Elements	1. Logos	-	15
	2. Icons	-	10
	3. Character design	-	50
	4. Vignette	-	10
Office	1. PPT templates	2	8
	2. Excel templates	2	8
	3. Word templates	2	8
Website	1. Homepages	-	100
	2. Subpages	-	100
	3. Applications	-	300

3.6.2 Service Procedures

MODES			
1. Open Tender	2. Outsourcing	3. Customization	4. Selective Purchase

In the website, the demand sides can select service modes of open tender, outsourcing, customization and selecting purchase.

Open Tender & Outsourcing

Special services of MasterPieces are open tender and outsourcing, which is intended for high-quality works. Customers who need delicate works, such as jewelry design, creative design and utility design can use this mode. They post requirements and usually set a high price to attract designers design for them. Designers compete with each other to win the

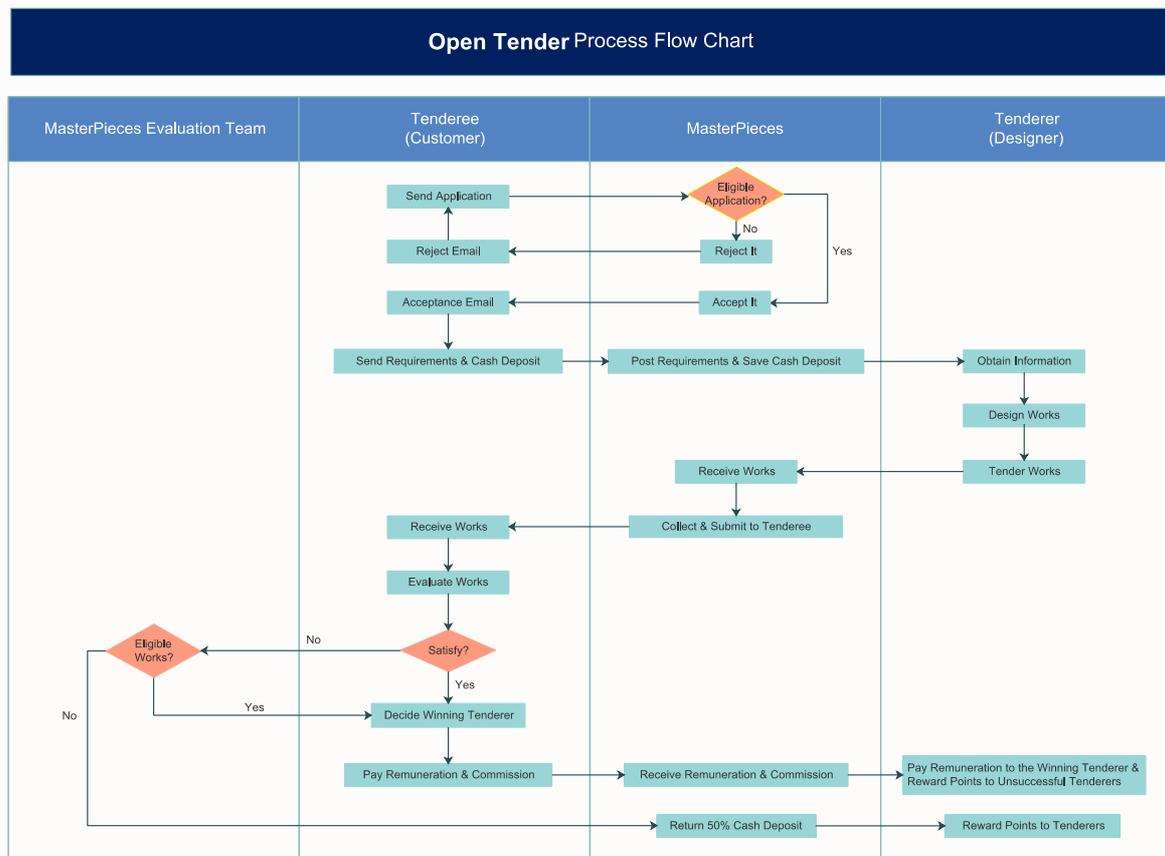
tender, during which customer can receive numerous excellent works to satisfy their requirements. In our website, the most special mode called open tender is that the demand sides can post their requirements, and massive people can get detailed information so that anyone with talents, creativity, and initiative offers wonderful masterpieces.



The Procedure of Open Tender:

- The purchaser, as a tenderee, send an application to MasterPieces. If it is eligible, MasterPieces accept it and send acceptance email to the tenderee. Otherwise, the ineligible application needs tenderee fix it. Then tenderee send requirements and cash deposit to MasterPieces. The website posts requirements of what tenderee want on the website and explicit remuneration and deadline.
- Designers, as a tenderer, obtain information from the website. If they are interested in the poster, they design works and tender their works to the website. Every work is received and protected by the MasterPieces. Anyone who steal, plagiarize and copy the work, MasterPieces investigate and affix the responsibility and claim for compensation.
- MasterPieces collects and submits all works to tenderee. After the deadline, purchaser evaluates works, select the winning tenderer and rank other tenderers. The winning tenderer earns the remuneration and MasterPieces charges 15% as commission. The rest of works belongs to MasterPieces. The unsuccessful tenderers reward point according to the rank.
- If the purchaser dissatisfies with the designed work, the work is judged by the MasterPieces evaluation team which is consisted of some professors, design connoisseurs, relevant teachers and ordinary people. If works are judged as bad

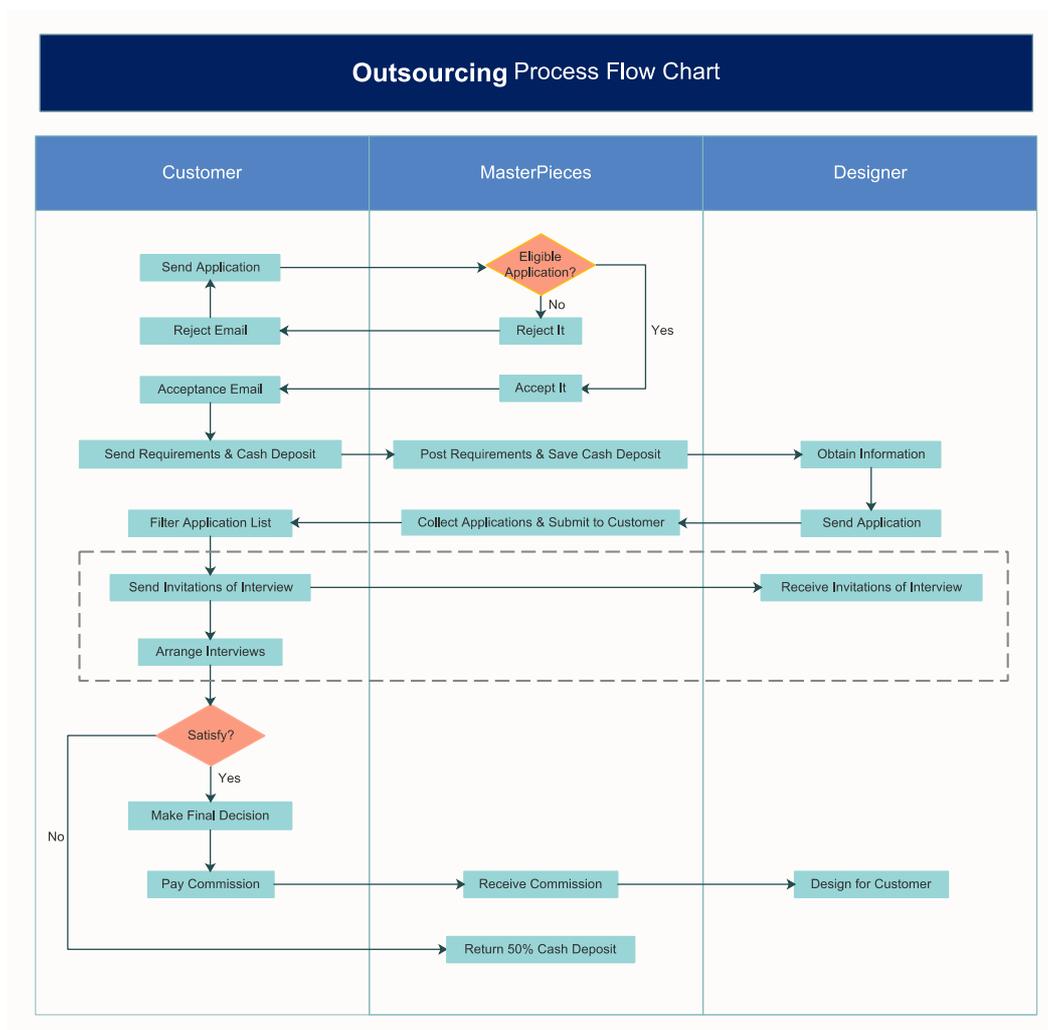
quality, the tender falls. MasterPieces return 50% cash deposit to tenderee and reward points to participants of designers.



The Procedure of Outsourcing:

- It is one way that designers and designer teams can post their professions and information on the website.
- Purchaser chooses their satisfying designer or designer team to work for them. They can select by themselves and also can contact customer service agent to match the most suitable and available one.
- Another way is to recruit designers as following flow chart shows. The first half procedures are the same as open tender's. The difference is that when designers obtain information, they send applications to MasterPieces. MasterPieces is responsible for collecting and submitting to customers.
- Customers filter the application list. It depends on customer's willing to arrange interviews or not.
- If customers satisfy designers, they make a final decision and pay commission to MasterPieces. If they dissatisfy all candidates, MasterPieces returns 50% deposit and reward points to participants of designers.

- When purchaser decides their satisfying designer or designer team, they sign the contract through MasterPieces who acts as an intermediary to supervise fair.
- Liquidated damages (40% of the project) from both sides are kept by MasterPieces as well. Once the default happened, MasterPieces is responsible to handle them as compensation to another side. When the transaction finished successfully, MasterPieces charge 10% as commission.



Customization

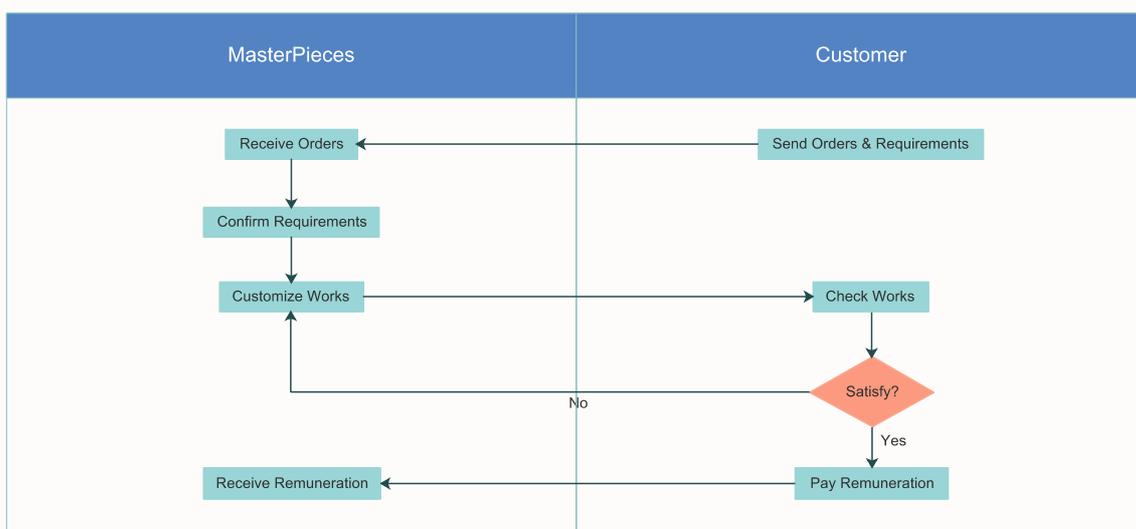
Our website also has customization and this service is provided by MasterPieces designers. Following example is a set of customized works for student government of Wenzhou-Kean University including a logo, a mascot, a poster and two tickets for WKU DAY. The mode of customization is most suitable for companies, institutions and organizations' series of products.



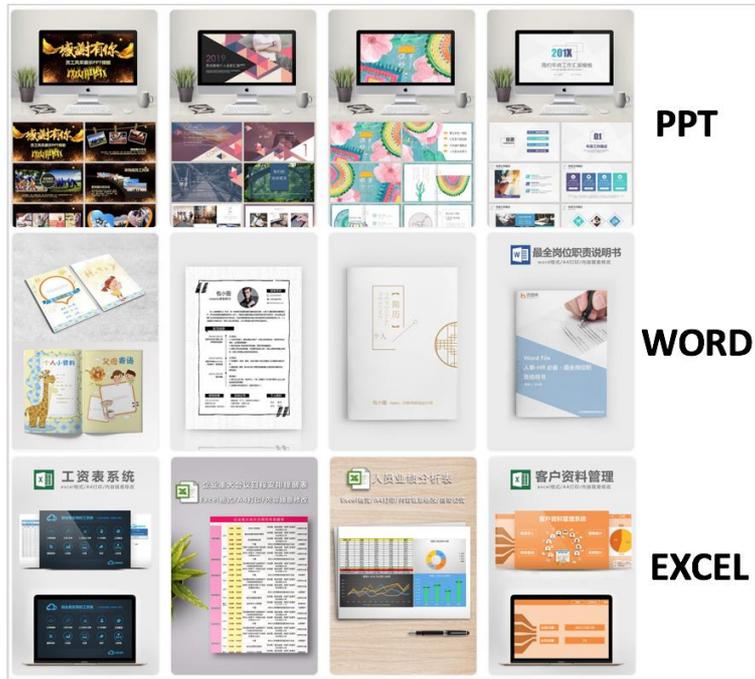
The Procedure of Customization:

- The service of customization is provided by MasterPieces.
- Customers send orders and requirements to MasterPieces. Designers of MasterPieces receive orders and confirm requirements. Purchaser and MasterPieces negotiate details about requirements and sign a contract.
- Designers design works for customers and it is clearly promised that MasterPieces can redesign and modify until the purchaser is satisfied.
- The last procedure is customer pay remuneration and MasterPieces receive it.

Customization Process Flow Chart

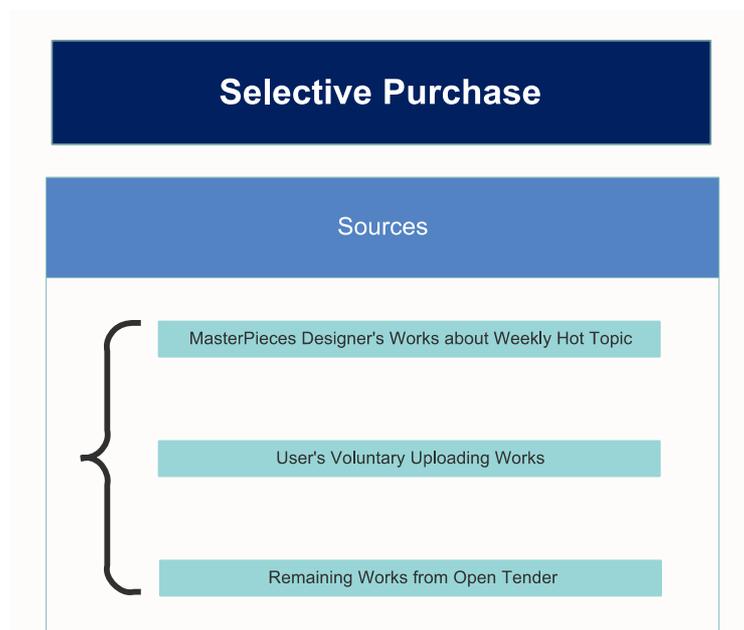


Selective Purchase is the basic service provided by MasterPieces. Purchasers can simply browse the website and easily select, purchase and download. Various categories and numerous products are in the material library, such as PowerPoint, Word and Excel templates, icons, posters, brochures, cards and so on showing as follow.



The Procedure of Selective purchasing:

- Designers who sell their works to the website or be employed by the website can earn money or reward points.
- Works judged by the plagiarism detection system first and they are priced according to the category and quality.
- Purchasers can select and buy what they want on the website using money or points.
- Payment must be first and then download the works. VIP system works in this procedure without payment.
- Sources of the material library are MasterPieces Designer's works about every weekly hot topic, user's voluntary uploading works and remaining works from the open tender.



The following tables summarize the grades of four modes in the aspect of time-consuming, quality and price. The mode of open tender can gather high-quality works, but it is expensive and time-consuming. The mode of outsourcing is to design by a chosen designer, the quality of works is four-star with relatively expensive and time-consuming. MasterPieces designers provide the service of customization. The quality of work is four-star, because of quick modification to customer satisfaction. The price is moderate but less time-consuming. Selective Purchase is a basic service of MasterPieces. Customers can select works in the material library and then purchase, which is the way can save time and money.

	Time-consuming	Quality	Price
Open Tender	★★★★☆	★★★★★	★★★★☆
Outsourcing	★★★★☆	★★★★☆	★★★★☆
Customization	★★★☆☆	★★★★☆	★★★★☆
Selective Purchase	★★☆☆☆	★★★☆☆	★★☆☆☆

3.7 MasterPieces Evaluation Team

MasterPieces follows the example of Taobao Evaluation Team. The source of judges are volunteers and they are selected online. MasterPieces Evaluation Team which is consisted of 3 professors, 5 design connoisseurs, 3 relevant teachers and 4 ordinary people. When the dispute or dissatisfied condition happens, these cases will be judged by the evaluation team. The final decision is made following the rule that the minority is subordinate to the majority.



3.8 Membership System

In order to provide a convenient and economical service, MasterPieces have Membership System. The membership fee is only \$4.99 and members can enjoy plenty of services – basic services of website, commission, copyright protection service and authorized permission. The highlights are that members can download without limitation in the mode of selective purchase and pay lower commission in the modes of open tender and outsourcing. More details are listed in the following table.

A VIP with more privileges !



You deserve a VIP !!!

VIP

Free

Basic Service of Website	Max. Number of Download	No Limitation	Selective Download 1 piece / day
	Right of Download	No Limitation	Office
	Download Speed	Accelerate 100 times	50kb/s
	Browse Acceleration	✓	✗
Commission	Commission Charge	Outsourcing 8%, Open Tender 12%	Outsourcing 10%, Open Tender 15%
Copyright Protection Service	Paternity Right for Commerce	No Requirements	From MasterPieces
	Paternity Right of Author	No Requirements	By "Author Name"
	Authorization Period	Permanence	From MasterPieces
	Portraiture Right	Permanence	From MasterPieces
Authorized Permission	Individual Illustrating Pictures	✓	From MasterPieces
	Illustration on Official Account	✓	From MasterPieces
	Illustration for individual design	✓	From MasterPieces
	Illustration for applications	✓	From MasterPieces
	Illustration for e-commerce	✓	From MasterPieces
	Illustration for bulletin	✓	From MasterPieces
	Business Plan	✓	✗
	Advertising	✓	✗
	Media	✓	✗
	Publication	✓	✗
	Resell	✗	✗

3.9 How It Works

3.9.1 Introduction to Website

MasterPieces is a website based on WIX Site. For those who unfamiliar with how to use our website, we are here to explain. First, when you open MasterPieces, you will see a menu of “Login/ Sign up” in the top-right corner of the website. Please click it and you can sign up our website, as well as log-in. Users can also sign up with his/her Facebook, Google+, or Kean University Email Account.

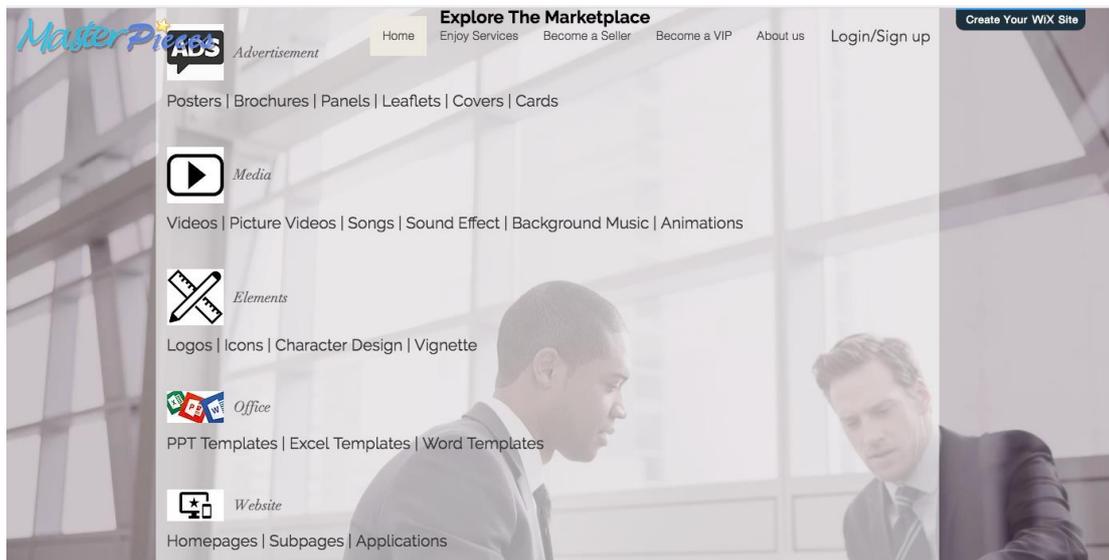
log in'. On the right, there are two buttons: a blue 'Sign up with Facebook' button and a red 'Sign up with Google+' button." data-bbox="267 273 717 469"/>

3.9.2 Home Page

After log-in or sign up to MasterPieces, users will go back to the home page. On the top of the website, the logo of MasterPieces is showed at the upper left corner next to two menus. The upper one is the main menu, which includes several important pages, such as Enjoy Services, Become a Seller, Become a VIP, About us, and Login/Sign up. The following one is a submenu mainly about our four modes of services. There is a search bar under our website’s name with the mission. Users can search what they want or any topic they try to download from this bar.



As users moving down the website, here is our categories of products. There are five categories on the MasterPieces: Advertisement, Media, Elements, Office, and Website. Users can download or upload their works within the product range.

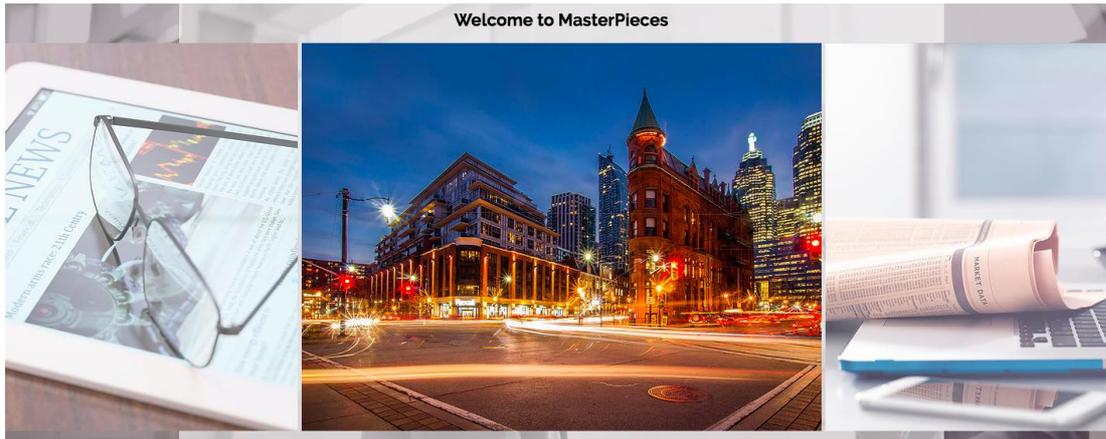


So, there are two forms followed by the categories of products. Users can post his/her requirements or detailed needs with the deadline on the MasterPieces. Our customer service agent will contact with the customer to receive more information and sign a contract. Meanwhile, customers can choose service modes on his/her work.

On another way, students or other users who already have a nice work or idea can upload their works on the website. We will check its originality and then post to the website for other users. According to the time of download, the author will receive related points or bounty based on the popularity of works.

Customize Your Work		Sell Your Design	
<i>Full Name *</i>	<i>Email Address *</i>	Your Name *	Your Email *
<i>Phone Number *</i>		Your Phone *	
<i>Category of Works</i>		Category or Works	
<i>Write Your Request</i>		Any Description of Your Ideas?	
<i>Submit Now</i>		<i>Upload Now</i>	

At the bottom of home page, there are some fantastic works from designers showed on the website. Customers could know our design level or skills via these beautiful works. There are some examples on the MasterPieces Website now, as shown below.



Welcome to MasterPieces

3.9.3 Subpages

Enjoy Services

Customer who is looking forward to customizing its work can click this subpage. Under this page, users firstly see a form to upload its requirements and information of work, followed by a table of the price.

Price of Products			
Category	Estimated Price 1 Selective Purchase	Estimated Price 2 Open Tender Outsourcing Customization	
Advertisement	1. Posters	\$2	\$9
	2. Brochures	2	9
	3. Panels	2	9
	4. Leaflets	2	9
	5. Covers	2	9
	6. Cards	2	9
Media	1. Videos	-	200
	2. Picture videos	-	30
	3. Songs	-	150
	4. Background music	-	100
	5. Sound effects	-	70
	6. Animations	-	300
Elements	1. Logos	-	15
	2. Icons	-	10
	3. Character design	-	50
	4. Vignette	-	10
Office	1. PPT templates	2	8
	2. Excel templates	2	8
	3. Word templates	2	8
Website	1. Homepages	-	100
	2. Subpages	-	100
	3. Applications	-	300

Moving down this subpage, users can see two legal documents about copyright of works if they upload and download their works. One is a PDF document about License and Services Agreement, which is attached in the Appendix. Another is a certificate sample of registration of works. If users upload their works to MasterPieces, we will give them a certificate to protect their works legally.

The Legal Documents

The PDF document is about **License and Services Agreement** when you download or upload works on MasterPieces based on Copyright Laws of the People's Republic of China.



Certificate of Registration of Works

We will provide a certificate of registration of works to protect the copyright of works for each document on the MasterPieces. Here is a sample of Certificate.



Become a Seller

This subpage is mainly used for uploading your works to MasterPieces and earn some bounty. So, we set a form on this subpage for designers.



Sell Your Design

Your Name * Your Email *

Your Phone *

Modes of Service *

Category or Works

Any Description of Your Ideas?

[Upload Now](#)

Become a VIP

As most commercial websites, we also offer VIP service to our customers. Those who demand a large of works per year can buy this service to enjoy more rights and benefits of

downloading. The price, rights with the detailed description, and a link to payment are set on this subpage.

		VIP	Free
Basic Service of Website	Max. Number of Download	No Limitation	Selective Download 1 piece / day
	Right of Download	No Limitation	Office
	Download Speed	Accelerate 100 times	50kb/s
	Browse Acceleration	✓	✗
Commission	Commission Charge	Outsourcing 8%, Open Tender 12%	Outsourcing 10%, Open Tender 15%
	Copyright Protection Service		
Copyright Protection Service	Paternity Right for Commerce	No Requirements	From MasterPieces
	Paternity Right of Author	No Requirements	By "Author Name"
	Authorization Period	Permanence	From MasterPieces
	Portraiture Right	Permanence	From MasterPieces
Authorized Permission	Individual Illustrating Pictures	✓	From MasterPieces
	Illustration on Official Account	✓	From MasterPieces
	Illustration for individual design	✓	From MasterPieces
	Illustration for applications	✓	From MasterPieces
	Illustration for e-commerce	✓	From MasterPieces
	Illustration for bulletin	✓	From MasterPieces
	Business Plan	✓	✗
	Advertising	✓	✗
	Media	✓	✗
	Publication	✓	✗
	Resell	✗	✗

About us

This subpage narrates our story of MasterPieces and some future plan of this website. Additionally, we add our team's information on this subpage, such as location, contact information, and social account.

Our Story
The MasterPieces story begins a year ago when the team saw more students demanded academic template and clubs needed media and advertisements ideas. Meanwhile, some students were creative in graphic designs and were looking forward to sharing their ideas and works in a proper way. So, the team of MasterPieces tried to establish an online platform for them to exchange demands.

A New way of the working pattern is born!
Unlike traditional freelancing websites or office template download websites, MasterPieces paved the way for our customers to choose different services, such as opening tender, outsourcing, customization, and selective purchasing. Based on your time budget of works and other demands, you can pick up designers, works to customize your demands.

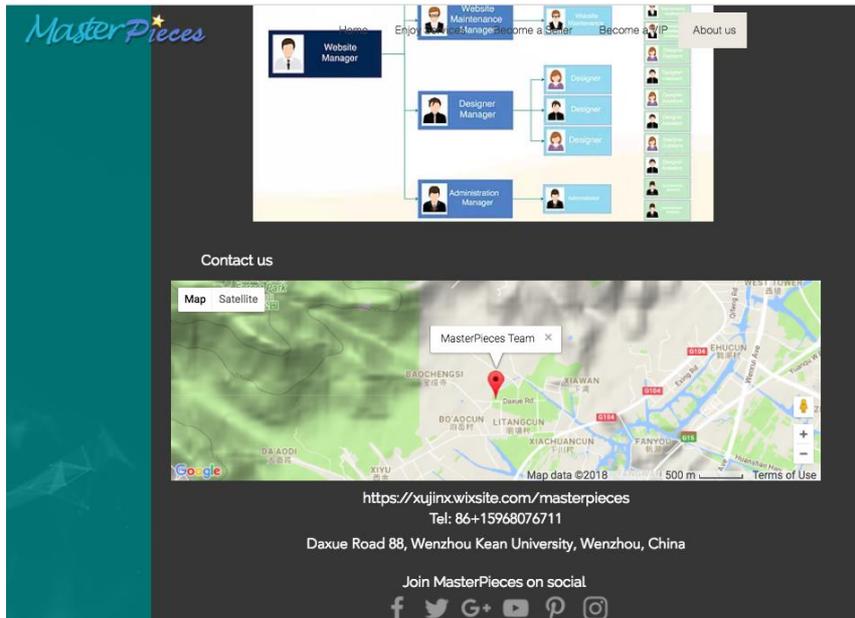
Mission of MasterPiece
Customize your works, Design in MasterPieces!

Organization Structure

Organization Structure (Phase I)

```

graph TD
    WM[Website Manager] --- CSAC[Customer Service Agent]
    WM --- WMaint[Website Maintenance]
    WM --- Designer[Designer]
  
```



Introduction of Four Modes

On the submenu of MasterPieces, customers are able to click our introduction of four modes. We describe them by pictures and words on the individual subpage for those who are unfamiliar with four unique modes. Here are some examples from the screen capture of websites.

This screenshot shows the 'How It Works?' page for the 'Outsourcing' mode. The page has a navigation bar with 'Home', 'Enjoy Services', 'Become a Seller', 'Become a VIP', 'About us', and 'Login/Sign up'. The main heading is 'How It Works?' with sub-tabs for 'Open Tender', 'Customization', and 'Selective Purchasing'. The 'Outsourcing' mode is highlighted. The text describes the process: customers upload demands and requirements, designers post their professions, the purchaser chooses a designer, they sign a contract, and finally, the designer customizes the work. There are illustrations of a person at a computer, a group of people, and hands signing a document. At the bottom, there are three expandable sections: 'How about breach of contract?', 'If customers are unsatisfied with works?', and 'If my work is not chosen, what can I learn?'.

This screenshot shows the 'How It Works?' page for the 'Open Tender' mode. The page has a navigation bar with 'Home', 'Enjoy Services', 'Become a Seller', 'Become a VIP', 'About us', and 'Login/Sign up'. The main heading is 'How It Works?' with sub-tabs for 'Outsourcing', 'Customization', and 'Selective Purchasing'. The 'Open Tender' mode is highlighted. The text describes the process: customers upload demands and requirements, designers tender for the work, the purchaser selects a winner, and the winner earns remuneration. There are illustrations of a person holding a 'NEEDS' sign, a person with a stack of balls, and a person with a trophy. At the bottom, there are three expandable sections: 'Can the MasterPieces promise the quality of works?', 'If the purchaser still dissatisfies with works?', and 'If my work is not chosen, what can I learn?'.

Home Enjoy Services Become a Seller Become a VIP About us Login/Sign up

How It Works?

Selective Purchasing is the basic service on the MasterPieces.

- Customers **directly choose and download** they like and want on the MasterPieces via money or points.
- Selective Purchasing has **the lowest price** compared with other services, and you can **directly receive** the works.

Are the works qualified?

How to pay?

Our sources of works:

- MasterPieces Designer's Works about Weekly Hot Topic**
 - Our designers do some related designs based on recent hot topics every week.
- User's Voluntary Uploading Works**
 - If you have finished works with your unique ideas, you can upload on the MasterPieces.
 - You will receive points or bounty in cash based on downloads times.
- Remaining Works from Open Tender**
 - Customers can also download what they prefer from remaining works in Open Tender.

ENJOY NOW **SELL MY WORKS**

Home Enjoy Services Become a Seller Become a VIP About us Login/Sign up

How It Works?

The service of **Customization** is provided by MasterPieces.

MasterPieces hires **Own Designers** to finish works.

Purchasers **Send Orders and Requirements** to us.

MasterPieces and customers **Negotiate Details** about requirements.

Sign the Contract and the works start.

In the contract, it clearly states that MasterPieces can **Redesign and Modify** until the purchaser is satisfied.

Customization Process Flow Chart

```

    graph TD
      subgraph MasterPieces
        M1[Receive Orders] --> M2[Confirm Requirements]
        M2 --> M3[Customer Works]
        M3 --> M4[Receive Remuneration]
      end
      subgraph Customer
        C1[Send Orders & Requirements] --> C2[Check Works]
        C2 --> C3{Satisfy?}
        C3 -- No --> M2
        C3 -- Yes --> C4[Pay Remuneration]
      end
      M1 --> C1
      C2 --> M3
      C4 --> M4
  
```

Post My Needs
Join us, as a Designer!

4.0 Competition Analysis

4.1 Competitive Advantages

- MasterPieces acts as an intermediary that links demand and supply sides, which extend the range of target audience.
- Everyone who is interested in designing or already has worked is welcome to upload to the website. So MasterPieces is not only a platform for professional designers but also an opportunity to potential designers to show their talents and get a part-time job.
- MasterPieces provides certificates to design works. This measure offers safeguard and protects works to a large extent.
- MasterPieces adopts various operational modes, such as open tender, outsourcing, selective purchasing, and customization. Compared with competitors, the integrated services are unique.

- The special work pattern is not traditional outsourcing, but similar to open tender, so both sides have more choices and opportunities.
- MasterPieces aims at campus-related service at the first stage and plans to enlarge the market step by step with detailed planning preparation.
- MasterPieces is an online business with the advantage of extremely low cost, quick update and broad market from financial and commercial perspective.

4.2 SWOT Analysis

The SWOT analysis examines MasterPieces's strengths and weaknesses that need to be addressed. Further, this section examines the opportunities presented to MasterPieces as well as potential threats.

4.2.1 Strengths

- MasterPieces is an intermediary website that links demand and supply sides, which extend the range of target audience.
- MasterPieces adopts various cooperative modes to meet different kind of needs.
- MasterPieces is an online business with the advantage of extremely low cost, quick update and broad market from financial and commercial perspective.

4.2.2 Weakness

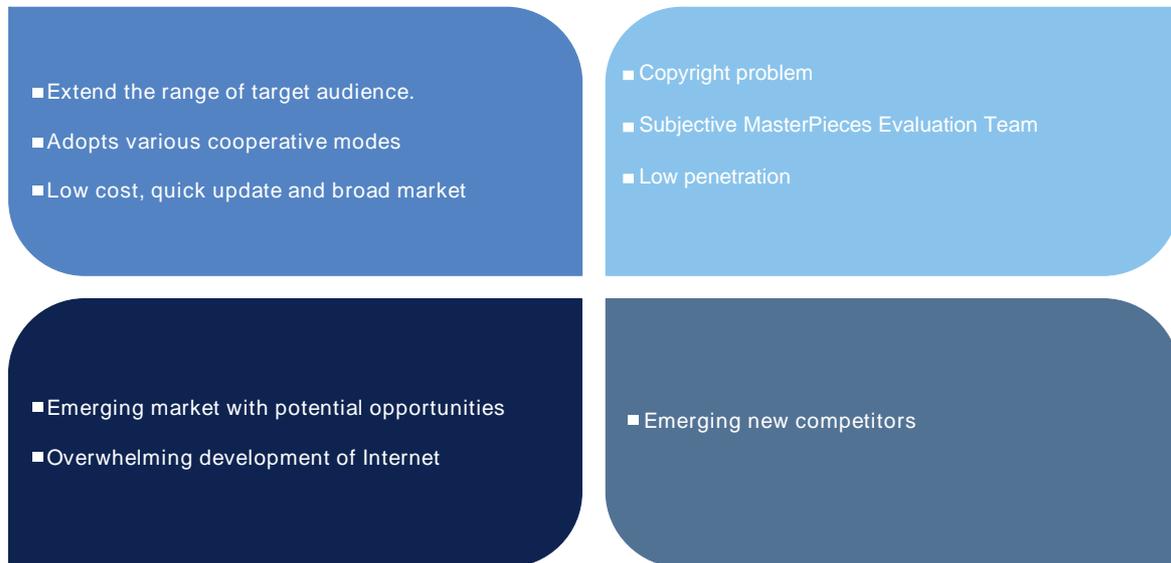
- If copyright problem happens, the loss of time and money is large and the compensation for both sides is hard to define.
- Although MasterPieces evaluation team is relatively subjective assessment, it still has the risk of dispute.
- Market penetration is slow, so it takes a long time to build a customer base.

4.2.3 Opportunities

- It is a new and emerging market with plenty of potential opportunities to attract customers and develop the brand.
- MasterPieces rely on Internet, and the development of the Internet is overwhelming.

4.2.4 Threats

- Because of low fix cost, the entry barrier is low in this industry, so new competitors appear easily and quickly.



4.3 Five Forces Model

The organizational strategy begins with an assessment of the fundamental characteristics and structure of an industry. An important model used to assess an industry structure is Porter's five forces model. According to this model, five competitive forces determine industry profitability: bargaining power of customers, the threat of substitutions, bargaining power of suppliers, the threat of new entrants, and rivalry among existing firms. The intensity of each of the five forces determines the characteristics of the industry, how profitable it is, and how sustainable that profitability will be. (Using MIS, David Kroenke and Randall Boyle, 9/E, Global Edition, Pearson, 2016.)

4.3.1 Bargaining Power of Customers: Strong

A large account wants more services at a low price. So, MasterPieces will diversify into service category.

4.3.2 Threat of Substitute Products: Weak

In China, market saturation is low with potential. Besides, our company provides various modes that other company cannot compete. MasterPieces will continue offering

differentiating services and establishing brand loyalty to defend the threat of substitute product.

4.3.3 The Bargaining Power of Suppliers: Medium

Our potential designers are not only limited in the professional field. Anyone with talent and interest can be our designer. MasterPieces will give designers more benefits to attract and keep designers.

4.3.4 Threat of New Entrants/ Potential Competitors: Strong

The start-up cost is low to enter the industry and few specialized knowledge is required. To defend the threat from new entrants and potential competitors, MasterPieces will embody specialty, rise digitalization, and strengthen services.

4.3.5 Rivalry Among Existing Firms: Medium

It is an emerging market in China, so the rivalry is not fierce currently. MasterPieces needs to build up brand awareness and reputation.

Five Forces Model

	Bargaining Power of Customers	Threat of Substitutions	Bargaining Power of Suppliers	Threat of New Entrants	Rivalry
Force Strength	Strong	Weak	Medium	Strong	Medium
Explanation	A large account wants more services at a low price.	In China, market saturation is low with potential. Besides, our company provides various modes that other company cannot compete.	Our potential designers are not only limited in professional field. Anyone with talent and interest can be our designer.	The start-up cost is low to enter the industry and few specialized knowledge is required.	It is an emerging market in China, the rivalry is not fierce currently.
Response	Diversify into service category	Offer differentiating services, establish brand loyalty	Give designers more benefits to attract and keep designers	Embody specialty, rise digitalization, and strengthen services	Build up brand awareness and reputation

5.0 Target Market

5.1 Industry Analysis

MasterPieces is a website that supports online services to customers and it belongs to the Freelance industry. This analysis is based on the North American Industry Classification System (“NAICS”) Code 711510 Independent Artists, Writers, and Performers. According to the Cross References, our online services also dabble in other two NAICS Code: 711130 and 541430.

5.1.1 Market Condition

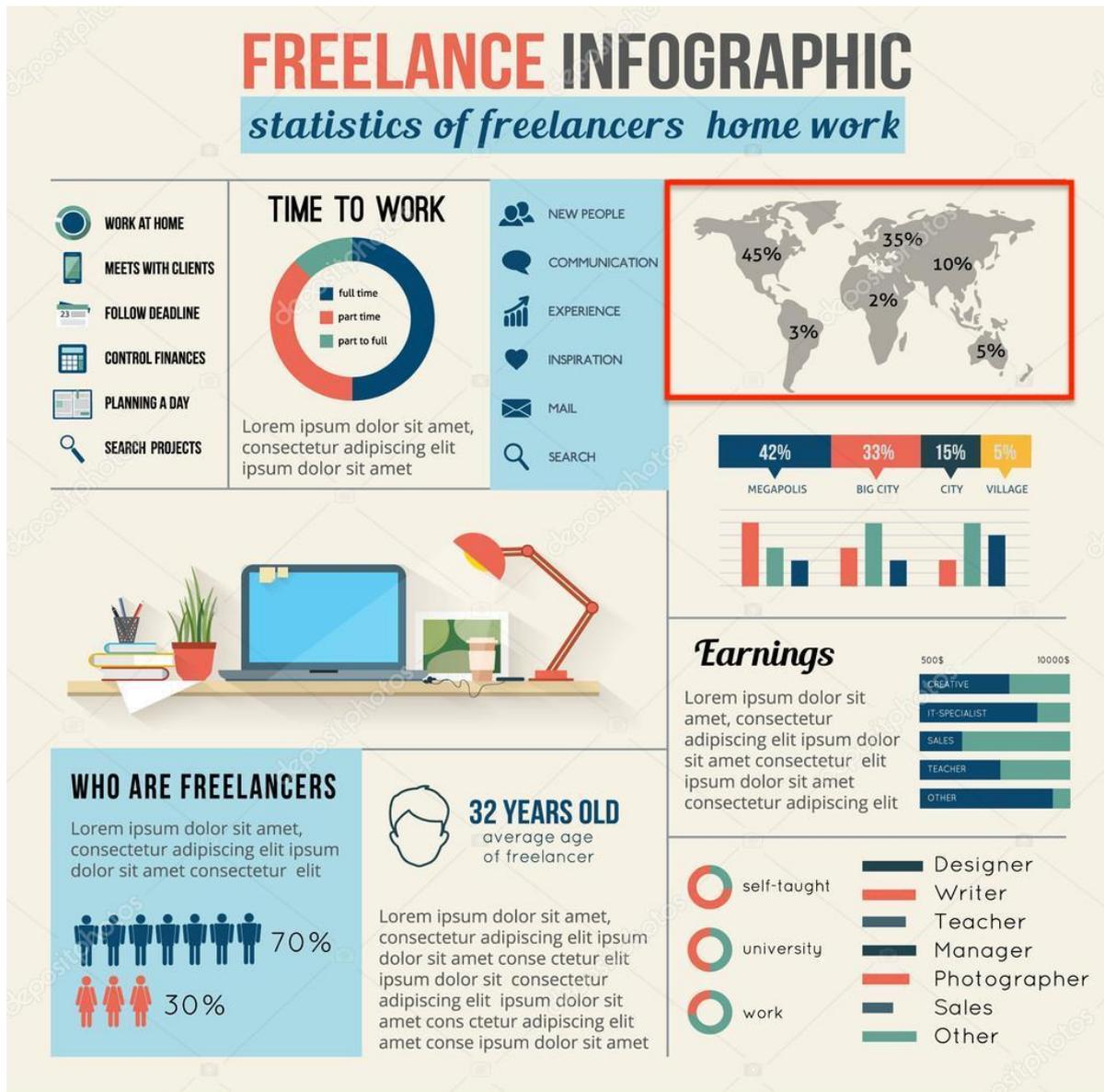
We provide the media works, which is related to the freelance musicians and vocalists, or Musical Groups and Artists (711130). Additionally, independent commercial artists and graphic designers are also showed in our services lists, so that MasterPieces provides the services in Industry 541430, or Graphic Design Services (SIC Code, 2018).

The freelance industry is an emerging and rapidly developed market. According to ASKWONDER research, the global market-size for freelancer economy industry is \$1.5 trillion, with North America accounting for over half of world’s freelancers. The world is witnessing a sharp increase in the number of freelancers and contractors, which most of the deals are made on the websites. So, MasterPieces will first be established in the Chinese campus and dedicated to serve to students and staffs in school during the first planning step.

The distribution of freelance industry divides two aspects. First, the data from ASKWONDER research suggests that marketing-related jobs are the largest market share in the category of service. In 2016, the contracts of Marketing Jobs account for 19% income for the total freelance industry, followed by Business Consulting (16%), Design (11%), Coaching (9%), and Writing and Editing (7%).



Our website, MasterPieces, covers most of the freelance jobs, such as the Technology Jobs (website and APP designs) and Design (Logo, brochure) and Multimedia (music, video, icon, office design). Second, the geographic market shares of freelance showed the market in North America takes up about half of global income at 45%, followed by Europe (35%), Asia (10%) and other continents. In other words, Asia, especially China, has a potential prospect in freelance industry.



From the perspective of salary in this industry, the data from WP engine suggests that the salary is generally concentrated in \$10-30 per hour in the United States, which is relatively higher than other countries such as China (WP engine, 2015).

5.1.2 Industry Participants

Major companies in the freelance industry include Toptal, Upwork, and CodementorX. Although these three main freelance websites are popular and established on the Internet, their platforms fall under one of the two categories: general or niche, as shown in the table (CodementorX data).

	Toptal	
General Freelance Marketplace	General Freelance Marketplace	Niche Freelance Marketplace
<ul style="list-style-type: none"> Designers & Creatives Programmers & Developers Administrative Support Specialists Writers & Translators Finance Professionals Sales & Marketing Professionals 	<ul style="list-style-type: none"> Developers Designers Finance Experts 	<ul style="list-style-type: none"> Software Developers

General freelance marketplaces offer a wide range of services. For instance, Upwork and Toptal provide the services, including the marketing design, IT service and more. However, the CodementorX only offers Software services and it can be described as niche freelance marketplaces. In our case, MasterPieces provides general freelance marketplaces. The Pros and Cons are also described in the table. Generally speaking, each model of the freelance marketplace has own pros and cons, as well as MasterPieces. In the future, we may attract a lot of users and a variety of works on the websites, and the competition will be high in the bidding war. We will have a thorough vetting process for the freelancers and offers freelance service in multiple areas.

General Freelance Marketplace		Niche Freelance Marketplace	
Pros	Cons	Pros	Cons
<ul style="list-style-type: none"> • Large user base • A variety of skill sets • Wide range of costs to suit your needs 	<ul style="list-style-type: none"> • Looser vetting process: Rapid growth makes it hard for platforms to vet both project posts and freelance applicants • Bidding war: Competition for work leads to low average project prices • Low quality freelancers: Bidding wars and low switching costs drive quality freelancers away 	<ul style="list-style-type: none"> • Domain knowledge and expertise • Solid understanding of relevant skills in the industry • Focused on the best talent 	<ul style="list-style-type: none"> • Can be pricier: Offers freelancers with very specific skill sets and experience, which may be pricier

Compared with the competitors' pricing strategy, our website's price is lower because it is one of our competitive advantages.

	Toptal	
Hourly Rates	Hourly Rates	Hourly Rates
Wide range (not provided)	Developers: \$60 - \$95+ Designers: \$60 - \$95+ Finance: \$100 - \$200+	Developers: \$60 - \$95+

5.2 Market Segments

Overall, the freelance industry is same as other industry in the role of funding. Funding enables the largest industry players to build platforms capable of satisfying a huge range of client and freelancer needs, thus attracting more growth, followed by more funding and ultimately, more growth, which is a huge virtuous cycle. The best freelance website can attract more and more customers and funding, as well as partners. By contrast, this industry can make some companies be worse, even going bankrupt. Rapid growth diminishes platform’s ability to screen project postings and applicants for quality assurance. What’s worse, the intense competition in the developed countries’ market for work among freelancers leads to bidding wars and low average project ticket prices, so that decrease websites’ commission fee and income.

Eventually, the growth and maturity of general freelance marketplaces created a cycle that paved the way for niche and full-service competition to emerge, showed as the following figure (Freelance Marketplace Industry Maturity Cycle).



The targeted market of MasterPieces is focused on the campus in China at the first planning step. We plan to open the freelance market in China because this industry is emerging now and most citizens are unfamiliar with this industry and working model. Unlike North America, China develops rapidly in the economy but most of industry and working models are old-fashioned. So, we try to introduce this new industry working model into the Chinese market, and our first targeted market is universities. MasterPieces plans to enlarge the service in the realm of academics and students' activities.

5.3 Segment Strategy

5.3.1 Market Statistics

According to The Freelancers Union “53 million” report, the data suggests some important information in the United States:

- There are 53 million people doing freelance work in the US – 34% of the national workforce.
- People who freelance contribute an estimated \$715 billion in freelance earnings to our economy.
- Twice as many freelancers have seen an increase in demand in the past year as having seen a decrease – 32% experienced an increase versus 15% who have seen a decrease.
- 80% of non-freelancers say they would be willing to do work outside their primary job to make more money.
- Earning extra money (but not financial necessity) and schedule flexibility are the top drivers of freelancing.
- Finding work and, correspondingly, income stability are the top barriers to doing more freelancing work.
- 69% of freelancers said technology has made it easier to find freelance work.
- 77% of freelancers say the best days are yet ahead for freelancing.
- 65% said freelancing as a career path is more respected today than it was three years ago.

The American freelance industry is well-developed in the world, so the data from its industrial report are meaningful to our startup.

5.3.2 Market Prediction

According to the Nasdaq website, the freelance industry will grow sharply in the future. Overall, the freelance workforce (The Gig Economy) predicted to rise to 43% in 2020. In 2016, nearly 53 million Americans were freelancers, that's 34% of the workforce. So, the Nasdaq experts project that the rate will go up to 43% in 2020. This is a huge increase in the total workforce compared with any industries. Hence, the freelance market has an optimistic prediction.

China is a new market for freelancers. Although there is no well-developed freelance industry in China, especially in campus market, the future prediction of the market seems optimistic, too. However, the competition will also become more intense with the development of freelancing.

5.4 Strategy Pyramid

MasterPieces will adopt a three-stage strategy to reach the target market.

- First, campus to campus

MasterPieces starts in the region of campus. The reason is that students have more leisure time compared to the society and they are creative and ambitious. Besides, students group pursue fashion and are full of ideas and creativity. Thus, MasterPieces become a perfect platform for them to realize their capabilities. Meanwhile, students become the potential market for MasterPieces and support source of originality. So, in this phase, MasterPieces mainly does advertising to the student group.

- Second, campus to business

The next stage is to explore the market in the field of business, which is the transition stage to the third one. In this stage, MasterPieces try to connect students to the business. More opportunities are provided to students, and companies obtain relatively cheap and dynamic works. It not only explores the market between students and business but also is the vital strategy for MasterPieces. In this phase, MasterPieces expands from small business to mature business.

- Third, business to business

Based on the previous two stages, MasterPieces expands the market to business to business level. It is the stage that MasterPieces will have its own physical company for further development. MasterPieces provides considerate and professional services to meet business needs, which means more sources, experience, and convenience. At the same time, MasterPieces attaches equal importance to students, because they are the continuous source

and potential support for further development. In this phase, MasterPieces develops mature gradually.

Generally speaking, in this three-stage strategy, MasterPieces will develop in five perspectives.

1. Market Exploration: from the student group to business field
2. Company Development: online business to a physical company
3. Organization Structure: more comprehensive structure with more employees
4. Product Category: more products keeping the pace with fashion
5. Product Direction: from academic to business

5.5 Unique Selling Proportion (USP)

MasterPieces enters a new market combining various existing services and products, so we use market development strategy.

		Product Orientation	
		Existing Products	New Products
Market Orientation	Existing markets	Market penetration strategy	Product development strategy
	New markets	Market development strategy 	Diversification strategy

MasterPieces has two unique selling proportions:

First, we provide new trading modes in order to increase the quality of services and products. The purposes are to increase market shares and promote brand effect. MasterPieces targets precisely in every stage from campus to business.

Second, except for professional designer, people who spark unique ideas can be excellent designers. MasterPieces welcomes anyone who has interest and ability in design. It is the platform for them to show their talents.

5.6 Marketing Strategy

5.6.1 Pricing Strategy

- Penetration pricing – MasterPieces sets low initial prices to appeal immediately to the mass market in order to win market shares.
- Price lining – MasterPieces sets the price of a line of products at a number of different specific pricing points, which is to meet various needs from customers.

- Odd-even pricing – MasterPieces sets prices a few dollars or cents under an even number to attract customers by psychological tactics.
- Customary pricing – After market researching, MasterPieces sets prices that is a dictated by tradition, a standardized channel of distribution, or other competitive factors.
- Loss-leader pricing – Every day, MasterPieces deliberately sells some services or products below its customary prices, which is not aimed at increasing sales, but to attract customer’s attention in hopes that they will buy other products with large markups as well.
- Cumulative Quantity Discounts – When customers’ buying reach to a certain degree, MasterPieces give free rewards. It encourages customers to buy more and enjoy more rewards.

5.6.2 Promotion and Advertising Strategy

- Loyalty Program – MasterPieces adopts credit card reward programs to registered customers to encourage and reward repeat purchases.
- Contests – MasterPieces often holds contests to encourage designers to apply their skills and stimulate their inspiration, in which form to appeal potential supply sides.
- Deals – MasterPieces give nonscheduled deals to the customer to increase trial among potential customers and to retaliate against competitors’ actions.
- Point-of-Purchase Displays – MasterPieces displays excellent works on the homepage to promote works and attract customers.
- Direct e-mail – MasterPieces plans to send emails to potential customers to advertise services and works.
- Word of mouth – MasterPieces provide satisfying services and products to the customers because we rely heavily on customer’s comments to promote our brand.
- Sponsorship – MasterPieces regularly sponsor relevant activities to promote the brand effect and appeal the customers.

5.6.3 Online Promotion

- Internet banner and display ads – Since MasterPieces is an online business, we pay highly attention to the internet advertisement by using banner and display ads.

- E-coupons – MasterPieces distributes free or discount E-coupons to customers from time to time to attract or reward customers.

5.6.4 Marketing Programs

First Contest Program

When MasterPieces first come to online business, we hold a public benefit contest. MasterPieces will provide free advertising service to a public service organization. MasterPieces will fund this free advertising service includes a video, a poster, a brochure and a song. The contest is held in the form of the open tender which is the most special mode of MasterPieces. The purpose of the contest is to attract massive designers and advertise MasterPieces to the public. Meanwhile, the contest makes a contribution to public service, which is good for the brand and prestige of MasterPieces.

Start-up subsidy Program

In order to attract customers and penetrate to the market, at the beginning of the business, MasterPieces funds about 3000 dollars for start-up subsidy program. Free trial and discount coupons are specially designed to attract customers.

5.7 Milestones

Stage	Milestone	Period
Seed and development	Establishment and development of website	one week
Startup	Contest advertising program and website trial edition	one month
Growth	campus to campus stage	two years
Expansion	campus to business stage	three year
Maturity	business to business stage	after sixth year

5.8 Exit Strategy

In case MasterPieces is operated badly with a sharp decline, existing works will sale at a low price to competitors and pay back losses.

6.0 Management Capability

6.1 Organization Structure

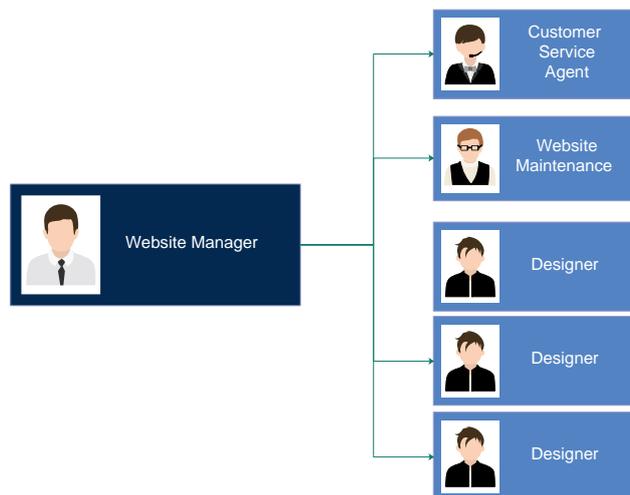
In the first phase, MasterPieces needs a few workers. So, the structure is simple and the organization is small.

The website needs four kinds of daily management controls: website maintenance, customer service, website management and design.

- Website Maintenance Worker: Check daily normal operation and update new information
- Customer Service Agent: Answer and solve problems for customers
- Website Manager: Analyze statistics and manage website affairs
- Designer: Customize works for customers

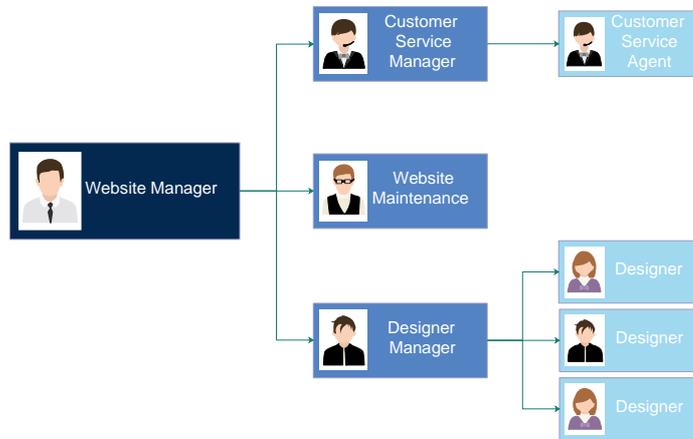
In order to simplify the team and maximize the utility, three responsibilities of website maintenance, customer service, website management will be undertaken by founder at the first time without salary, but profit. Three designers will be employed and they are given regular pay plus bounty. The organization structure in Phase I is shown as below.

Organization Structure (Phase I)



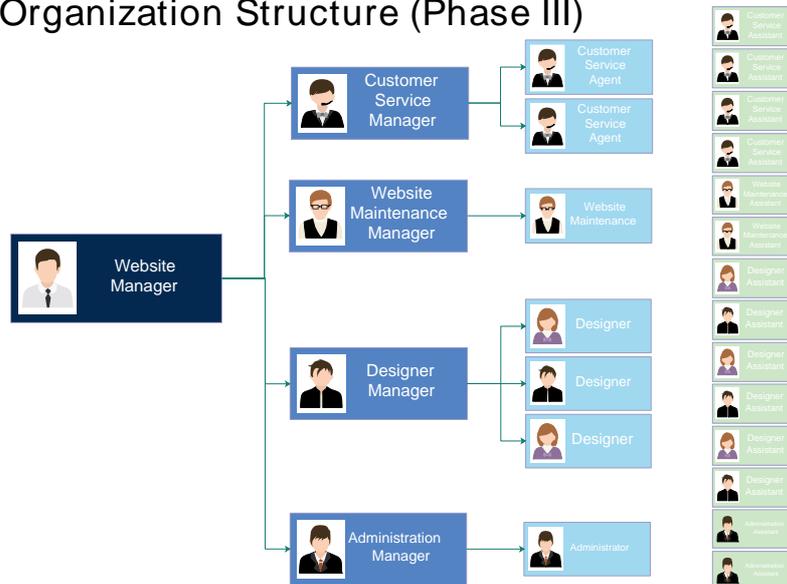
As the development of the business, more people will be employed to expand the business. As the structure chart shows, in the third year (second phase), two more designers and a customer service agent will be hired. The hierarchy of the organization will begin.

Organization Structure (Phase II)



In the third phase, MasterPieces will become a mature business generally. A physical company will set up in this phase. The following structure chart is hypothetical.

Organization Structure (Phase III)



6.2 Risks Management

A. Signing Issue for Designers – Demission or Part-time Jobs

Risk's description:

- In the service of customization, the designers are our employees who have signed the job contract with MasterPieces. It is possible that our designers leave

their job, as well as assignments, temporarily, which exerts a negative effect on the customers' works.

- Besides, the part-time job also influences the quality of design works. If our designers do some other works that belong to other companies, we would suffer a loss on the customers' works.

Solution:

- Before employment, MasterPieces will negotiate with designers and sign job contract that lists the basic amount of work and rule of bounty. In other words, designers must finish a certain amount of assignment per month and they could do more works to earn a bounty. The bounty is based on the quality of works and amount of works together.
- If the designer violates the terms of the contract, such as demission, uploading low quality of works, or missing deadline, we have our punishment mechanism. For instance, losing bounty or salary deduction, or even dismissing the position are some examples of the punishment mechanism.

B. Recruitment Issue for Designers – Boom or Recession of MasterPieces

a) Risk's description:

The MasterPieces may face two trends in the future: boom or recession. So, we should provide different plan to avoid suffering loss, especially in the administration area.

Solution:

- If our website will be booming at the end of Phase I (on campus), we will follow the plan that recruits 3 more designers and 1 more customer service agent, as shown in Organization Structure part
- If the situation is stagnant in the next following years, we will remain our organization structure that remains only 3 designers to reduce labor costs.

C. Works' Issue for Customers – Dissatisfaction on the Works

Risk's description:

In the modes of open tender, outsourcing, and customization, it is possible that customers are dissatisfied with our works, which finally influences brand image and loyalty.

Solution:

- We will promise our customers to modify the works according to their feedback and requirements until they feel satisfied with final works.
- However, some designers are unwilling to modify the works because they consider the works are perfect, but customers still feel not well. At that time, MasterPieces Evaluation Team can help to solve this problem. With this team's professional evaluation, the designers and customers should follow their suggestions and negotiate peacefully again to modify the work.

D. Copyright Issue for Works – Tort or Plagiarism

Risk's description:

Some designers uploading their works may plagiarize other works, and some works downloading from MasterPieces could be used for profit in the business. These two kinds of illegal copyrighted torts influence operation of MasterPieces.

Solution:

- First, we will set a plagiarism detection system to ensure each uploaded work is legal without plagiarism. Meanwhile, the designers must sign License and Services Agreement before uploading the works. So, following the Agreement, the author should take the responsibility for their plagiarism.
- Second, our Agreement and the certificate of registration of works will protect each work uploaded by designers. For example, in the mode of selective purchasing or outsourcing, one student has a nice post template and post it on our website. Meanwhile, he should sign the Agreement and receive a certificate of work. If other company copies the work, we will sue the company to protect the copyright of work.
- Third, in the selective purchasing, customers can pay a certain price to download any works. Before downloading, customers can only see the sample or thumbnail of the work and can download it after payment. For instance, some office templates are not available to download before payment because customers can only see the screenshot of work, not the Excel or PowerPoint files.

E. Operation Issue for MasterPieces – Badly Running

Risk's description:

Every business could fail one day. There is no exception for MasterPieces.

Solution:

- Although MasterPieces has a relatively low fixed cost, which means the shutting down point in the economic theory is later than other industries. First, we will find the core point of losing profit, and then try to reduce costs, solve service problems or other possible problems.
- If we fail in Phase I or lose money every year, we will consider the exit strategy to shut down the MasterPieces.

7.0 Financial Plan

7.1 Forecast

7.1.1 Key Assumptions

Sales Projections in detailed for the first fiscal year- see the following table.

Category		Estimated Price 1 (\$)	Selective Purchase	Estimated Price 2 (\$)	Outsourcing	Open Tender	Customization	Estimated Quantity	Gross Amount (\$)	Bounty (\$)	Total Revenue (\$)	Commission without Bounty (\$)
Advertisement	1. Posters	\$2	50%	\$9	30%	5%	15%	800	\$4,400	\$540	\$1,557	\$1,017
	2. Brochures	2	50%	9	30%	5%	15%	800	\$4,400	\$540	\$1,557	\$1,017
	3. Panels	2	50%	9	30%	5%	15%	500	\$2,750	\$338	\$973	\$635
	4. Leaflets	2	50%	9	30%	5%	15%	800	\$4,400	\$540	\$1,557	\$1,017
	5. Covers	2	50%	9	30%	5%	15%	800	\$4,400	\$540	\$1,557	\$1,017
	6. Cards	2	50%	9	30%	5%	15%	800	\$4,400	\$540	\$1,557	\$1,017
Media	1. Videos	-	-	200	60%	30%	10%	100	\$20,000	\$1,000	\$3,878	\$2,878
	2. Picture videos	-	-	30	60%	30%	10%	150	\$4,500	\$225	\$873	\$648
	3. Songs	-	-	150	60%	30%	10%	30	\$4,500	\$225	\$873	\$648
	4. Background music	-	-	100	60%	30%	10%	80	\$8,000	\$400	\$1,551	\$1,151
	5. Sound effects	-	-	70	60%	30%	10%	80	\$5,600	\$280	\$1,086	\$806
	6. Animations	-	-	300	60%	30%	10%	20	\$6,000	\$300	\$1,163	\$863
Elements	1. Logos	-	-	15	50%	25%	25%	100	\$1,500	\$188	\$492	\$305
	2. Icons	-	-	10	50%	25%	25%	150	\$1,500	\$188	\$492	\$305
	3. Character design	-	-	50	50%	25%	25%	30	\$1,500	\$188	\$492	\$305
	4. Vignette	-	-	10	50%	25%	25%	100	\$1,000	\$125	\$328	\$203
Office	1. PPT templates	2	80%	8	10%	5%	5%	3000	\$9,600	\$600	\$3,016	\$2,416
	2. Excel templates	2	80%	8	10%	5%	5%	2000	\$6,400	\$400	\$2,010	\$1,610
	3. Word templates	2	80%	8	10%	5%	5%	2000	\$6,400	\$400	\$2,010	\$1,610
Website	1. Homepages	-	-	100	60%	20%	20%	30	\$3,000	\$300	\$839	\$539
	2. Subpages	-	-	100	60%	20%	20%	30	\$3,000	\$300	\$839	\$539
	3. Applications	-	-	300	60%	20%	20%	10	\$3,000	\$300	\$839	\$539
Subtotal									\$110,250	\$8,455	\$29,539	\$21,084
Subscription fee												\$1,497
Total amount												\$22,581

Estimated price 1 is for selective purchase and estimates price 2 is for outsourcing, open tender, and customization. According to the experience from other relevant websites, we estimate the quantity. MasterPieces has VIP system and we assume 70% customers prefer to using it. The subscription fee is \$4.99 per person and we assume 300 people buy it. VIP enjoy the service of the free download in selective purchase and lower commission fee. (10% outsourcing commission to 8%, 15% open tender to 12%) Based on this information, the

gross amount is \$110,250. After paying the bounty to our designers, total commission or net revenue is \$22,581 for the first year.

* Subscription fee: assume 70% consumers are VIP and the fee is \$4.99.

* The salary of a designer is basic pay \$300 plus 50% bounty from their works within certain services (Customized).

* VIP pays a certain subscription fee. They enjoy the services of free download works in selective purchase and lower commission fee. (10% outsourcing commission to 8%, 15% open tender commission to 12%)

The inflation of each year is projected to 2% each year, which adjusts some expenses year by year.

We assume total sales revenue increases by 3% point of the target market in each fiscal year in each phase. When the plan enters into Phase II (2020), sales revenue increases 2 times.

We hire 3 designers with 2 team members (1 website maintenance and management, 1 customer service, 3 designers) for first two years (Phase I, campus to campus), hire 6 employees for the third year to the fifth year (Phase II, campus to business).

The salary data is based on the main competitors in China.

We will borrow \$3,000 with 4.75% interest rate for 3 years (Data from Industrial and Commercial Bank of China, ICBC)

We own a few tangible assets and the depreciation is generally ignored, as well as the cost of goods sold, due to the nature of the online website.

7.2 Financing

7.2.1 Start-Up Costs

The start-up cost is the expenses of the first year. The start-up of MasterPieces is low with a few items and the total amount is \$6,500.

Start-Up Costs		
Start-Up Expenses		
Miscellaneous Opening Expenses		
Insurance		\$200
Permits and licenses		100
Consultants		100
		\$ 400
Operating Expenses		
Salaries with bounty		\$2,500
Contingency expenses		500
		\$ 3,000
Marketing		
First contest program		\$2,000
Start-up subsidy program		500
		\$ 2,500
Advertising		
Brochure		\$200
Other online advertisements		400
		\$ 600
Total Start-Up Expenses	\$	6,500
Start-Up Assets		
Assets		\$0
Total Start-Up Costs	\$	6,500

* First contest program is a contest when the plan starts up, which attracts potential customers to know our brand and also draws designers to earn the money through our website.

* Start-up subsidy program is “special offer” for the website’s opening. We may adopt kinds of coupons in the first year to attract the customers and advertise.

7.2.2 Use of Funds

As shown in the start-up costs, we will use \$3,500 to pay the start-up expenses, including miscellaneous opening fee, marketing, and advertising fee. We also will use \$3,000 as operating expenses to handle our salaries in the first two months, as well as contingency expenses. If MasterPieces is as successful as we plan it to be and it runs well in Phase I than we will seek the outside investment from commercial Fundraising websites such as GoFundMe, or other loans from commercial banks.

7.2.3 Sources of Funds

MasterPieces would like to use funds at approximately \$6,500. Individually each of MasterPieces Team members will invest \$1,750, bring that total to \$3,500. Then we plan to borrow the loan from Industrial and Commercial Bank of China (ICBC). The amount of loan

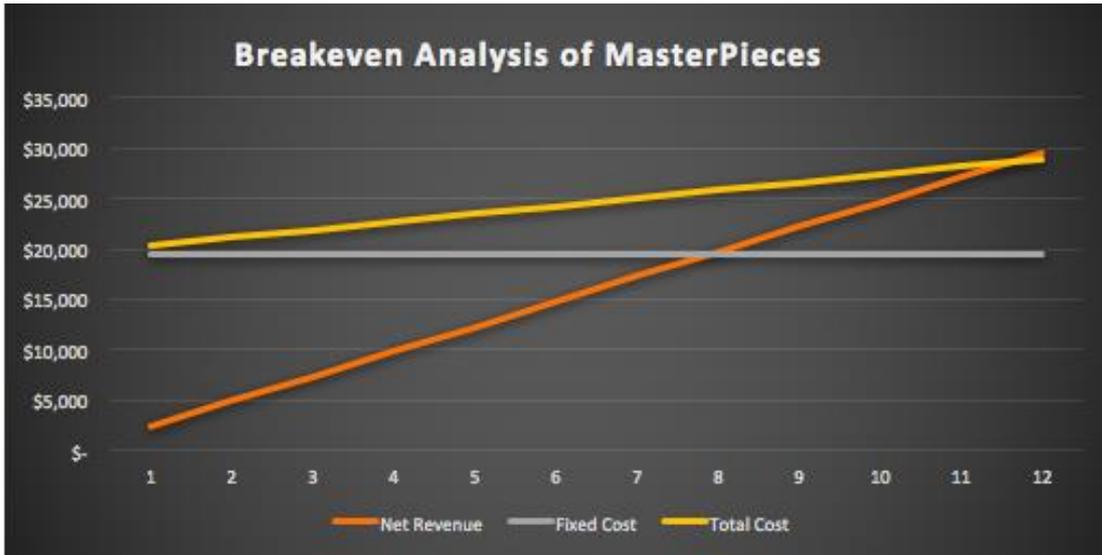
is \$3,000 for 3 years and the interest is 4.75% each year based on the principal of the loan. Totally, the source of funds reaches to \$6,500 in Phase I of MasterPieces.

Source and Use of Funds	
Source of Funds	
Owners' and other investments	\$ 3,500
Bank loans	3,000
Other loans	-
Total Source of Funds	\$ 6,500
Use of Funds	
Miscellaneous Opening Expenses	\$ 400
Marketing	2,500
Advertising	600
Operating Expenses	3,000
Total Use of Funds	\$ 6,500

7.2.4 Break-Even Analysis

Total fixed costs associated with the MasterPieces are \$19,576 and represent the annual fixed expenses. For the variable cost, it includes income taxes (3% of total sales) and bounty for each customized work for our designers. Based on the assumption of \$2,462 (\$29,539 divided by 12months) as the average month net revenue, the eighth-month break even. However, breakeven analysis is just an idealized model for business. In the real life, we should calculate the non-recurring events costs into business, causing total real costs increasing so that the real breakeven point is came out later than model's one. This is further depicted in the Table Below and the Graph that follows:

Month	Net Revenue	Fixed Cost	Variable Cost	Total Cost	Total Profit
1	\$ 2,462	\$ 19,576	\$ 778	\$ 20,354	\$ (17,114)
2	4,923	19,576	1,557	21,132	(14,652)
3	7,385	19,576	2,335	21,911	(12,191)
4	9,846	19,576	3,114	22,689	(9,729)
5	12,308	19,576	3,892	23,468	(7,268)
6	14,769	19,576	4,671	24,246	(4,806)
7	17,231	19,576	5,449	25,025	(2,344)
8	19,693	19,576	6,227	25,803	117
9	22,154	19,576	7,006	26,581	2,579
10	24,616	19,576	7,784	27,360	5,040
11	27,077	19,576	8,563	28,138	7,502
12	29,539	19,576	9,341	28,917	9,963



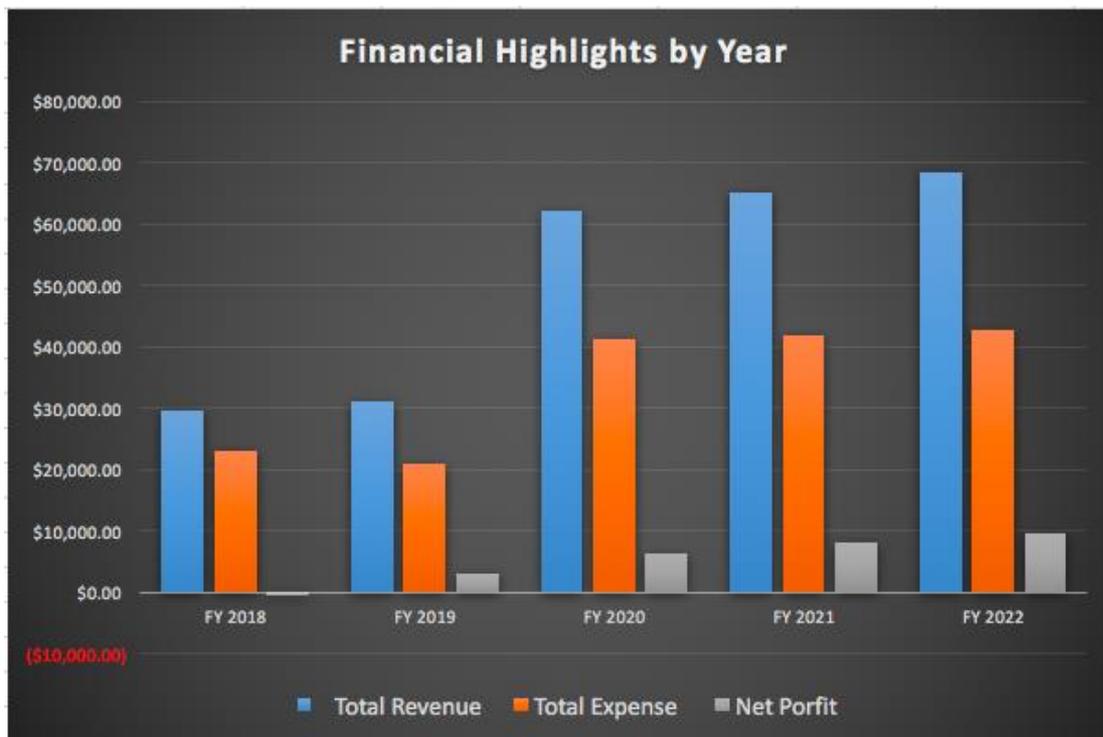
7.3 Projected Financial Statements

The profit and loss demonstrate modest increases in revenues over the five expected years with adjustments for inflation.

7.3.1 Five Years Projected Income Statements

5 Years Projected Income Statements	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Income					
Total Revenue	\$ 29,539	\$ 31,016	\$ 62,032	\$ 65,133	\$ 68,390
Direct Costs	6,958	7,306	14,612	15,342	16,110
Gross Margin/Profit	\$ 22,581	\$ 23,710	\$ 47,420	\$ 49,791	\$ 52,281
Gross Margin/Profit %	76%	76%	76%	76%	76%
Expenses					
Operating Expense					
Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Salary of Basis Wage *	10,800	11,016	22,473	22,922	23,381
Salary of Bounty	7,333	7,480	15,259	15,564	15,875
Contingency Expenses	500	500	500	500	600
Research Development	-	-	-	-	-
Insurance	200	204	208	212	216
Advertising	600	612	624	637	649
Total Operating Expense	\$ 19,433	\$ 19,812	\$ 39,063	\$ 39,835	\$ 40,721
Operating Income	\$ 3,148	\$ 3,898	\$ 8,357	\$ 9,956	\$ 11,559
Income from Continuing Operations					
Interest Expense	143	95	48	-	-
Depreciation and Amortization	-	-	-	-	-
Income Taxes	886	930	1,861	1,954	2,052
Net Income from Continuing Operations	\$ 2,119.33	\$ 2,872.91	\$ 6,448.18	\$ 8,002.36	\$ 9,507.52
Non-recurring Events					
Permits and Licenses	100	-	200	-	-
Consultants	100	-	-	-	-
First Contest Program	2,000	-	-	-	-
Start-up Subsidy Program	500	-	-	-	-
Total Expense	23,162	20,837	41,172	41,789	42,773
Net Income	(581)	2,873	6,248	8,002	9,508
Net Income %	-1.97%	9.3%	10.1%	12.3%	13.9%

* Each designer's salary is \$3,600 and salary increases with inflation at 2%. In 2020, we will employ 6 designers totally.



7.3.2 Five Years Projected Balance Sheet

5 Years Projected Balance Sheet	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729	\$ 17,319
Accounts Receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Total Current Assets	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729	\$ 17,319
Long Term Assets					
Long Term Investment	2,000	1,000	-	-	-
Goodwill	150	155	309	318	328
Intangible Assets	1,679	1,333	4,681	7,515	10,464
Total Long Term Assets	\$ 3,829	\$ 2,488	\$ 4,990	\$ 7,833	\$ 10,792
Total Assets	\$ 6,820	\$ 5,510	\$ 10,519	\$ 18,562	\$ 28,111
Liabilities and Owner's Equity					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes Payable	-	-	-	-	-
Short Term Debt	1,000	1,300	106	109	113
Accrued Salaries	900	918	1,873	1,910	1,948
Total Current Liabilities	1,900	2,218	1,979	2,019	2,061
Long Term Liabilities	2,000	1,000	-	-	-
Total Liabilities	\$ 3,900	\$ 3,218	\$ 1,979	\$ 2,019	\$ 2,061
Owner's Equity					
Paid in Capital	\$ 3,500	-	-	-	-
Retained Earnings	-	(581)	2,292	8,540	16,543
Earnings	(581)	2,873	6,248	8,002	9,508
Total Owner's Equity	2,919	2,292	8,540	16,543	26,050
Total Liabilities and Owner's Equity	\$ 6,819	\$ 5,510	\$ 10,519	\$ 18,562	\$ 28,111

7.3.3 Five Years Projected Cash Flow

5 Years Projected Cash Flow Statement	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Cash and cash equivalents, beginning of the year	\$ -	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729
Cash Flow from Operating Activities					
Cash Inflows					
Net Income	\$ (581)	\$ 2,873	\$ 6,248	\$ 8,002	\$ 9,508
Cash Outflow (Expenditures)					
Change in Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Accounts Payable	-	-	-	-	-
Change in Income Tax Payable	-	-	-	-	-
Insurance	200	204	208	212	216
Advertising	600	612	624	637	649
Interest Expense	143	95	48	-	-
Depreciation and Amortization	-	-	-	-	-
Permits and Licenses	100	-	-	-	-
Income Taxes	886	930	1,861	1,954	2,052
Total Expenditures (Outflow)	1,929	1,841	2,741	2,803	2,918
Cash Generated by Operating Activities	(2,509)	1,031	3,507	5,199	6,590
Cash Flow from Investing Activities					
Assests Purchased or Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Investing Received	6,500	-	-	-	-
Loan Payment	(1,000)	(1,000)	(1,000)	-	-
Cash Used in Investing Activities	5,500	(1,000)	(1,000)	-	-
Cash Flow from Financing Activities					
Net Cash Flow	\$ 2,991	\$ 31	\$ 2,507	\$ 5,199	\$ 6,590
Cash at Beginning of Period	\$ -	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729
Cash at End of Period	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729	\$ 17,319

7.3.4 Ratio Analysis

Ratio Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Financial Ratios					
Short Term Solvency, or Liquidity, Ratios					
Quick Ratio	1.57	1.36	2.79	5.31	8.40
Current Ratio	1.57	1.36	2.79	5.31	8.40
Cash Ratio	0.77	0.94	2.79	5.31	8.40
Long Term Solvency, or Liquidity, Ratios					
Assets to Sales	0.23	0.18	0.17	0.28	0.41
Working Capital to Sales	0.04	0.03	0.06	0.13	0.22
Total Debt Ratio	0.57	0.58	0.19	0.11	0.07
Debt-equity Ratio	1.34	1.40	0.23	0.12	0.08
Asset Management, or Turnover, Ratios					
Inventory Turnover	-	-	-	-	-
Days' Sales in Inventory	-	-	-	-	-
Profitability Ratios					
Profit Margin (Return on Sales)	-0.02	0.09	0.10	0.12	0.14
Return on Assets	-0.09	0.52	0.59	0.43	0.34
Income Statement					
Gross Sales	100.0%	100.0%	100.0%	200.0%	300.0%
Gross Profit	76.4%	76.4%	76.4%	76.4%	76.4%
Operating Income	10.7%	12.6%	13.5%	15.3%	16.9%
Net Profit	-2.0%	9.3%	10.1%	12.3%	13.9%
Balance Sheet					
Cash	43.9%	54.8%	52.6%	57.8%	61.6%
Inventory	-	-	-	-	-
Total Current Assets	43.9%	54.9%	52.6%	57.8%	61.6%
Total Long Term Assets	56.1%	45.1%	47.4%	42.2%	38.4%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Accounts Payable	-	-	-	-	-
Total Current Liabilities	27.9%	40.3%	18.8%	10.9%	7.3%
Total Long Term Liabilities	29.3%	18.1%	-	-	-

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Appendix

Brochure



Get in Touch

+86 15968076711
xujinx@kean.edu
xujinx.wixsite.com/masterpieces

88th Daxue Road, Wenzhou Kean University,
Wenzhou, China

MasterPieces
About Us

MasterPieces is an electronic ecommerce that act as a middleman to link the demand and supply sides for custom design.

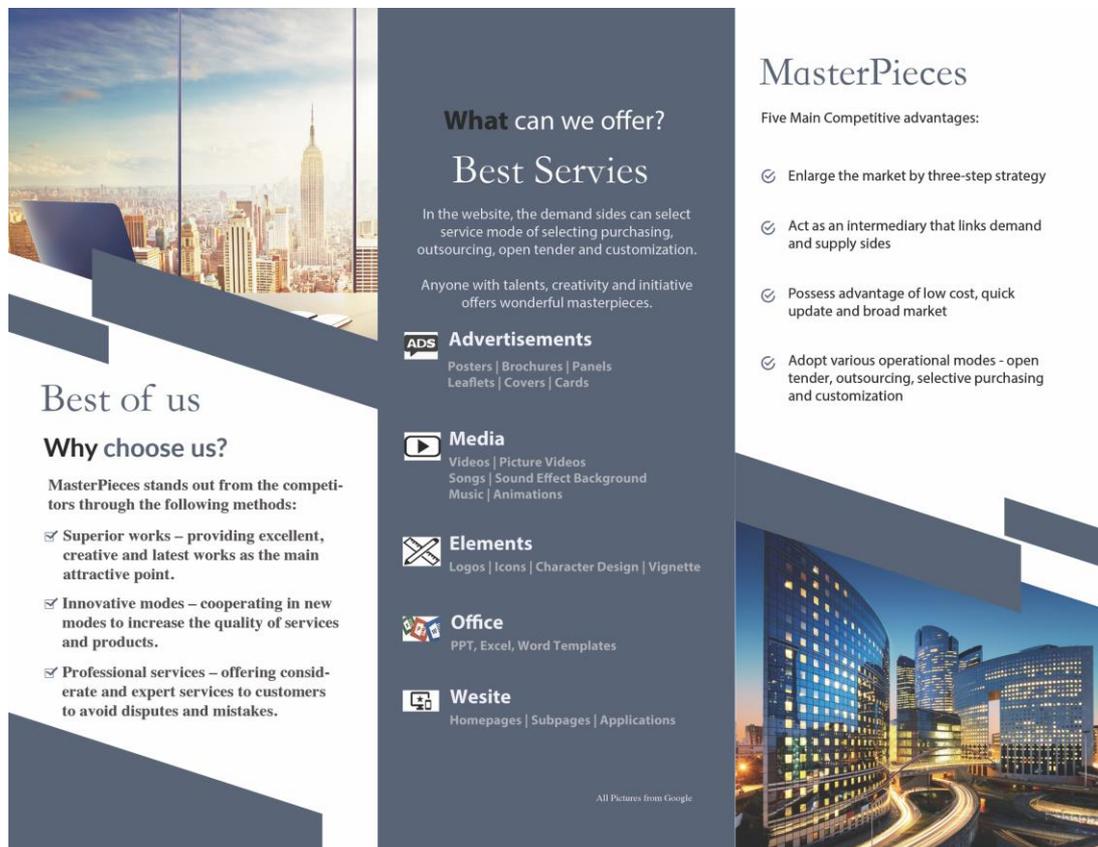
Design is needed everywhere and associated with everyone. Except for professional designer, people who spark unique ideas can be excellent designers. MasterPieces is aimed at building a bridge, as a middleman, to connect the demand and supply for custom design.

In the website, the demand sides can select service mode of selecting purchasing, outsourcing, open tender and customization. Anyone with talents, creativity and initiative offers wonderful masterpieces.

CUSTOMIZE YOUR WORKS
DESIGN IN MASTEPIECES

MasterPieces

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Best of us

Why choose us?

MasterPieces stands out from the competitors through the following methods:

- ✓ Superior works – providing excellent, creative and latest works as the main attractive point.
- ✓ Innovative modes – cooperating in new modes to increase the quality of services and products.
- ✓ Professional services – offering considerate and expert services to customers to avoid disputes and mistakes.

What can we offer?

Best Services

In the website, the demand sides can select service mode of selecting purchasing, outsourcing, open tender and customization.

Anyone with talents, creativity and initiative offers wonderful masterpieces.

- ADS**
Posters | Brochures | Panels
Leaflets | Covers | Cards
- Media**
Videos | Picture Videos
Songs | Sound Effect Background
Music | Animations
- Elements**
Logos | Icons | Character Design | Vignette
- Office**
PPT, Excel, Word Templates
- Website**
Homepages | Subpages | Applications

MasterPieces

Five Main Competitive advantages:

- ☑ Enlarge the market by three-step strategy
- ☑ Act as an intermediary that links demand and supply sides
- ☑ Possess advantage of low cost, quick update and broad market
- ☑ Adopt various operational modes - open tender, outsourcing, selective purchasing and customization

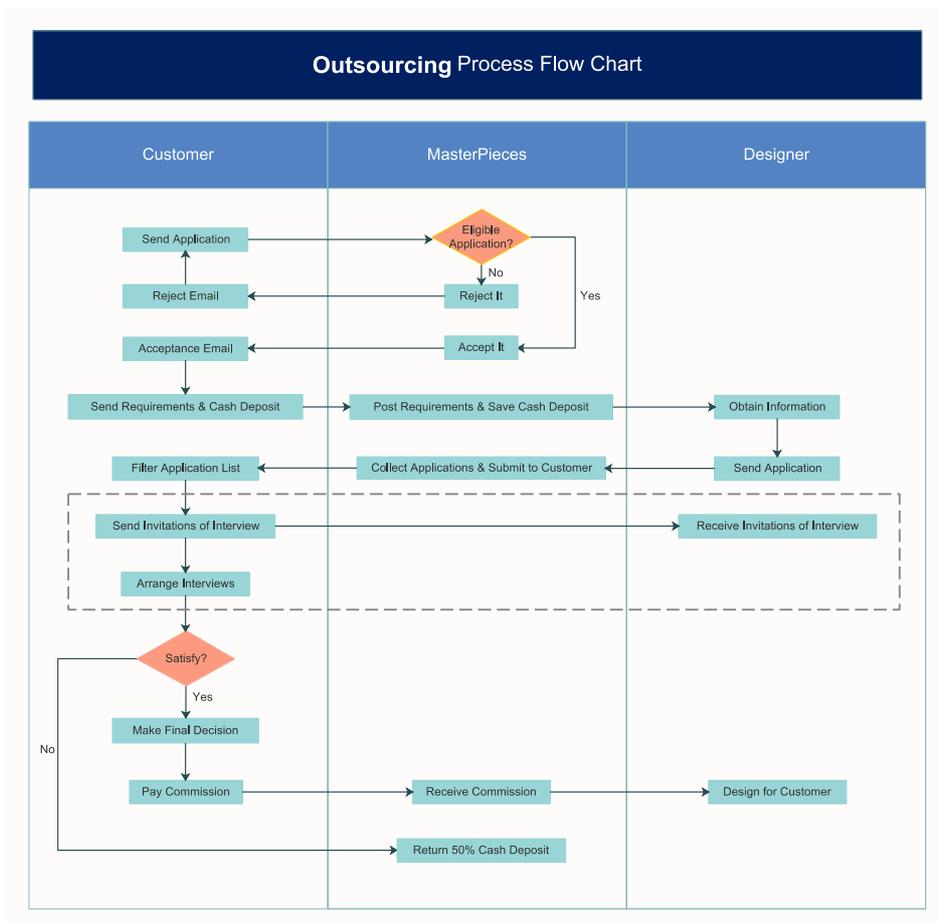
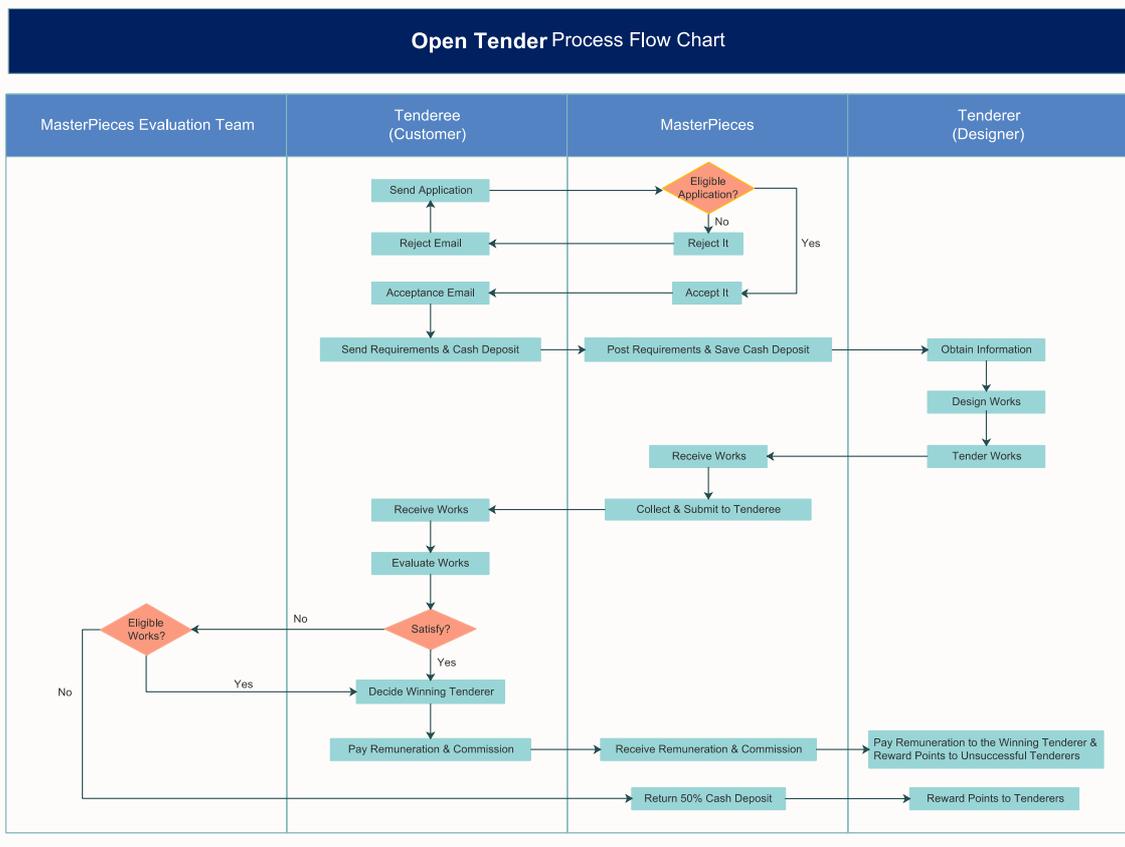
All Pictures from Google

Product Category and Price

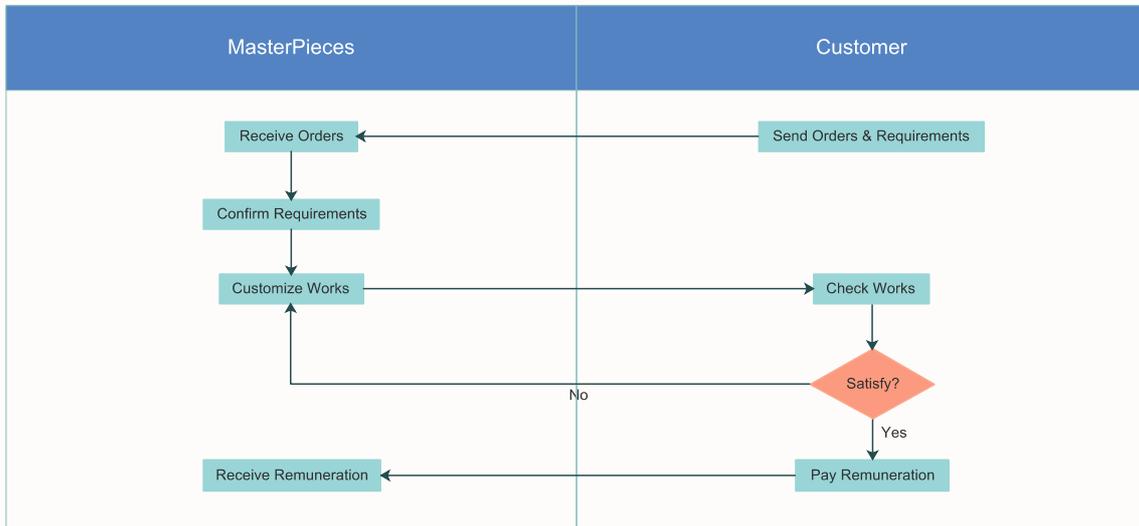
MODES						
	Selective purchasing	Outsourcing		Open tender	Customization	
CATEGORIES						
Advertisement	1. Posters	2. Brochures	3. Panels	4. Leaflets	5. Covers	6. Cards
Media	1. Videos	2. Picture Videos	2. Songs	3. Background music	4. Sound effects	5. Animations
Elements	1. Logos	2. Icons	3. Character design	4. Vignette		
Office	1. PPT templates	2. Excel templates	3. Word templates			
Website	1. Homepages	2. Subpages	3. Applications			

Price of Products			
Category		Estimated Price 1	Estimated Price 2
		Selective Purchase	Open Tender Outsourcing Customization
Advertisement	1. Posters	\$2	\$9
	2. Brochures	2	9
	3. Panels	2	9
	4. Leaflets	2	9
	5. Covers	2	9
	6. Cards	2	9
Media	1. Videos	-	200
	2. Picture videos	-	30
	3. Songs	-	150
	4. Background music	-	100
	5. Sound effects	-	70
	6. Animations	-	300
Elements	1. Logos	-	15
	2. Icons	-	10
	3. Character design	-	50
	4. Vignette	-	10
Office	1. PPT templates	2	8
	2. Excel templates	2	8
	3. Word templates	2	8
Website	1. Homepages	-	100
	2. Subpages	-	100
	3. Applications	-	300

Flow Charts



Customization Process Flow Chart

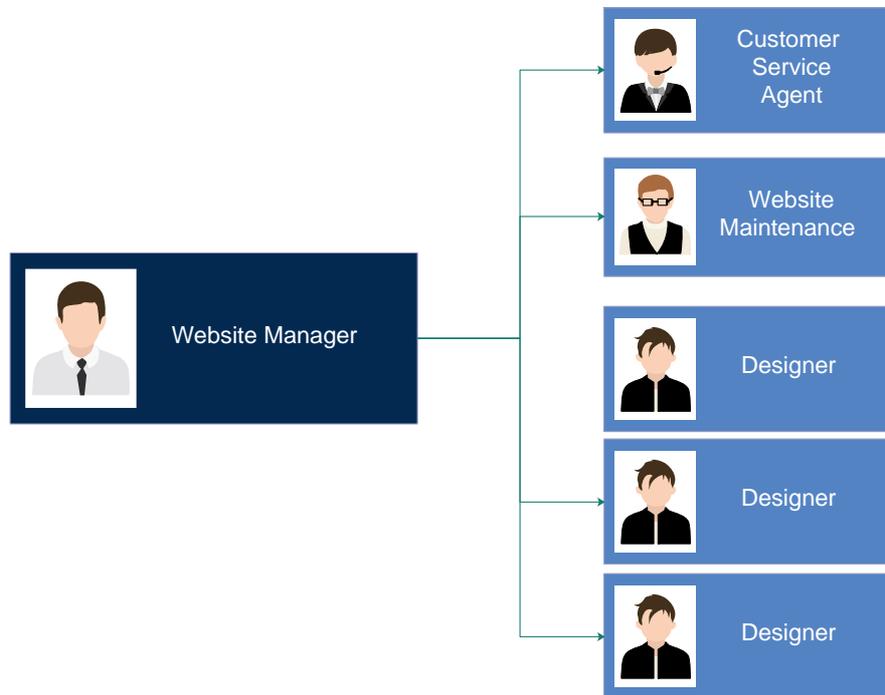


Selective Purchase

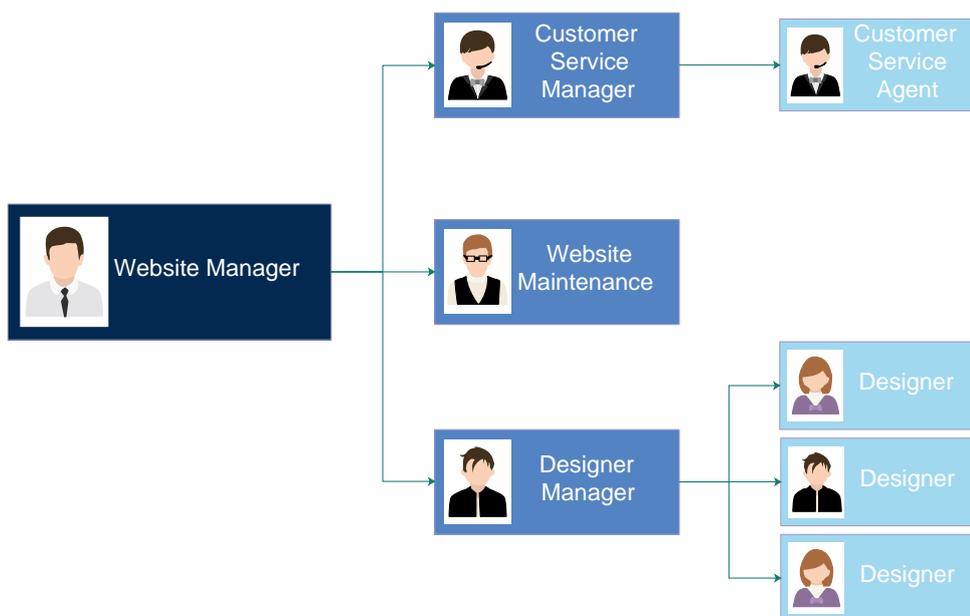
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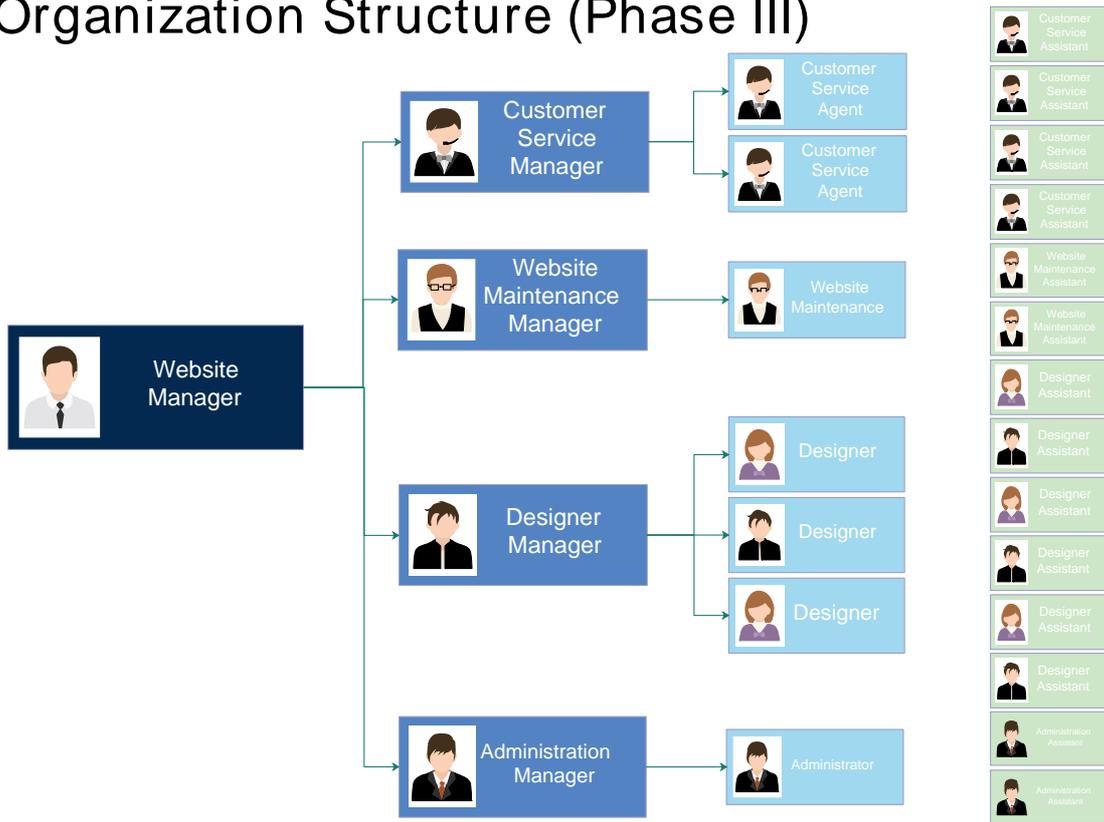
Organization Structure (Phase I)



Organization Structure (Phase II)



Organization Structure (Phase III)



Certificate



License and Services Agreement

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PLEASE READ THIS AGREEMENT CAREFULLY AND BE SURE YOU UNDERSTAND IT FULLY, BECAUSE IT EXPLAINS AND CONTROLS YOUR LEGAL RELATIONSHIP WITH US AND YOUR RIGHTS RELATED TO YOUR USE OF THE SERVICE.

PLEASE NOTE: SECTION 19 CONTAINS A BINDING ARBITRATION CLAUSE AND CLASS ACTION WAIVER. IT AFFECTS YOUR RIGHTS ABOUT HOW TO RESOLVE ANY DISPUTE WITH US. PLEASE READ IT CAREFULLY.

If you have any questions, please don't hesitate to contact us at: xujinx@kean.edu

1. **Use of Our Service.** MasterPieces provides a creative community and marketplace where Users can buy and sell design items, such as templates, logos, patterns, and other digital assets ("Assets") and socialize around the content (e.g. make comments and participate in Discussions). Our Service allows for a buyer ("Buyer") to purchase Assets from shops opened on MasterPieces by independent creators ("Shop Owners"). MasterPieces also offers a subscription service, MasterPieces Pro, where Buyers may purchase a subscription to receive a set number of Assets to download each month.
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 - c. **MasterPieces Service.** Subject to the terms and conditions of these Terms, you are hereby granted a non-exclusive, limited, non-transferable, freely revocable license to use the Service for your use only as permitted by the features of the Service and by these Terms. MasterPieces reserves all rights not expressly granted herein in the Service and the MasterPieces Content (as defined below). MasterPieces may terminate this license at any time for any reason or no reason.

- d. **MasterPieces Accounts.** Your MasterPieces account gives you access to the services and features that we may establish and maintain from time to time and in our sole discretion. We may maintain different types of accounts for different types of Users. By connecting to MasterPieces with a third-party service, you give us permission to access and use your information from that service as permitted by that service, and to store your login credentials for that service. You will be responsible for tracking all activity for your account, and you agree to the following:
- i . To store all passwords and usernames securely.
 - i i . To notify MasterPieces of any unauthorized use or security breach. MasterPieces will not be liable for any liability, damage, cost, loss or expense caused by or in connection with any unauthorized use of your account.
 - i i i . To never share login details or account access with clients or team members.
 - i v . To accept responsibility for activity that occurs under your account(s).
 - v . MasterPieces reserves the right to monitor downloads and user activity to ensure compliance with the terms of these Terms and the applicable License Agreement, which it may update from time to time.
2. **Notifications and Emails.** By providing MasterPieces your email address, you consent to MasterPieces using the email address to send you Service-related notices, including any notices required by law, in lieu of communication by postal mail. We may also use your email address to send you other messages, such as changes to features of the Service and special offers (“Newsletters”). MasterPieces may provide other notifications, whether such notifications are required by law or are for marketing or other business related purposes, to you via email notice, “push” mobile notifications, written or hard copy notice, or through posting of such notice on our website, as determined by MasterPieces in our sole discretion. MasterPieces reserves the right to determine the form and means of providing notifications to our Users. MasterPieces is not responsible for any automatic filtering you or your network provider may apply to email notifications we send to the email address you provide us. You can manage your email and notifications preferences on your account settings page.
3. **Service Rules.** You agree not to engage in any of the following prohibited activities:
- a . Copying, distributing, or disclosing any part of the Service in any medium, including without limitation by any automated or non-automated “scraping”.
 - b . Using any automated system, including without limitation “robots,” “spiders,” “offline readers,” etc., to access the Service in a manner that sends more request messages to the MasterPieces servers than a human can reasonably produce in the same period of time by using a conventional online web browser (except that MasterPieces grants the operators of public search engines revocable permission to use spiders to copy materials from <https://xujinx.wixsite.com/masterpieces> for the sole purpose of and solely to the extent necessary for creating publicly available searchable indices of the materials, but not caches or archives of such materials).
 - c . Transmitting spam, chain letters, or other unsolicited promotional email.
 - d . Attempting to interfere with, compromise the system integrity or security or decipher any transmissions to or from the servers running the Service.
 - e . Taking any action that imposes- or may impose, as we determine at our sole discretion- an unreasonable or disproportionately large load on our infrastructure.
 - f . Uploading invalid data, viruses, worms, or other software agents through the Service.
 - g . Collecting or harvesting any personally identifiable information, including account names and emails, from the Service.
 - h . Using the Service for any commercial solicitation purposes.

- i . Impersonating another person or otherwise misrepresenting your affiliation with a person or entity, engaging in fraud, hiding or attempting to hide your identity.
- j . Interfering with the proper working of the Service.
- k . Accessing any content on the Service through any technology or means other than those provided or authorized by the Service.
- l . Bypassing the measures we may use to prevent or restrict access to the Service, including without limitation features that prevent or restrict use or copying of any content or enforce limitations on use of the Service or the content.
- m. We may, without notice, change the Service, stop providing the Service or features of the Service, or create usage limits for the Service. We may permanently or temporarily terminate or suspend your access to the Service without notice or liability for any reason, including if in our sole determination you violate any provision of these Terms, or for no reason. Upon termination for any reason or no reason, you continue to be bound by these Terms.

4. User Content.

- a . Some areas of the Service allow Users to post content outside of Assets for sale, such as profile information, screenshots, comments, images, files, and other content or information. Any such material a User submits, posts, displays, or otherwise makes available on the Service is "User Content". User Content includes, without limitation, logos, trademarks and service marks, trade names, and other information posted by users, which may be used by MasterPieces for marketing and promotional purposes pursuant to the User Content license grant below. **You agree to abide by any guidelines when you post User Content and interact with other Users of the Service.** You are solely responsible for your interactions with other Users. We reserve the right, but have no obligation, to monitor disputes between you and other Users. MasterPieces has no liability for your interactions with other Users, or for any User's action or inaction.

b. User Content License Grant.

- i . To MasterPieces. By posting any User Content on the Service, you expressly grant, and you represent and warrant that you have all rights necessary to grant, to MasterPieces a royalty-free, sublicensable, transferable, perpetual, irrevocable, non-exclusive, worldwide license to use, reproduce, modify, publish, list information regarding, edit, translate, distribute, syndicate, publicly perform, publicly display, and make derivative works of all such User Content and your name, voice, and/or likeness as contained in your User Content, in whole or in part, and in any form, media or technology, whether now known or hereafter developed, for use in connection with the Service and MasterPieces business, including without limitation for promoting and redistributing part or all of the Service (and derivative works thereof) in any media formats and through any media channels.
- i i . To Other Users. You also hereby grant each User of the Service a non-exclusive license to access your User Content through the Service, as permitted through the functionality of the Service and under these Terms.

- 5. **Resolution Process for Transactions.** All parties share the responsibility for making sure that purchases facilitated by our Service are satisfactory and hassle-free. Our Service hosts the resolution process for transactions when Buyers claim that their Asset was not received, or the Asset they received was different from what was described in the product listing. We may take a more active role in ensuring transaction problems are resolved; however, you understand that we are not obligated to do so. You agree to permit us to make a final decision, in our sole discretion, on any disputes. We reserve the right to fix any processing errors we discover. We will correct any processing errors by debiting or crediting the payment method used. Should you file a chargeback or dispute on a purchase you have made on MasterPieces, we reserve the right to close your account without notice.

6. **Our Proprietary Rights.** Except for your User Content, the Service and all materials therein or transferred thereby, including, without limitation, software, images, text, graphics, illustrations, logos, patents, trademarks, service marks, copyrights, photographs, audio, videos, music, and User Content belonging to other Users (the “MasterPieces Content”), and all Intellectual Property Rights related thereto, are the exclusive property of MasterPieces and its licensors (including that of other Users who post User Content to the Service). Except as explicitly provided herein, nothing in these Terms shall be deemed to create a license in or under any such Intellectual Property Rights, and you agree not to sell, license, rent, modify, distribute, copy, reproduce, transmit, publicly display, publicly perform, publish, adapt, edit or create derivative works from any MasterPieces Content. Use of the MasterPieces Content for any purpose not expressly permitted by these Terms is strictly prohibited. You may choose to or we may invite you to submit comments or ideas about the Service, including without limitation about how to improve the Service or our products (“Ideas”). By submitting any Idea, you agree that your disclosure is gratuitous, unsolicited and without restriction and will not place MasterPieces under any fiduciary or other obligation, and that we are free to use the Idea without any additional compensation to you, and/or to disclose the Idea on a non-confidential basis or otherwise to anyone. You further acknowledge that, by acceptance of your submission, MasterPieces does not waive any rights to use similar or related ideas previously known to MasterPieces, or developed by its employees, or obtained from sources other than you.
7. **MasterPieces Property.** Certain aspects of the Service may allow you to obtain certain reputational or status indicators (for instance, “Karma Points”) and/or purchase Service currency (“Credits” used to easily buy Assets (collectively “MasterPieces Property”). While the Credits you purchase do not expire, you acknowledge and agree that if your account becomes Inactive, MasterPieces may, without further notice to you, redeem all Credits remaining in your account for any other MasterPieces Property that MasterPieces selects, in its sole discretion. For purposes of this Section 7, the term “Inactive” means that, based on MasterPieces’s records: (i) for a period of one (1) year, or more, you have not logged into your account on the Service; or (ii) despite commercially reasonable efforts, MasterPieces has been unable to contact you to verify that you intend to continue use of your account. You understand and agree that regardless of terminology used, MasterPieces Property represents a limited license right governed solely by the terms of these Terms and available for distribution at MasterPieces’s sole discretion. MasterPieces Property is not redeemable for any sum of money or monetary value from MasterPieces at any time. You acknowledge that you do not own the account you use to access the Service, nor do you possess any rights of access or rights to data stored by or on behalf of MasterPieces on MasterPieces servers, including without limitation any data representing or embodying any or all of your MasterPieces Property. You agree that MasterPieces has the absolute right to manage, regulate, control, modify and/or eliminate MasterPieces Property as it sees fit in its sole discretion, in any general or specific case, and that MasterPieces will have no liability to you based on its exercise of such right. All data on MasterPieces’s servers are subject to deletion, alteration or transfer. Notwithstanding any value attributed to such data by you or any third party, you understand and agree that any data, account history and account content residing on MasterPieces’s servers, may be deleted, altered, moved or transferred at any time for any reason in MasterPieces’s sole discretion, with or without notice and with no liability of any kind. MasterPieces does not provide or guarantee, and expressly disclaims, any value, cash or otherwise, attributed to any data residing on MasterPieces’s servers.
8. **Fees and Paid Services.**
- a. **Billing Policies.** Certain aspects of the Service may be provided for a fee or other charge. If you elect to use paid aspects of the Service, you agree to the posted pricing and payment terms as we may update them from time to time. MasterPieces may cancel subscriptions without prior notice if we are unable to process payment through the provided method of payment.
 - b. **Subscription Billing.** For certain aspects of the Service for which a subscription fee is payable, such as MasterPieces Pro, your subscription will auto-renew at the end of each subscription term until you cancel

or downgrade your plan. You authorize MasterPieces to charge the applicable subscription fees at the then-applicable rate and taxes for the subscription to the credit card on file at each renewal term. MasterPieces may cancel subscriptions without prior notice if we are unable to process payment through the provided method of payment.

- c . **Refunds.** You may cancel your account at any time; however, there are no refunds for cancellation. In the event that MasterPieces suspends or terminates your account or these Terms for any reason, you understand and agree that you shall receive no refund or exchange for any MasterPieces Property, any credits you have saved, any license or subscription fees for any portion of the Service, any content or data associated with your account, or for anything else. In the event MasterPieces makes an exception and issues a refund (which it is under no obligation to provide), you understand and agree that you must immediately retrieve and delete all relevant product files from any and all places you have distributed the files to and all computers you have downloaded them to, including but not limited to any Dropbox accounts which you have synced with your MasterPieces account.
 - i . You also understand and agree that once a refund is requested, you are not permitted to exploit the product files in question, and immediately upon receipt of a refund, all licenses to such product files and underlying content are revoked, and you are not authorized to use the product in any form or for any purpose whatsoever.
 - i i . An exception may be made to the above policy and a refund given for MasterPieces Pro subscriptions cancelled within 14 days of your invoice date, provided no Assets have been downloaded. If you have downloaded Assets, your subscription will not be eligible for a refund.
 - a . All refunds are at the sole discretion of MasterPieces.
9. **Payment Information and Taxes.** All information that you provide in connection with a purchase or transaction or other monetary transaction interaction with the Service must be accurate, complete, and current. You agree to pay all charges incurred by users of your credit card, debit card, or other payment method used in connection with a purchase or transaction or other monetary transaction interaction with the Service at the prices in effect when such charges are incurred. You will pay any applicable taxes, if any, relating to any such purchases, transactions or other monetary transaction interactions.
10. **Privacy.** We care about the privacy of our Users. Click here to view our Privacy Statement. You understand that by using the Services you consent to the collection, use and disclosure of your personal information as set forth in our Privacy Statement, and to have your personal information collected, used, transferred to and processed in the People's Republic of China.
11. **Consent and Collection and Use of Data.**
- a . **Consents.** You consent to the collection, use, processing, and storage of your personal information as described in the Privacy Statement. You acknowledge and agree that you are responsible for obtaining all necessary consents, and for complying with all applicable laws (including privacy and data protection laws, related to personal information provided to us in connection with your use of the Service.
 - b . **Third Party Services.** Please be aware that (among other things) third parties (such as social media platforms or other company web sites that we link to online or from our web sites and applications) are responsible for their own privacy practices. Be sure to read the privacy policies, supplemental notices, and settings of all websites or platforms that you visit so you can understand their privacy practices and your options.
 - c . **Sensitive Personal Information.** You agree to only provide tax and payment information in the specific areas of our website provided to collect that information. You agree not to provide any other Sensitive Personal Information. You acknowledge that any data storage functionality of the Service is not intended for the storage of medical information, health insurance information, sensitive data about personal

characteristics or other personal data that may pose a risk of harm to the individual if improperly disclosed (collectively, "Sensitive Personal Information"). You agree to only upload or otherwise submit any Sensitive Personal Information to us in connection with the Service if required for billing, payment, or taxes. You agree that we have no responsibility or liability with respect to any such Sensitive Personal Information that is processed, transmitted, disclosed, or stored in connection with the Service.

12. **Security.** MasterPieces cares about the integrity and security of your personal information. However, we cannot guarantee that unauthorized third parties will never be able to defeat our security measures or use your personal information for improper purposes. You acknowledge that you provide your Content and personal information at your own risk. You are fully responsible for all interaction with the Service that occurs in connection with your registration information (including, without limitation, all purchases). You agree to immediately notify us of any unauthorized use of your registration information or any other breach of security related to your account or the Service, and to ensure that you "log off"/exit from your account with the Service (if applicable) at the end of each session. We are not liable for any loss or damage arising from your failure to comply with any of the foregoing obligations. If you sign into the Service using a third-party social networking platform account, be sure to review the privacy and data usage policies of such platform to learn more about its personal information practices and your options, as they may differ from those governed by our Privacy Statement and these Terms.
13. **Storage Practices and Limits.** There is limited storage space for User Content on the Service. While we'll make efforts we believe are reasonable to safeguard and backup User Content, and to make User Content available in case of loss or deletion, we have no responsibility or liability for the deletion or failure to store or the security of any User Content or Assets. We reserve the right to mark or treat as "inactive" and archive accounts and/or User Content or Assets that are inactive for an extended period of time, as determined by us. We reserve the right to change our practices and storage rules at any time in our sole discretion with or without notice to you.
14. **Third-Party Links.** The Service may contain links to third-party websites, advertisers, services, special offers, or other events or activities that are not owned or controlled by MasterPieces. MasterPieces does not endorse or assume any responsibility for any such third-party sites, information, materials, products, or services. If you access a third party website from the Service, you do so at your own risk, and you understand that these Terms and the Privacy Statement do not apply to your use of such sites. You expressly relieve MasterPieces from any and all liability arising from your use of any third-party website, service, or content. Additionally, your dealings with or participation in promotions of advertisers found on the Service, including payment and delivery of Assets, and any other terms (such as warranties) are solely between you and such advertisers. You agree that MasterPieces shall not be responsible for any loss or damage of any sort relating to your dealings with such advertisers.
15. **Mobile Use.**
 - a. **Mobile Software.** We may make available software to access the Service via a mobile device ("Mobile Software"). To use the Mobile Software you must have a mobile device that is compatible with the Mobile Service. MasterPieces does not warrant that the Mobile Software will be compatible with your mobile device. MasterPieces hereby grants you a non-exclusive, non-transferable, revocable license to use a compiled code copy of the Mobile Software for one MasterPieces account on one mobile device owned or leased solely by you, for your personal use. You may not:
 - i. Modify, disassemble, decompile or reverse engineer the Mobile Software, except to the extent that such restriction is expressly prohibited by law.
 - ii. Rent, lease, loan, resell, sublicense, distribute or otherwise transfer the Mobile Software to any third party or use the Mobile Software to provide time sharing or similar services for any third party.
 - iii. Make any copies of the Mobile Software.

- i v . Remove, circumvent, disable, damage or otherwise interfere with security-related features of the Mobile Software, features that prevent or restrict use or copying of any content accessible through the Mobile Software, or features that enforce limitations on use of the Mobile Software.
 - v . Delete the copyright and other proprietary rights notices on the Mobile Software.
 - v i . You acknowledge that MasterPieces may from time to time issue upgrade versions of the Mobile Software, and may automatically electronically upgrade the version of the Mobile Software that you are using on your mobile device. You consent to such automatic upgrading on your mobile device, and agree that the terms and conditions of these Terms will apply to all such upgrades. Any third-party code that may be incorporated in the Mobile Software is covered by the applicable open source or third-party license or EULA, if any, authorizing use of such code. The foregoing license grant is not a sale of the Mobile Software or any copy thereof, and MasterPieces or its third party licensors or suppliers retain all right, title, and interest in the Mobile Software (and any copy thereof). Any attempt by you to transfer any of the rights, duties or obligations hereunder, except as expressly provided for in these Terms, is void. MasterPieces reserves all rights not expressly granted under these Terms. You agree to comply with all the People's Republic of China and foreign laws related to use of the Mobile Software and the Service.
- b . **Mobile Software from iTunes.** The following applies to any Mobile Software you acquire from the iTunes Store ("iTunes-Sourced Software"): You acknowledge and agree that this Agreement is solely between you and MasterPieces, not Apple, and that Apple has no responsibility for the iTunes-Sourced Software or content thereof. Your use of the iTunes-Sourced Software must comply with the App Store Terms of Service. You acknowledge that Apple has no obligation whatsoever to furnish any maintenance and support services with respect to the iTunes-Sourced Software. In the event of any failure of the iTunes-Sourced Software to conform to any applicable warranty, you may notify Apple, and Apple will refund the purchase price for the iTunes-Sourced Software to you; to the maximum extent permitted by applicable law, Apple will have no other warranty obligation whatsoever with respect to the iTunes-Sourced Software, and any other claims, losses, liabilities, damages, costs or expenses attributable to any failure to conform to any warranty will be solely governed by these Terms and any law applicable to MasterPieces as provider of the software. You acknowledge that Apple is not responsible for addressing any claims of you or any third party relating to the iTunes-Sourced Software or your possession and/or use of the iTunes-Sourced Software, including, but not limited to:
 - i . Product liability claims.
 - i i . Any claim that the iTunes-Sourced Software fails to conform to any applicable legal or regulatory requirement.
 - i i i . Claims arising under consumer protection or similar legislation.
 - i v . All such claims are governed solely by these Terms and any law applicable to MasterPieces as provider of the software.
 - v . You acknowledge that, in the event of any third party claim that the iTunes-Sourced Software or your possession and use of that iTunes-Sourced Software infringes that third party's Intellectual Property Rights, MasterPieces, not Apple, will be solely responsible for the investigation, defense, settlement and discharge of any such intellectual property infringement claim to the extent required by these Terms. You and MasterPieces acknowledge and agree that Apple, and Apple's subsidiaries, are third party beneficiaries of these Terms as relates to your license of the iTunes-Sourced Software, and that, upon your acceptance of the terms and conditions of these Terms, Apple will have the right (and will be deemed to have accepted the right) to enforce these Terms as relates to your license of the iTunes-Sourced Software against you as a third party beneficiary thereof.

16. Indemnity. You agree, at your sole expense and to the fullest extent permitted by law, to defend (at our request), indemnify and hold harmless MasterPieces and its subsidiaries, agents, licensors, managers, and other affiliated companies, and their employees, contractors, agents, officers and directors (individually and collectively, "Our Parties"), from and against any and all claims, damages, obligations, losses, liabilities, costs or debt, and expenses (including but not limited to reasonable attorney's fees) suffered or incurred by Our Parties by reason of any claim, suit or proceeding ("Claim") arising out of or in connection with:

- i . Your use of and access to the Service, including any data or content transmitted or received by you.
- i i . Your violation of any term of these Terms or any Policies (defined below), including without limitation your breach of any of the representations and warranties above.
- i i i . Your violation of any third-party right, including without limitation any right of privacy or Intellectual Property Rights.
- i v . Your violation of any applicable law, rule or regulation.
- v . Any claim or damages that arise as a result of any of your User Content or any that is submitted via your account.
- v i . Any other party's access and use of the Service with your unique username, password or other appropriate security code.
- v i i . The violation of any third-party right of a product you purchase on the site. If we request that you defend a Claim, you will not agree to any settlement without our prior written consent, and we will have the right to participate, at our own expense, in the defense of any Claim with counsel of our own choosing. "Policies" mean collectively the Entitlements (defined below), License Terms, Privacy Statement and all other terms incorporated into these Terms by reference.

17. EXCEPT TO THE LIMITED EXTENT EXPRESSLY PROVIDED IN THE MASTERPIECES PRO LICENSE, THE SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. YOU ACKNOWLEDGE THAT YOU USE THE SERVICE AT YOUR OWN RISK. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE SERVICE IS PROVIDED WITHOUT WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT. WITHOUT LIMITING THE FOREGOING, MasterPieces, ITS SUBSIDIARIES, AND ITS LICENSORS DO NOT WARRANT THAT THE CONTENT IS ACCURATE, RELIABLE OR CORRECT; THAT THE SERVICE WILL MEET YOUR REQUIREMENTS; THAT THE SERVICE WILL BE AVAILABLE AT ANY PARTICULAR TIME OR LOCATION, UNINTERRUPTED OR SECURE; THAT ANY DEFECTS OR ERRORS WILL BE CORRECTED; OR THAT THE SERVICE IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS. ANY CONTENT DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE SERVICE IS DOWNLOADED AT YOUR OWN RISK AND YOU WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR MOBILE DEVICE OR LOSS OF DATA THAT RESULTS FROM SUCH DOWNLOAD OR YOUR USE OF THE SERVICE. MASTERPIECES DOES NOT WARRANT, ENDORSE, GUARANTEE, OR ASSUME RESPONSIBILITY FOR ANY PRODUCT OR SERVICE ADVERTISED OR OFFERED BY A THIRD PARTY THROUGH THE MasterPieces SERVICE OR ANY HYPERLINKED WEBSITE OR SERVICE, AND MasterPieces WILL NOT BE A PARTY TO OR IN ANY WAY MONITOR ANY TRANSACTION BETWEEN YOU AND THIRD-PARTY PROVIDERS OF PRODUCTS OR SERVICES.

18. Limitation of Liability. TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY OR LIMITATION OF LIABILITY, IN NO EVENT WILL OUR PARTIES BE LIABLE HEREUNDER FOR SPECIAL, INDIRECT, CONSEQUENTIAL, OR ANY OTHER DAMAGES OF LIKE KIND WHATSOEVER (HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY, WHETHER DERIVED FROM CONTRACT, TORT (INCLUDING WITHOUT LIMITATION NEGLIGENCE) OR OTHERWISE), INCLUDING WITHOUT LIMITATION LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF USE, LOSS OF DATA, BUSINESS INTERRUPTION, COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES OR OTHER COVER, OR ANY OTHER SIMILAR COMMERCIAL OR

ECONOMIC LOSS OF ANY KIND, EVEN IF ADVISED OF THE POSSIBILITY THEREOF, NOR WILL ANY OF OUR PARTIES BE LIABLE FOR ANY DAMAGES WHATSOEVER RESULTING FROM A FORCE MAJEURE OR AN ACT OF A THIRD PARTY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, MasterPieces ASSUMES NO LIABILITY OR RESPONSIBILITY FOR ANY OF THE FOLLOWING:

- a . ERRORS, MISTAKES, TYPOGRAPHICAL ERRORS, OR INACCURACIES OF CONTENT.
- b . PERSONAL INJURY OR PROPERTY DAMAGE, OF ANY NATURE WHATSOEVER, RESULTING FROM YOUR ACCESS TO OR USE OF OUR SERVICE.
- c . ANY UNAUTHORIZED ACCESS TO OR USE OF OUR SECURE SERVERS AND/OR ANY AND ALL PERSONAL INFORMATION STORED THEREIN.
- d . ANY INTERRUPTION OR CESSATION OF TRANSMISSION TO OR FROM THE SERVICE.
- e . ANY BUGS, VIRUSES, TROJAN HORSES, OR THE LIKE THAT MAY BE TRANSMITTED TO OR THROUGH OUR SERVICE BY ANY THIRD PARTY.
- f . ANY ERRORS OR OMISSIONS IN ANY CONTENT OR FOR ANY LOSS OR DAMAGE INCURRED AS A RESULT OF THE USE OF ANY CONTENT POSTED, EMAILED, TRANSMITTED, OR OTHERWISE MADE AVAILABLE THROUGH THE SERVICE; AND/OR USER CONTENT OR THE DEFAMATORY, OFFENSIVE, OR ILLEGAL CONDUCT OF ANY THIRD PARTY.

EXCEPT TO THE LIMITED EXTENT EXPRESSLY PROVIDED FOR IN THE PRO LICENSE, THE TOTAL CUMULATIVE COLLECTIVE LIABILITY OF OUR PARTIES FOR ALL COSTS, LOSSES OR DAMAGES FROM ALL CLAIMS, ACTIONS OR SUITS HOWEVER CAUSED OR ARISING FROM OR IN RELATION TO THE SERVICE WILL NOT EXCEED THE GREATER OF (A) ONE HUNDRED DOLLARS (\$100) OR (B) ALL AMOUNTS PAID OR DUE FROM YOU, IF ANY, FOR ACCESS TO OR USE OF THE SERVICE GIVING RISE TO THE CLAIM DURING THE SIX (6) MONTHS IMMEDIATELY PRECEDING THE CLAIM (NO MATTER WHEN PAYMENTS WERE ACTUALLY MADE). THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY TO THE FULLEST EXTENT PERMITTED BY LAW IN THE APPLICABLE JURISDICTION AND IS NOT INTENDED TO, NOR DOES IT, REQUIRE THE RELINQUISHMENT OF ANY NON-WAIVABLE RIGHT AFFORDED TO YOU BY LAW. SOME STATES DO NOT ALLOW THE EXCLUSION OF IMPLIED WARRANTIES OR THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATIONS OR EXCLUSIONS MAY NOT APPLY TO YOU. THIS AGREEMENT GIVES YOU SPECIFIC LEGAL RIGHTS, AND YOU MAY ALSO HAVE OTHER RIGHTS WHICH VARY FROM STATE TO STATE. THE DISCLAIMERS, EXCLUSIONS, AND LIMITATIONS OF LIABILITY UNDER THIS AGREEMENT WILL NOT APPLY TO THE EXTENT PROHIBITED BY APPLICABLE LAW. The Service is controlled and operated from its facilities in the United States. MasterPieces makes no representations that the Service is appropriate or available for use in other locations. Those who access or use the Service from other jurisdictions do so at their own volition and are entirely responsible for compliance with all applicable laws and regulations, including but not limited to export and import regulations, and all laws related to protection and transfer of data and personal identifiable information. You may not use the Service if you are a resident of a country embargoed by the United States, or are a foreign person or entity blocked or denied by the United States government.

- 19. Arbitration.** PLEASE READ THIS SECTION CAREFULLY; IT AFFECTS YOUR RIGHTS. For any claim, dispute, or controversy between you and us that arises out of, is related to or in connection with these Terms (individually a "Claim" and collectively "Claims"), you agree to first contact us at <https://xujinx.wixsite.com/masterpieces> and attempt to resolve the Claim informally. We hope we can resolve any Claim with you. In the unlikely event that you and MasterPieces have not been able to resolve the Claim within sixty (60) days after you contact us, then you and we each agree to resolve the Claim by binding arbitration by the American Arbitration Association ("AAA") under the Commercial Arbitration Rules and Supplementary Procedures for Consumer Related Disputes then in effect for the AAA, except for any and all Claims related to injunctive or other equitable relief and/or any dispute relating to the enforcement or validity of your, your licensors', our, or our licensors' Intellectual Property Rights (discussed below):

- a . The extent that arbitration clauses are prohibited by applicable law in jurisdictions outside of the United States.
- b . You may file a Claim in small claims court if the Claim meets the requirements to be heard in small claims court.

You agree that, by agreeing to these Terms of Use, the PRC Arbitration Act governs the interpretation and enforcement of this provision. The arbitrator has exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this binding arbitration agreement. The arbitration will be conducted in Wenzhou, Zhejiang unless you and we expressly agree otherwise. If your Claim is for RMB ¥10,000 or less, we agree that you may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the AAA Rules. If your Claim is for more than RMB ¥10,000, the right to a hearing, payment of filing fees and the AAA's and arbitrator's fees and expenses will be governed by the AAA rules. If we commence an arbitration, we will pay for all filing, AAA, and arbitrator's fees and expenses. In any arbitration, the prevailing party will not seek to recover attorney's fees or expenses unless the arbitrator finds the Claim to be frivolous or for an improper purpose. The award rendered by the arbitrator may be entered in any court of competent jurisdiction. Nothing in this Section shall prevent either party from seeking injunctive relief from the courts as necessary to prevent the actual or threatened infringement, misappropriation, or violation of that party's data security, Intellectual Property Rights, or other proprietary rights. ALL CLAIMS MUST BE BROUGHT IN THE FILING PARTY'S INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, AND, UNLESS MasterPieces AGREES OTHERWISE, THE ARBITRATOR MAY NOT CONSOLIDATE MORE THAN ONE PERSON'S CLAIMS. YOU AGREE THAT, BY ENTERING INTO THIS AGREEMENT, YOU AND MasterPieces ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION. If the class action waiver is found to be illegal or unenforceable as to all or some parts of a dispute, then those parts won't be arbitrated but will proceed in court, with the rest proceeding in arbitration. If any other provision of Section 19 is found to be illegal or unenforceable, that provision will be severed but the rest of Section 19 still applies.

- 20. **Copyright Infringement.** Pursuant to Title 17, United States Code, Section 512(c)(2), notifications of claimed copyright infringement should be sent to MasterPieces's Copyright Agent by email xujinx@kean.edu.
- 21. **Relationship.** The parties' relationship to each other under these Terms is strictly that of independent contractors and nothing in these Terms will in any way constitute or be construed as evidence of intent to establish any association, partnership, joint venture or other relationship. Each party will be responsible for covering their respective costs and expenses in performing their duties under these Terms, unless expressly provided otherwise herein. If for any reason a court of competent jurisdiction finds any provision of these Terms, or any portion thereof, to be unenforceable, that provision will be enforced to the maximum extent permissible so as to effect the intent of these Terms and the remainder of these Terms will continue in full force and effect. The section headings used in these Terms are for convenience only and will not be given any substantive effect. Except as expressly provided herein, a party may only waive its rights under these Terms by a written document executed by both parties. Any failure to enforce any provision of these Terms will not constitute a waiver thereof or of any other provision hereof. You may not assign or delegate these Terms or any of your rights or obligations hereunder. Any unauthorized assignment will be null and void. You acknowledge and agree that we may assign or sub-contract any of its rights or obligations under these Terms.
- 22. **Entire Agreement.** These Terms (including, without limitation, the Policies and License Terms) contain the entire agreement between you and us with respect to the subject matter hereof and supersede all prior or contemporaneous communications and proposals, whether electronic, oral or written, between you and us with respect to the Service. In the event of any conflict or inconsistency between any of the terms and conditions of

these Terms and any third party software license agreement or service level agreement that contain a link to the Service, the terms and conditions of these Terms will control, except:

- a . that the Entitlements will control over these Terms with respect to your specific Entitlement;
- b . and the Privacy Statement will control to the extent that it expressly overrides these Terms.

“Entitlements” means your entitlements to use the Service (such as your membership and subscription rights, maximum capacity, transactions, output, hours or other measurements of use, term or duration and any other entitlements specific to such Service) as determined by the type or level of membership or subscription you subscribed to or licensed. “Entitlements” also include any other information about entitlements to access and use the Service which are set forth on the Service (including, without limitation, the description of the Service, Documentation and minimum technical requirements for the Service).

- 23. Changes or Updates to these Terms.** If you don't agree with any material changes or updates we make to these Terms, you must notify us of that fact by sending an email to us at xujinx@kean.edu within thirty (30) days after the effective date of the change (“Effective Date”). Notifying us in this way will terminate the updated terms and conditions as to your use of the Service and the terms and conditions that apply to you will be the terms and conditions in effect immediately before the change (unless the change made was made to comply with applicable law) and those terms and conditions will be in effect until (i) the end of the then-current term identified in your Entitlements, or (ii) thirty (30) days after the Effective Date, whichever is earlier (the “End Date”). The End Date will be the end of the term of your Service including your Entitlements. Unless you notify us within 30 days as set forth above, your continued use of the Service after the Effective Date will be deemed an acceptance of these changes and a renewal and extension of the Terms in effect at the Effective Date. Notwithstanding the foregoing, any changes to these Terms will not apply to any dispute between you and us arising prior to the date on which we posted the revised version of these Terms incorporating such changes or otherwise notified you of such changes.
- 24. Contact.** Please contact us xujinx@kean.edu with any questions regarding these Terms or submit a support ticket with any questions regarding the Service or billing matters.

Financial Charts

Projected Income Statement (With Monthly Detail)

Projected Income Statement (Monthly)	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Income												
Total Revenue	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462	\$ 2,462
Direct Costs	580	580	580	580	580	580	580	580	580	580	580	580
Gross Margin/Profit	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882	\$ 1,882
Gross Margin/Profit %	76%	76%	76%	76%	76%	76%	76%	76%	76%	76%	76%	76%
Expenses												
Operating Expense												
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salary of basis wage *	900	900	900	900	900	900	900	900	900	900	900	900
Salary of bounty	611	611	611	611	611	611	611	611	611	611	611	611
Contingency Expenses	42	42	42	42	42	42	42	42	42	42	42	42
Research Development	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	200	-	-	-	-	-	-	-	-	-	-	-
Advertising	200	200	20	20	20	20	20	20	20	20	20	20
Total Operating Expense	\$ 1,953	\$ 1,753	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573	\$ 1,573
Operating Income	\$ (71)	\$ 129	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309
Income from Continuing Operations												
Interest Expense	12	12	12	12	12	12	12	12	12	12	12	12
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Income Taxes	74	74	74	74	74	74	74	74	74	74	74	74
Net Income from Continuing Operations	\$ (156.71)	\$ 43.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29	\$ 223.29
Non-recurring Events												
Permits and licenses	100	-	-	-	-	-	-	-	-	-	-	-
Consultants	100	-	-	-	-	-	-	-	-	-	-	-
First contest program	2,000	-	-	-	-	-	-	-	-	-	-	-
Start-up subsidy program	500	-	-	-	-	-	-	-	-	-	-	-
Total Expense	4,738	1,838	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658	1,658
Net Income	(2,857)	43	223	223	223	223	223	223	223	223	223	223
Net Income %	-116.05%	1.8%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%

5 Years Projected Income Statements	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Income					
Total Revenue	\$ 29,539	\$ 31,016	\$ 62,032	\$ 65,133	\$ 68,390
Direct Costs	6,958	7,306	14,612	15,342	16,110
Gross Margin/Profit	\$ 22,581	\$ 23,710	\$ 47,420	\$ 49,791	\$ 52,281
Gross Margin/Profit %	76%	76%	76%	76%	76%
Expenses					
Operating Expense					
Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Salary of Basis Wage *	10,800	11,016	22,473	22,922	23,381
Salary of Bounty	7,333	7,480	15,259	15,564	15,875
Contingency Expenses	500	500	500	500	600
Research Development	-	-	-	-	-
Insurance	200	204	208	212	216
Advertising	600	612	624	637	649
Total Operating Expense	\$ 19,433	\$ 19,812	\$ 39,063	\$ 39,835	\$ 40,721
Operating Income	\$ 3,148	\$ 3,898	\$ 8,357	\$ 9,956	\$ 11,559
Income from Continuing Operations					
Interest Expense	143	95	48	-	-
Depreciation and Amortization	-	-	-	-	-
Income Taxes	886	930	1,861	1,954	2,052
Net Income from Continuing Operations	\$ 2,119.33	\$ 2,872.91	\$ 6,448.18	\$ 8,002.36	\$ 9,507.52
Non-recurring Events					
Permits and Licenses	100	-	200	-	-
Consultants	100	-	-	-	-
First Contest Program	2,000	-	-	-	-
Start-up Subsidy Program	500	-	-	-	-
Total Expense	23,162	20,837	41,172	41,789	42,773
Net Income	(581)	2,873	6,248	8,002	9,508
Net Income %	-1.97%	9.3%	10.1%	12.3%	13.9%

* Each designer's salary is \$3,600 and salary increases with inflation at 2%. In 2020, we will employ 6 designers totally.

Projected Balance Sheet (With Monthly Detail)

Projected Balance Sheet (Monthly)	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Assets												
Current Assets												
Cash and Cash Equivalents	\$ 2,974	\$ 2,649	\$ 2,683	\$ 2,717	\$ 2,751	\$ 2,786	\$ 2,820	\$ 2,854	\$ 2,888	\$ 2,923	\$ 2,957	\$ 2,991
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	\$ 2,974	\$ 2,649	\$ 2,683	\$ 2,717	\$ 2,751	\$ 2,786	\$ 2,820	\$ 2,854	\$ 2,888	\$ 2,923	\$ 2,957	\$ 2,991
Long Term Assets												
Long Term Investment	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Goodwill	27	79	89	144	150	150	150	150	150	150	150	150
Intangible Assets	244	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
Total Long Term Assets	\$ 2,271	\$ 3,758	\$ 3,768	\$ 3,823	\$ 3,829							
Total Assets	\$ 5,245	\$ 6,407	\$ 6,451	\$ 6,540	\$ 6,580	\$ 6,615	\$ 6,649	\$ 6,683	\$ 6,717	\$ 6,752	\$ 6,786	\$ 6,820
Liabilities and Owner's Equity												
Current Liabilities												
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Debt	643	683	727	817	857	891	925	960	994	1,028	1,062	1,097
Accrued Salaries	-	-	-	-	-	-	-	-	-	-	-	900
Total Current Liabilities	643	683	727	817	857	891	925	960	994	1,028	1,062	1,097
Long Term Liabilities	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Liabilities	\$ 2,643	\$ 2,683	\$ 2,727	\$ 2,817	\$ 2,857	\$ 2,891	\$ 2,925	\$ 2,960	\$ 2,994	\$ 3,028	\$ 3,062	\$ 3,097
Owner's Equity												
Paid in Capital	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Retained Earnings												
Earnings	(898)	223	223	223	223	223	223	223	223	223	223	223
Total Owner's Equity	2,602	3,723										
Total Liabilities and Owner's Equity	\$ 5,245	\$ 6,407	\$ 6,450	\$ 6,540	\$ 6,580	\$ 6,614	\$ 6,648	\$ 6,683	\$ 6,717	\$ 6,751	\$ 6,785	\$ 6,820

5 Years Projected Balance Sheet	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729	\$ 17,319
Accounts Receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Total Current Assets	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729	\$ 17,319
Long Term Assets					
Long Term Investment	2,000	1,000	-	-	-
Goodwill	150	155	309	318	328
Intangible Assets	1,679	1,333	4,681	7,515	10,464
Total Long Term Assets	\$ 3,829	\$ 2,488	\$ 4,990	\$ 7,833	\$ 10,792
Total Assets	\$ 6,820	\$ 5,510	\$ 10,519	\$ 18,562	\$ 28,111
Liabilities and Owner's Equity					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes Payable	-	-	-	-	-
Short Term Debt	1,000	1,300	106	109	113
Accrued Salaries	900	918	1,873	1,910	1,948
Total Current Liabilities	1,900	2,218	1,979	2,019	2,061
Long Term Liabilities	2,000	1,000	-	-	-
Total Liabilities	\$ 3,900	\$ 3,218	\$ 1,979	\$ 2,019	\$ 2,061
Owner's Equity					
Paid in Capital	\$ 3,500	-	-	-	-
Retained Earnings	-	(581)	2,292	8,540	16,543
Earnings	(581)	2,873	6,248	8,002	9,508
Total Owner's Equity	2,919	2,292	8,540	16,543	26,050
Total Liabilities and Owner's Equity	\$ 6,819	\$ 5,510	\$ 10,519	\$ 18,562	\$ 28,111

Projected Cash Flow Statement (With Monthly Detail)

Cash Flow Statement (Monthly)	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Cash and cash equivalents, beginning of the mon	\$ -	\$ 2,974	\$ 2,649	\$ 2,683	\$ 2,717	\$ 2,751	\$ 2,786	\$ 2,820	\$ 2,854	\$ 2,888	\$ 2,923	\$ 2,957
Cash Flow from Operating Activities												
Cash Inflows												
Net Income	\$ (2,857)	\$ 43	\$ 223	\$ 223	\$ 223	\$ 223	\$ 223	\$ 223	\$ 223	\$ 223	\$ 223	\$ 223
Cash Outflow (Expenditures)												
Change in Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-
Change in Income Tax Payable	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	200	-	-	-	-	-	-	-	-	-	-	-
Advertising	200	200	20	20	20	20	20	20	20	20	20	20
Interest Expense	12	12	12	12	12	12	12	12	12	12	12	12
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Permits and Licenses	100	-	-	-	-	-	-	-	-	-	-	-
Income Taxes	74	74	74	74	74	74	74	74	74	74	74	74
Total Expenditures (Outflow)	586	286	106									
Cash Generated by Operating Activities	(3,442)	(242)	118									
Cash Flow from Investing Activities												
Assets Purchased or Sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investing Received	6,500	-	-	-	-	-	-	-	-	-	-	-
Loan Payment	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)
Cash Used in Investing Activities	6,417	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)
Cash Flow from Financing Activities												
Net Cash Flow	\$ 2,974	\$ (326)	\$ 34	\$ 34	\$ 34	\$ 34	\$ 34	\$ 34	\$ 34	\$ 34	\$ 34	\$ 34
Cash at Beginning of Period	\$ -	\$ 2,974	\$ 2,649	\$ 2,683	\$ 2,717	\$ 2,751	\$ 2,786	\$ 2,820	\$ 2,854	\$ 2,888	\$ 2,923	\$ 2,957
Cash at End of Period	\$ 2,974	\$ 2,649	\$ 2,683	\$ 2,717	\$ 2,751	\$ 2,786	\$ 2,820	\$ 2,854	\$ 2,888	\$ 2,923	\$ 2,957	\$ 2,991

5 Years Projected Cash Flow Statement	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Cash and cash equivalents, beginning of the year	\$ -	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729
Cash Flow from Operating Activities					
Cash Inflows					
Net Income	\$ (581)	\$ 2,873	\$ 6,248	\$ 8,002	\$ 9,508
Cash Outflow (Expenditures)					
Change in Accounts Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Accounts Payable	-	-	-	-	-
Change in Income Tax Payable	-	-	-	-	-
Insurance	200	204	208	212	216
Advertising	600	612	624	637	649
Interest Expense	143	95	48	-	-
Depreciation and Amortization	-	-	-	-	-
Permits and Licenses	100	-	-	-	-
Income Taxes	886	930	1,861	1,954	2,052
Total Expenditures (Outflow)	1,929	1,841	2,741	2,803	2,918
Cash Generated by Operating Activities	(2,509)	1,031	3,507	5,199	6,590
Cash Flow from Investing Activities					
Assets Purchased or Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Investing Received	6,500	-	-	-	-
Loan Payment	(1,000)	(1,000)	(1,000)	-	-
Cash Used in Investing Activities	5,500	(1,000)	(1,000)	-	-
Cash Flow from Financing Activities					
Net Cash Flow	\$ 2,991	\$ 31	\$ 2,507	\$ 5,199	\$ 6,590
Cash at Beginning of Period	\$ -	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729
Cash at End of Period	\$ 2,991	\$ 3,022	\$ 5,529	\$ 10,729	\$ 17,319