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TO: JC

FROM: RAY

DATE: 10/19/93

- 1) JC, I think one of the best bench mark to use in determining if the Focus Growth Program is a good successful plan is to concentrate on:
 - a) The people that loan us the Growth money will probably know very little about printing and mailing like ours.
 - b) But, Focus on the other hand is in the mailing business in a big way.
 - c) Focus has closely monitored the total Growth Program from day one through today.
 - d) Focus has given their stamp of approval before they started and every day since (because they can stop the program at any time they are in the least bit unhappy with it). But, instead of stopping the Growth Program they first invested \$104,377.83 of their own money to start Growth #1 of one million mailing.
 - e) Now 8 Growths and 12 million Growth Recruit Mailings later, Focus has on a regular monthly basis increased the amount of credit they extend to CBSHM; today that total amount of credit they have extended to us is \$2,585,047.00, and Focus is getting ready to do another million Growth Recruit Mailing of a \$100,000 plus on credit.
 - f) JC, think with me for a minute. These facts should be about as good an audit that anyone could hope for, in determining if the Growth Program is working in a satisfactory manner.
 - g) The Growth Recruit Program doesn't have to perform a 100% in line with our projection, for it to be the best thing that has happened to everyone involved, it is all of our futures.

Here is an update on what the Focus Growth Program has done through today (Oct 19, 1993)

- 2) Overview on exactly what the Focus Growth Program has done so far.

Project/Growth Response:

	Letters	Income	Postcards
a) Today (10-19)	16,155	\$121,932	3,090
b) Total last wk. (Oct 11-19)	27,299	\$189,879	7,818
c) Total For Jul. (Oct 1-19)	39,857	\$246,581	21,412
d) Grand Total through Today (Oct 19)	615,426	\$2,411,184	526,446
e) Gold Book Members			64,xxxx

3) Here is a detailed list of the volume mailed, cost and response for the Focus Growth 1-6; Postcards has started back from Growth #7 but, they haven't had time for the income to start back yet. letter was mailed on March 11th and 12th)

	Mailed	Response	%
a) F - 1 Growth	999,844	42,604	4.28
b) F - 2 Growth	1,017,878	42,604	4.19
c) F - 3 Growth	2,977,922	141,187	4.74
d) F - 4 Growth	3,024,863	156,964	5.19
e) F - 5 Growth	1,008,512	54,714	5.43
f) F - 6 Growth	999,999	60,537	6.05
Sub-Total	10,029,018	498,610	4.97
g) F - 7 Growth	1,005,000	31,700	3.15
h) F - 8 Growth	1,004,999	0	.00
Sub-Total	2,009,999	31,700	1.58
Grand Total	12,039,017	530,310	4.40

4) Here is an overview of the Focus Growth Recruit Mailings; this includes all invoices that are due through today.

	*Start-up Cost	Amount Paid	Balance Owed (Nothing past due)
a) F - 1 Growth	\$104,377.83	\$104,377.83	\$0.00
b) F - 2 Growth	\$97,929.39	\$97,929.39	\$0.00
c) F - 3 Growth	\$301,657.83	\$103,414.13	\$198,243.70
d) F - 4 Growth	\$318,030.41	\$0.00	\$318,030.41
e) F - 5 Growth	\$97,533.62	\$0.00	\$97,533.62
f) F - 6 Growth	\$120,866.74	\$0.00	\$120,866.74
Sub-Total	\$1,040,395.82	\$305,721.35	\$734,674.47
g) F - 7 Growth	\$115,341.14	\$0.00	\$115,341.14
h) F - 8 Growth	\$97,600.28	\$0.00	\$97,600.28
Sub-Total	\$212,941.42	\$0.00	\$212,941.42
Grand Total	\$1,253,337.24	\$305,721.35	\$947,615.89

i) *Start-up cost includes the total cost for the going out Growth Recruit Mailings, going out postage due on Postcards, processing the cards so they can start getting regular projects; Gold Book Recruit costs, all of which is a one time Growth cost.

5) We pay Focus every Monday for all Project Invoices; so those showing due are less than a week due.

	*Start-up Cost	Balance Owed	Date Due
a) F - 1 Growth	\$104,377.83	\$0.00	
b) F - 2 Growth	\$97,929.39	\$0.00	
c) F - 3 Growth	\$301,657.83	\$198,243.70	
d) F - 4 Growth	\$318,030.41	\$318,030.41	
e) F - 5 Growth	\$97,533.62	\$97,533.62	
f) F - 6 Growth	\$120,866.74	\$120,866.74	
Sub-Total	\$1,040,395.82	\$734,674.47	
g) F - 7 Growth	\$115,341.14	\$115,341.14	
h) F - 8 Growth	\$97,600.28	\$97,600.28	
Sub-Total	\$212,941.42	\$212,941.42	
Grand Total	\$1,253,337.24	\$947,615.89	

6) Growth #1-6 project mailings through Oct. 12th:

a) Projects has generated a gross income of:	\$2,366,412.00
b) Total Project and Servicing Cost (All invoices paid):	<u>\$1,845,607.00</u>
Net Balance	\$522,805.00
c) Invoices Due (will pay by Monday)	
d) Bank Balance (with all project invoices paid)	
e) Growth #1-6 Recruit Cost:	\$1,206,560.97
f) Paid on Growth #1-6 Recruit cost:	<u>\$516,517.67</u>
g) Balance of Growth #1-6 Recruit Cost:	\$690,043.30

7) We have paid out through today (Oct. 19th):

a) Paid Focus on growth cost	\$350,352.52
b) Paid Focus on Project cost	<u>\$1,200,374.22</u>
c) Focus Total	\$1,550,726.74
d) Bank Processing Through June 30th 154,160 letters	\$113,748.05
e) Postage due, gift items, air freight, data entry, etc.	<u>\$746,711.21</u>
f) Total paid	\$2,411,184.00

8) Looking at Growth #7 and #8.

- a) Growth #7-8 Recruit Cost
- b) Paid on Growth #7-8 Recruit Cost
 (out of Growth #1-6 Project's
 income)
- c) Balance owed on Growth #7-8
 Recruit Cost
- d) The last two Growth Recruit Mailings (#7 and #8) cost \$244,327.08 (this is the going out cost, and some servicing cost) and is included in our over all Growth cost. So far no income has come in from these two growths in October, because they are just recently mailed. But, they will turn on their own new cash flow to pay Growth start-up cost.
- e) We have already paid \$6,287.40 on Growth #7-8 out of the Growth #1-6 income, leaving a balance of \$238,039.68 to pay.

9) Balance owed Focus on Growth Start-up cost through October 12th (12,039,178 Growth Recruit Letters):

a) Growth #1-6:	\$690,043.30
b) Growth #7-8:	<u>\$238,039.68</u>
Total	\$928,082.98

10) Notice some highlights in today's report:

- a) We have received the \$500,000 projection for July, with 4 more mail days left.
- b) Our total income has broke through the first million dollar mark.
- c) Focus growth #1 and #2 are completely paid off several months before the invoices were due; and \$148,045.30 has been paid on Growth #3, leaving a balance of \$163,612.53. Everything is sure moving in a good positive direction.

11) JC, I did exactly as you asked me to do:

- a) First I ran a new Focus projection with the increased volume of growth recruit mailings in it.
- b) What I did was to use March as the starting month (#1 growth was mailed March 11th and 12th). The first two months was 1 million each and the next two were 3 million each, then 1 million per month through 36 months.

12) Here is where we are right now with comparing the projection and the actual. The projection with the increased volumes show the following (see page 54 in the projection):

a)	1 Mar	\$(-139,608)
b)	2 Apr.	\$(-255,536)
c)	3 May	\$(-611,783)
d)	4 Jun	\$(-911,300)
e)	5 Jul.	\$(-852,957)
f)	6 Aug.	\$(-801,428)
g)	7 Sept.	\$(-748,892)
h)	8 Oct.	\$(-644,150)
i)	9 Nov.	\$(-483,240)
j)	10 Dec	\$(-285,850)
k)	11 Jan.	\$(-64,135)
l)	12 Feb.	\$176,242

m) Notice by the end of July the balance we should owe on growth recruit invoices would be about \$852,957. Also notice the following table and you will see the balance on the growth recruit invoices today is \$753,836.19, and by July 31st it will be about \$723,836.19

n) We have averaged \$26,640 per day for the first 12 days this month. There are 9 mail days left, I don't know how much will come in, but I believe we will reduce the \$753,836 by at least \$30,000 more this month. That would leave a balance of about \$723,836.19 owed on the growth mailing at the end of July.

o) On July 30th we should pull out ahead of the projection by about \$129,120.81. Then in August and September we are going to really widen the gap.

p) Also on a weekly basis we are keeping the Focus project invoices paid current and all of the other costs, like gift items, data entry, air freight, bank processing, etc. By keeping all these expenses current we can take what ever is left over each Monday and apply it to the growth invoices. JC, this growth program is working like a dream.

q) I don't know for sure how much we will apply the balance owed on growth recruit mailings in August and September; but I can assure you it will be a lot more than the projection shows. We are actually planning on having Growth #3 and #4 (\$301,657.83 and \$318,030.41, a total of \$619,688.24) paid off by the last of September or at the latest the 11th of October. Then the rest of the growths are only about \$100,000 each. These will pay off last with the large cash flow from the volume of new members we now have.

r) We have already cut the #1 and #2 growth response. But, we are still putting out about 1,100,000 project letters each month. Nothing can stand up under this kind of volume of project letters for long.

Here is a detailed list of the balance is for what we owe on the Focus Growth 1-5 (9,048,329)

- a) #5 is still coming in very strong, we received 9,537 new members today. We went to many states and it will take long for all of it to come back than the others.
- b) From the Focus growth program through July 19th we have received a total income of \$824,901.00

JC, also from now on we are going to be able to get a much better selection of good growth addressees than we have ever been able to in the past, thanks to a new program that we now have. Jr, my son, has been writing this program and developing a method by which we can mark out every city in the nation from right here in the office. Jr has actually been putting in from 10 to 15 hours a day, 7 days a week for months working on this approach. What it boils down to is this:

- a) Starting with the July 1,000,000 growth mailing (which will be mailed the last of July) we are using this new method to select the addressees for the growth letters.
- b) Using this new method of selection we are actually picking those geographic areas that we know respond the best to our growth letters. The size of each special area is about 2 to 4 city blocks. And thank God there are 10's of thousands of them across the nation.
- c) Starting in August we are going to take this new program and analyze the 10 million growth addressees we will have mailed to and select out those very best areas and send out a new growth recruit mailing that the Rev. has developed and we have tested. I truly believe we can count on getting from 6% up out of at least 5 - 7 million. Some of the best ones could get up to 8% or better. We are all excited about this.

For example: the other day I was looking at some analysis which showed, if we had been able to make these kind of selections in March we could have got the exact same response from less than 4 million addressees that we received for the first 8 mailings we mailed out (that would have cut our cost by half). JC, this new computer program is going to be one of the best things that has ever happened to us. And we have developed the whole thing in house. We bypassed the big main frame computers that are so expensive.

- 13) Now based on the number of members we are now mailing to (365,880) and the number of projects they will be receiving (is about 1,100,000 per month) we should bring in about \$500,000 this month of July and over \$600,000 in August.
- 14) In July (5th month) we should pay off the first two growths. Number 1 is paid in full, number 2 after today's payment has a balance of only \$29,500; and in August and September #3 and #4. After that things should start clearing up. I believe based on the cash flow by Dec. we will have paid for all of the growths and start showing a net income each month thereafter.
- 15) Also keep in mind, it has taken a life time to build our old membership income, but in July we will bring in about as much from the Focus growth program (which is just 5 months old) as we are from all of our old membership; and from August on we will start bringing in more; and each month it will just get larger - there is really at this time no end in sight.
- 16) Now the main reason the growth program from now on is going to get better than the projection is for three reasons:
 - a) Focus is doing exactly what they agreed to do - put out our projects every ten days.
 - b) Starting in August we will begin to use the new growth recruit mailing that the Rev. designed and we have tested. This one gets a real strong response.
 - c) By using the new computer program that Jr. has developed for us, to select our future growth addressees, it will generate us excellent growth responses each month for a long time.
- 17) JC, you know where the Rev. and I are coming from. All these things we talk about is just a means to an end, which is to reach this generation with the Gospel of Jesus Christ. Through today we have received 411,845 prayer responses from the growth recruit mailing of 9,029,024; we are now averaging about 25% of those individuals that write in for the first time asking for prayer that God through Christ would save them.

Think about it, that 25% we are hearing from for the first time making a decision to be saved. Church in the home really does work today, just like it did in the Bible days.

18) Payout of Growth #1-6 Recruit Start-up Cost:

- a) Start-up cost for #1-6
- b) Paid through today
- c) Balance
- d) 52% of the start-up costs for Growths #1-6 has been paid before they came due.
- e) We have until April 13th of '04 to finish paying of the balance.
- f) The new membership we recruited from Growths #1-6 has through today given \$2,519,462.00. These new members has already paid 52% of this Growth start-up cost and there is no doubt in my mind that before April 13th of '04 they will have paid off the 48% balance.
- g) Growths 7 and 8 as well as all the future Growths will work out the same way. Each create a new cash flow that will pay off all Growth Recruit Mailing start-up cost and then help solve any other financial problems CBSHM might have.
- h) Through the Focus Growth Plan we are building in a few months what it has taken us a lifetime to do in our old membership Illas.

JC, if you have any questions, please call.