The I.C. Factor and Trade Budget

ABC Hotel with 10M in corporate sales, 9M in expenses and 1M in profit. Income is **exclusive of revenue from consumers and not-for-profits.** The business' **unused and unsold capacity is estimated at 10M** and the **I.C. Factor at 40%.** From the data, a Trade Budget of $500,000 (5% of 10M) is extrapolated, representing the amount of business that will be conducted with the hotel during the next fiscal period.

The additional business is not going to increase debt service, payroll, leases, insurance, advertising, etc. Those costs are included in the 9M in cash expenses. The I.C. Factor contains only **costs directly incurred providing the additional services**. For the purpose of this presentation and keeping in mind that some of the services will include the cost of food and beverage, franchise and other fees, we will use 25% as the I.C. Factor. A 10% commission is added and 5% for the System's charges for a total of 40%, therefore, the cost of delivering $500,000 in hotel services, is $200,000.

A Master Agreement is executed, quantifying the I.C. Factor (40%) and the Trade Budget ($500,000), to be done for 50% cash ($250K) and 50% ATS Dollars (250K), our trade currency. During the fiscal period, our brokers provide the hotel with proposals that result in the generation of enough **dual-currency sales** to acquire 250,000 ATS Dollars, while providing similar proposals to generate enough **dual-currency purchases** to spend the ATS Dollars, generating the predetermined profit.

At the end of the fiscal period the hotel will have sold $500,000 in services at a 60% profit margin, generating $300,000 in additional net profit. A construction company with 100M in sales, an I.C. Factor of 45% and 5M in Trade Budget generates $2,750,000 in net profit annually. A restaurant with 1M in annual sales, 900K in expenses and 100K in profit with a 40% total I.C. Factor and a $50,000 Trade Budget, will deliver a $30,000 in net profit.