

# DISCLOSURE DOCUMENT TEMPLATE

## COMPANY INFORMATION

Company name: \_\_\_\_\_  
(Exact name of Company as set forth in Articles of Incorporation or Charter)

Type of securities offered: \_\_\_\_\_

Price per security: \$ \_\_\_\_\_

When making an investment decision investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. These securities have not been registered, reviewed or recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

### This Company:

(Check all that apply. At least one needs to be designated.)

- Has never conducted operations.
- Is in the development stage.
- Is currently conducting operations.
- Has shown a profit in the last fiscal year.
- Other (Specify):

INVESTMENT IN SMALL BUSINESSES INVOLVES A HIGH DEGREE OF RISK, AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR INVESTMENT IN ITS ENTIRETY.

THIS DISCLOSURE DOCUMENT CONTAINS ALL OF THE REPRESENTATIONS BY THE COMPANY CONCERNING THIS OFFERING, AND NO PERSON SHALL MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS DISCLOSURE DOCUMENT.

This Disclosure Document, together with Financial Statements and other Attachments, consists of \_\_\_\_\_ pages.

**TABLE OF CONTENTS**

THE COMPANY	_____
RISK FACTORS	_____
BUSINESS AND PROPERTIES	_____
OFFERING PRICE FACTORS	_____
USE OF PROCEEDS	_____
CAPITALIZATION	_____
DESCRIPTION OF SECURITIES	_____
DIVIDENDS, DISTRIBUTION AND REDEMPTIONS	_____
OFFICERS AND KEY PERSONNEL OF THE COMPANY	_____
MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION	_____
LITIGATION	_____
MISCELLANEOUS FACTORS	_____
FINANCIAL STATEMENTS (CAN BE UNAUDITED)	_____
SIGNATURES PAGE	_____

## 1. THE COMPANY

Corporation name: \_\_\_\_\_  
(Exact name of Company as set forth in Articles of Incorporation or Charter)

State of incorporation: \_\_\_\_\_ Date of incorporation: \_\_\_\_\_

Street address of principal office: \_\_\_\_\_

Company Telephone number: \_\_\_\_\_

Person(s) to contact at company with respect to offering: \_\_\_\_\_

Contact person's email address: \_\_\_\_\_

## 2. RISK FACTORS

List in the order of importance the factors which the Company considers to be the most substantial risks to an investor in this offering in view of all facts and circumstances or which otherwise make the offering one of high risk or speculation (i.e., those factors which constitute the greatest threat that the investment will be lost in whole or in part, or not provide an adequate return).

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

NOTE: In addition to the above risks, businesses are often subject to risks not foreseen or fully appreciated by management. In reviewing this Disclosure Document potential investors should keep in mind other possible risks that could be important.

### 3. BUSINESS AND PROPERTIES

#### (a) BUSINESS DESCRIPTION

Describe in detail what business the Company does and proposes to do, including what products or goods are or will be produced or services that are or will be rendered.

#### (b) PRODUCT & SERVICES

Describe how these products or services are to be produced or rendered. Describe how and when the Company intends to carry out its activities. If the Company plans to offer a new product(s), state the present stage of development, including whether or not a working prototype(s) is in existence. Indicate if completion of development of the product would require a material amount of the resources of the Company, and the estimated amount. If the Company is or is expected to be dependent upon one or a limited number of suppliers for essential raw materials, energy or other items, describe. Describe any major existing supply contracts.

**(c) INDUSTRY INFORMATION**

Describe the industry in which the Company is selling or expects to sell its products or services. Describe any recognized trends within that industry. Describe that part of the industry and the geographic area in which the business competes or will compete. Indicate whether competition is or is expected to be by price, service, or other basis. Indicate (by attached table if appropriate) the current or anticipated prices or price ranges for the Company's products or services, or the formula for determining prices, and how these prices compare with those of competitors' products or services, including a description of any variations in product or service features. Name the principal competitors that the Company has or expects to have in its area of competition. Indicate the relative size and financial and market strengths of the Company's competitors in the area of competition in which the Company is or will be operating. State why the Company believes that it can effectively compete with these and other companies in its area of competition.

**(d) MARKETING & SALES STRATEGIES**

Describe specifically the marketing strategies the Company is employing or will employ in penetrating its market or in developing a new market. Indicate how and by whom its products or services are or will be marketed (such as by advertising, personal contact by sales representatives, etc.), how its marketing structure operates or will operate and the basis of its marketing approach, including any market studies. Name any customers that account for, or based upon existing orders will account for, a major portion (20% or more) of the Company's sales. Describe any major existing sales contracts.

**(e) EMPLOYEES**

State the number of the Company's present employees and the number of employees it anticipates it will have within the next 12 months. Also, indicate the number by type of employee (i.e., clerical, operations, administrative, etc.) the Company will use.

**(f) PROPERTY**

Describe generally the principal properties (such as real estate, plant and equipment, patents, etc.) that the Company owns, indicating also what properties it leases and a summary of the terms under those leases, including the amount of payments, expiration dates and the terms of any renewal options. Indicate what properties the Company intends to acquire in the immediate future, the cost of such acquisitions and the sources of financing it expects to use in obtaining these properties, whether by purchase, lease or otherwise.

**(g) PROPRIETARY INFORMATION**

Indicate the extent to which the Company's operations depend or are expected to depend upon patents, copyrights, trade secrets, know-how or other proprietary information and the steps undertaken to secure and protect this intellectual property, including any use of confidentiality agreements, covenants-not-to-compete and the like. Summarize the principal terms and expiration dates of any significant license agreements. Indicate the amounts expended by the Company for research and development during the last fiscal year, the amount expected to be spent this year and what percentage of revenues research and development expenditures were for the last fiscal year.

**(h) PRODUCT REGULATION**

If the Company's business products, or properties are subject to material regulation (including environmental regulation) by federal, state, or local governmental agencies, indicate the nature and extent of regulation and its effects or potential effects upon the Company.



State the probable consequences to the Company of delays in achieving each of the events or milestones within the above time schedule, and particularly the effect of any delays upon the Company's liquidity in view of the Company's then anticipated level of operating costs.

**Note:** After reviewing the nature and timing of each event or milestone, potential investors should reflect upon whether achievement of each within the estimated time frame is realistic and should assess the consequences of delays or failure of achievement in making an investment decision.

## OFFERING PRICE FACTORS

If the securities offered are common stock the following factors may be relevant to the price at which the securities are being offered.

5. What were the net, after-tax earnings last year? \_\_\_\_\_  
(If losses, show in parenthesis.)

6. (a) What is the net tangible book value of the Company? \_\_\_\_\_  
(If deficit, show in parenthesis.)

For this purpose, net tangible book value means total assets  
(exclusive of copyrights, patents, goodwill, research and  
development costs and similar intangible items) minus total liabilities.

\$\_\_\_\_\_ Per share based upon number of shares outstanding immediately prior to this offering: \$\_\_\_\_\_

If the net tangible book value per share is substantially less than this offering (or exercise or conversion) price per share, explain the reasons for the variation.

(b) State the dates on which the Company sold or otherwise issued securities during the last 12 months, the amount of such securities sold, the number of persons to whom they were sold, any relationship of such persons to the Company at the time of sale, the price at which they were sold and, if not sold for cash, a concise description of the consideration. (Exclude bank debt.)

7. (a) What percentage of the outstanding shares of the Company will the investors in this offering have?

(b) What value is management attributing to the entire Company by establishing the price per security set forth on the cover page (or exercise or conversion price if common stock is not offered)? (Total outstanding shares after offering times offering price, or exercise or conversion price if common stock is not offered.)

Note: After reviewing the above, potential investors should consider whether or not the offering price (or exercise or conversion price, if applicable) for the securities is appropriate at the present stage of the Company's development.

## 8. USE OF PROCEEDS

TOTAL AMOUNT TO BE RAISED: \$	
Marketing:	\$
Salaries:	\$
Materials:	\$
Production:	\$
Other:	\$
Total Expenses:	\$
Total use of net proceeds:	\$

Note: After reviewing the portion of the offering allocated to the payment of offering expenses, and to the immediate payment to management and promoters of any fees, reimbursements, past salaries or similar payments, a potential investor should consider whether the remaining portion of his investment, which would be that part available for future development of the Company's business and operations, would be adequate.

9. (a) If material amounts of funds from sources other than this offering are to be used in conjunction with the proceeds from this offering, state the amounts and sources of such other funds, and whether funds are firm or contingent. If contingent, explain.

(b) If any material part of the proceeds is to be used to discharge indebtedness, describe the terms of such indebtedness, including interest rates. If the indebtedness to be discharged was incurred within the current or previous fiscal year, describe the use of the proceeds of such indebtedness.

(c) If any material amount of the proceeds is to be used to acquire assets, other than in the ordinary course of business, briefly describe and state the cost of the assets and other material terms of the acquisitions. If the assets are to be acquired from officers, directors, employees or principal stockholders of the Company or their associates, give the names of the persons from whom the assets are to be acquired and set forth the cost to the Company, the method followed in determining the cost, and any profit to such persons.

(d) If any amount of the proceeds is to be used to reimburse any officer, director, employee or stockholder for services already rendered, assets previously transferred, monies loaned or advanced, or otherwise, explain:

Indicate whether the Company is having or anticipates having within the next 12 months any cash flow or liquidity problems and whether or not it is in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments. Indicate if a significant amount of the Company's trade payables have not been paid within the stated trade term.

11. Indicate whether proceeds from this offering will satisfy the Company's cash requirements for the next 12 months, and whether it will be necessary to raise additional funds. State the source of additional funds, if known.

## 12. CAPITALIZATION

Indicate the capitalization of the Company as of the most recent practicable date and as adjusted to reflect the sale of the minimum and maximum amount of securities in this offering and the use of the net proceeds therefrom:

Debt:	As of:  (month/day/year)	Amount Outstanding As Adjusted:	
		Minimum	Maximum
Short-term debt (average interest rate %)	\$	\$	\$
Long-term debt (average interest rate %)	\$	\$	\$
Total Debt	\$	\$	\$
Stockholders equity (deficit):	\$	\$	\$
Common stock-par value x no. of outstanding shares	\$	\$	\$
Retained earnings (deficit)	\$	\$	\$
Total stockholders equity (deficit)	\$	\$	\$
Total Capitalization	\$	\$	\$

## DESCRIPTION OF SECURITIES

13. The securities being offered hereby are:

- Common Stock  
 Notes or Debentures

14. These securities have:

- | YES                      | NO                       |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Common Stock  |
| <input type="checkbox"/> | <input type="checkbox"/> | Other special voting rights                           |
| <input type="checkbox"/> | <input type="checkbox"/> | Preemptive rights to purchase in new issues of shares |
| <input type="checkbox"/> | <input type="checkbox"/> | Preference as to dividends or interest                |
| <input type="checkbox"/> | <input type="checkbox"/> | Preference upon liquidation                           |
| <input type="checkbox"/> | <input type="checkbox"/> | Other special rights or preferences (specify):        |

Explain:

## DIVIDENDS, DISTRIBUTION AND REDEMPTIONS

15. If the Company has within the last five years paid dividends, made distributions upon its stock or redeemed any securities, explain how much and when:



**17. CHIEF OPERATING OFFICER**

Title: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Office street address \_\_\_\_\_

Telephone number: \_\_\_\_\_

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities:

Education (degrees, schools, and dates):

Also a director of the company?  Yes  No

Indicate amount of time to be spent on company matters if less than full time:

**18. CHIEF FINANCIAL OFFICER**

Title: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Office street address \_\_\_\_\_

Telephone number: \_\_\_\_\_

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities:

Education (degrees, schools, and dates):

Also a director of the company?  Yes  No

Indicate amount of time to be spent on company matters if less than full time:

**19. OTHER KEY PERSONNEL:**

Title: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Office street address \_\_\_\_\_

Telephone number: \_\_\_\_\_

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities: \_\_\_\_\_

-

Education (degrees, schools, and dates):

Also a director of the company?  Yes  No

Indicate amount of time to be spent on company matters if less than full time:

Title: \_\_\_\_\_

Name: \_\_\_\_\_ Age: \_\_\_\_\_

Office street address \_\_\_\_\_

Telephone number: \_\_\_\_\_

Names of employers, titles and dates of positions held during past five years with an indication of job responsibilities:

Education (degrees, schools, and dates):

Also a director of the company?  Yes  No

Indicate amount of time to be spent on company matters if less than full time:

## MANAGEMENT RELATIONSHIPS, TRANSACTIONS AND REMUNERATION

20. (a) If the Company has made loans to or is doing business with any of its Officers, Directors, key personnel or 10% stockholders, or any of their relatives (or any entity controlled directly or indirectly by any of such persons) within the last two years, or proposes to do so within the future, explain. (This includes sales or lease of goods, property or services to or from the Company, employment or stock purchase contracts, etc.) State the principal terms of any significant loans, agreements, leases, financing or other arrangements.

(b) If any of the Company's Officers, Directors, key personnel or 10% stockholders has guaranteed or co-signed any of the Company's bank debt or other obligations, including any indebtedness to be retired from the proceeds of this offering, explain and state the amounts involved.

21. (a) List all remuneration by the Company to Officers, Directors and key personnel for the last fiscal year:

	Cash	Other
Chief Executive Officer	\$	\$
Chief Operating Officer	\$	\$
Chief Financial Officer	\$	\$
Key Personnel:	\$	\$
	\$	\$
Others:	\$	\$
	\$	\$
TOTAL:	\$	\$
Directors as a group:	\$	\$
Non-directors as a group:	\$	\$

(b) If remuneration is expected to change or has been unpaid in prior years, explain:

(c) If any employment agreements exist or are contemplated, describe:

22. If the business is highly dependent on the services of certain key personnel, describe any arrangements to assure that these persons will remain with the Company and not compete upon any termination:

Note: After reviewing the above, potential investors should consider whether or not the compensation to management and other key personnel directly or indirectly, is reasonable in view of the present stage of the Company's development.

## LITIGATION

23. Describe any past, pending or threatened litigation or administrative action which has had or may have a material effect upon the Company's business, financial condition, or operations, including any litigation or action involving the Company's Officers, Directors or other key personnel. State the names of the principal parties, the nature and current status of the matters, and amounts involved. Give an evaluation by management or counsel, to the extent feasible, of the merits of the proceedings or litigation and the potential impact on the Company's business, financial condition, or operations.

## MISCELLANEOUS FACTORS

24. Describe any other material factors, either adverse or favorable, that will or could affect the Company or its business (for example, discuss any defaults under major contracts, any breach of bylaw provisions, etc.) or which are necessary to make any other information in this Disclosure Document not misleading or incomplete.

## FINANCIAL STATEMENTS

25. Attach financial statements for the last fiscal year and for any interim periods thereafter. If since the beginning of the last fiscal year the Company has acquired another business the assets or net income of which were in excess of 20% of those for the Company, show pro forma combined financial statements as if the acquisition had occurred at the beginning of the Company's last fiscal year.

The Company does hereby agree to provide to investors in this offering for five years (or such longer period as required by law) hereafter annual financial reports containing a balance sheet as of the end of the Company's fiscal year and a statement of income for said fiscal year, all prepared in accordance with generally accepted accounting principles.

# SIGNATURES

A majority of the Directors and the Chief Executive and Financial Officers of the Company shall sign this Disclosure Document on behalf of the Company and by so doing thereby certify that each has made diligent efforts to verify the material accuracy and completeness of the information herein contained. By signing this Disclosure Document, the Chief Executive and Chief Financial Officers agree to make themselves, the Company's books and records, copies of any contract, lease or other document referred to in the Disclosure Document, or any other material contract or lease (including stock operations and employee benefit plans), except any proprietary or confidential portions hereof, and a set of the exhibits to this Disclosure Document, available to each investor prior to the time of investment, and to respond to questions and otherwise confirm the information contained herein prior to the making of any investment by such investor.

The Chief Financial Officer signing this form is hereby certifying that the financial statements submitted fairly state the Company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated, all in accordance with generally accepted accounting principles consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Chief Executive Officer: \_\_\_\_\_

Title: \_\_\_\_\_

Chief Financial Officer: \_\_\_\_\_

Title: \_\_\_\_\_

Directors: \_\_\_\_\_

Title: \_\_\_\_\_