

PROSPECTUS

**SARANAC LAKE COMMUNITY STORE, INC.**



Issuer: Saranac Lake Community Store, Inc.  
Address: 118 Shepard Ave., Saranac Lake, NY 12983  
Date of Incorporation: February 16, 2007 in New York State  
Type of Entity: C Corporation  
Type of security being offered: Common Stock  
Price per share of Common Stock: \$ 100.00  
Minimum No. Shares allowed per purchaser: 1 Share  
Maximum No. Shares allowed per purchaser: 100 Shares  
Minimum number of shares offered: 5,000 Shares  
Maximum number of shares offered: 6,000 Shares  
Total Amount of offering: \$ 600,000.00  
Offering Expenses: \$ 25,000.00  
Net Proceeds to Issuer if maximum sold: \$ 575,000.00  
Date of the Disclosure Prospectus: June 22, 2007  
The Disclosure Prospectus may not be used after Dec. 22, 2010, unless the offering is extended.  
Principal Distributor of Securities: Melinda Little, 118 Shepard Ave., Saranac Lake, NY 12983

These securities are being offered **only** to bona-fide residents of New York State.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**N.Y. File No. 107-1504.**

## TABLE OF CONTENTS

	<u>Page No.</u>
I. INTRODUCTORY STATEMENT	1
II. FACTORS TO BE CONSIDERED BY PROSPECTIVE PURCHASERS	2
III. PROFITS OF PROMOTERS	4
IV. USE OF PROCEEDS OF OFFERING	5
V. CAPITALIZATION	6
VI. DESCRIPTION OF BUSINESS	7
VII. DESCRIPTION OF LEASED PROPERTY	9
VIII. OFFICERS, DIRECTORS AND PRINCIPALS	10
IX. PRINCIPAL HOLDERS OF SECURITIES	11
X. DESCRIPTION OF SECURITIES	12
SUMMARY OF BYLAWS	12
XI. PENDING LEGAL PROCEEDINGS	13
XII. METHOD OF OFFERING	13
XIII. ANNUAL REPORTS AND BOOKS AND RECORDS	14
XIV. EXPERTS	14
XV. FINANCIAL STATEMENTS	15
XVI. OTHER MATERIAL INFORMATION	16
COMPANY HISTORY	16
MARKET RESEARCH AND DEVELOPMENT	16
GOVERNMENT REGULATION	16
DISCUSSION OF CERTAIN RELEVANT FACTORS	17
COMPENSATION OF DIRECTORS, OFFICERS AND KEY EMPLOYEES	17
TAX ASPECTS	17
DILUTION OF INVESTMENT	18
MANAGEMENT TRANSACTIONS	18
IMPORTANT FUTURE MILESTONES	19

### EXHIBITS

A.	SUBSCRIPTION DOCUMENTS <b><u>(EXECUTION COPY INCLUDED AS A SEPARATE INSERT)</u></b>	A-1
B.	FINANCIAL PROJECTIONS	B-1

## **I. INTRODUCTORY STATEMENT**

Saranac Lake Community Store, Inc. (the “Company”), is a C corporation that was incorporated in New York State on February 16, 2007. A C corporation is a distinct legal entity that pays tax on the income that it earns and files its own tax return. A C corporation can issue dividends and, absent restrictions, its stock shares are transferable. As of the date of this Offering Prospectus, the Company’s principal office is 118 Shepard Avenue, Saranac Lake, NY 12983, and the Company’s telephone number is 518-891-0197.

Prospective investors should be aware that investment in a small business can be risky. No one should invest money in this offering unless they can afford to lose their entire investment. See Section II herein for a discussion of risk factors

The Company proposes to use the net proceeds from this offering to establish a department store (“Store”) in downtown Saranac Lake, NY. The Company expects the Store to carry a variety of goods and products including good-quality, reasonably-priced family clothing (men’s, women’s and children’s), shoes, baby supplies, linens and towels, fabric, sewing notions, and craft goods.

In particular, the Company will attempt to carry many of the basics and necessities that are not readily found in the tri-lakes area: items such as red heart yarn, sewing needles and thread, clothing patches, fruit of the loom underwear and other clothing in extra-large sizes, simple jeans, crochet hooks and shoe laces. The Store is expected to carry both brand name and off-brand items. The Company expects the Store to be competitive with other regional retail operations on the basis of price, service and quality.

The Company is planning to secure retail space in or near downtown Saranac Lake, renovate the space, stock the Store, and hire a manager and assistant manager/buyer. The manager will hire sales associates and other necessary employees. If the minimum offering proceeds are raised by mid-summer, the Company believes the Store could be operational in the fourth quarter of 2007.

The Company expects that the majority of the stock shares in this offering will be purchased by residents and businesses of the communities served by the Store. The Company is in the development stage and, as of the date of this Offering Prospectus, it has not yet conducted any operations. The fiscal year of the Company will end on December 31.

### **The Stock Offering:**

The Stock shares being offered hereby will be sold by the Directors and Officers of the Company. There will be an impound of the offering proceeds until the minimum of \$500,000 is raised and deposited therein (See Page 6). The sale of shares in this offering is limited to bona-fide residents of New York state. During the first nine months after close of the offering, the transfer of stock shares shall be restricted to bona-fide residents of the State of New York. During that period, to ensure compliance, a selling shareholder must obtain written approval from the Company before any resale of shares can be effectuated on Company records. (See “Description of Securities Offered,” Page 12).

Prospective investors should review and consider the terms and risks of this offering before making an investment in the Company. No government regulator is recommending these securities. No government regulator has verified that this document is accurate or determined that it is adequate. It is a crime for anyone to tell you differently.

This Disclosure Document contains the material information and representations about this offering. No one has been authorized to give out different information, whether verbal or written. Prospective purchasers should rely only on the information in this Disclosure Document and official supplements, if any, thereto.

## **II.**

### **FACTORS TO BE CONSIDERED**

### **BY PROSPECTIVE PURCHASERS.**

Before investing in Company Shares, prospective investors are urged to consider the following factors:

A. Newly Organized. The Company is newly formed and the business is in the development stage and lacks prior sales history.

B. No Operating History. Since its incorporation in February, 2007, the Company has not commenced operations, hence it has no operating history. There is no assurance that the Company will generate expected revenues and/or that its operations will be profitable. The Company believes that the proceeds from the sale of stock and expected sales revenues will meet its cash needs for the first twelve months of operation. However, should the Company experience a prolonged period without profit the Company's ability to remain in business could be jeopardized.

C. Competition. As of the date of the Offering Prospectus, the existing retail competition in the town of Saranac Lake is limited. However, there is always the possibility that a competitive retailer could locate in or near to the Village of Saranac Lake. The presence of new competition could negatively impact the Company's ability to achieve profitable operations. See Page 8.

D. Inexperienced Management. None of the Company's officers and/or directors have managed a department store business similar to the proposed Store. The success of the Company will, in large part, depend on the hiring of an experienced Store manager and buyer.

E. Promoters. No petition for bankruptcy, receivership, or similar insolvency proceeding has been filed by or against any Officer, Director, or key person within the past five years. No Officer, Director, or key person has made assignments for the benefit of creditors or been adjudicated bankrupt. No Officer, Director, or key person has been a principal of any entity that has made assignments for the benefit of creditors or been adjudicated bankrupt or involved in a reorganization in bankruptcy. No Officer, Director, or key person has been accused of a crime or convicted in a criminal proceeding, excluding traffic violations or other minor offenses. No

Officer, Director, or key person is or has been the subject of a complaint, court order, judgment or decree in the last five years related to his or her involvement in any type of business, securities, or banking activity. No self-regulatory agency has threatened, is considering or has imposed a sanction against any Officer, Director, or key person in the last five years as a result of his or her involvement in any type of business, securities, or banking activity.

F. No Assets or Liabilities. As of the date of this prospectus, the Company does not have any assets or liabilities.

G. Sale of Less Than the Maximum. In the event that less than all of the offered securities are sold, the risks to investors will increase and the amounts available for the intended purposes will decrease.

H. Illiquid Investment. An investment in the Company is an illiquid investment and no secondary or public market is anticipated or likely to develop for the sale or resale of the stock.

I. Dilution. The purchaser of shares should expect to experience a five per cent (5.0%) dilution of his/her invested capital as a result of the purchase of shares (see page 17). The Promoters will not receive compensation for the sale of stock shares and they are not expected to realize any profit at the expense of the investors from the sale of shares in this offering.

J. Control of the Company. When at least the minimum number of shares in this offering have been sold, the control of the Company shall then pass to the shareholders. At the first annual shareholder's meeting the shareholders shall elect directors and approve the Bylaws.

K. Restrictions on Sale of Shares in the Offering. The Company's shares will be sold only in the State of New York. The Company expects that most of the stock shares will be purchased by residents of Saranac Lake and nearby communities. Restrictions will be placed on the ownership and re-sale of all shares of stock. No investor will be permitted to purchase more than one hundred (100) shares of stock. The pool of prospective investors may be limited by this restriction and the Company could thereby experience difficulty in raising the maximum amount (\$600,000).

L. Dividends Not Anticipated. The Company does not intend to issue dividends in the foreseeable future. However, should there come a time when the Company's operating income exceeds operating expenses, and its working capital needs and other cash needs are met, Management expects that it would then consider the issuance of dividends.

M. Arbitrary Offering Price. The price for the shares of stock of this offering has been established in an arbitrary manner and is not related to net tangible assets per share.

N. Risk. A purchase of the offered securities involves a high degree of risk, an investor must be willing and able to tolerate a total loss of investment as this is a speculative venture.

M. Projections. Statements made in this Prospectus that contain or describe the Company's objectives, projections, estimates, expectations or predictions of the future may be

"forward-looking statements" within the meaning of securities laws, which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "estimates," "anticipates" or the negatives thereof or other variations thereon. The Company cautions that, by their nature, such forward-looking statements involve risk and uncertainty, and that the Company's actual actions or results could differ materially from those expressed or implied in such forward-looking statements or could affect the extent to which a particular projection is realized. Unanticipated events or circumstances occurring after the date of this Prospectus could negatively impact said projections or estimates.

### **III. PROFITS OF PROMOTERS**

The promoters of this offering are the directors and officers of the Company. The promoters are not expected to receive any profit at the expense of the investors. The promoters shall not receive any direct or indirect compensation for sale of shares in this offering. As of the date of this Disclosure Prospectus, the promoters have not entered into any transaction, or proposed to enter into any transaction, with the Company. Future personal dealings between promoters and the Company are not prohibited per se, but any future contract or transaction between a promoter and the Company would have to be approved by a majority of the Company's non-interested directors.

#### IV. USE OF PROCEEDS OF THE OFFERING.

	<u>If Minimum Sold</u>		<u>If Maximum Sold</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Total Proceeds</b>	\$500,000	100.0%	\$600,000	100.0%
<b>Less: Offering Expenses</b> (Legal, Accounting, Copying & Advertising)	\$ 25,000	5.0%	\$ 25,000	4.2%
<b>Net Proceeds from Offering</b>	<u>\$475,000</u>	<u>100.0%</u>	<u>\$575,000</u>	<u>100.0%</u>

Set forth below is a good faith estimate of the projected uses of net offering proceeds. The estimate is based on assumptions that Management believes are reasonable as of the date of the Offering Prospectus.

##### **Estimated Use of Net Offering Proceeds:**

	<u>Minimum</u>		<u>Maximum</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
a. Renovations and Leasehold Improvements, including Displays	\$ 70,000	14.7%	\$ 70,000	12.2%
b. Supplies	\$ 2,500	0.5%	\$ 2,500	0.4%
c. Office furniture & equipment	\$ 20,000	4.2%	\$ 20,000	3.5%
d. Initial Operating Expenses (Hiring, Training of Staff)	\$ 84,000	17.7%	\$ 84,000	14.6%
e. Purchase of initial inventory	\$152,000	32.0%	\$152,000	26.4%
f. Prepaid insurance, utilities and Security Deposits	\$ 16,600	3.5%	\$ 16,600	2.9%
g. Working capital/contingency	\$ 129,900	27.4%	\$ 229,900	40.0%
<b>Total Use of Net Proceeds</b>	<b>\$ 475,000</b>	<b>100.0%</b>	<b>\$ 575,000</b>	<b>100.0%</b>

- a. Renovations/Improvements, including Displays: \$70,000. Projected cost of renovations and improvements to bring the store up to the desired appearance and standards. Includes projected cost of all necessary fixtures, shelving, lighting, signage, etc., associated with stocking and displaying merchandise for sale in the store.
- b. Supplies: \$2,500. – projected cost of office supplies needed for administrative purposes.
- c. Office Furniture and Equipment: \$20,000. Includes office furniture, printer, phone system, filing cabinets, computers and point-of-sale systems.

- d. Initial Operating Expenses: \$84,000. The amount projected to cover the employment, training and other expenses during the store's start-up phase and the first two months of actual operation, while cash-flow from sales is accumulating. In subsequent months, it is expected that store's operational cash flow will cover operating costs.
- e. Purchase of Initial Inventory: \$152,000. The Store's initial inventory is expected to last for approximately six months. Subsequent inventory purchases will be made from the store's operating cash flow.
- f. Prepaid insurance, utilities and Security Deposits: \$16,600. The store expects to pay a two month security deposit for its premises and for utilities. The Store may also pre-pay its liability and health insurance costs. Subsequent insurance and utility payments (once the store is operational) are expected to come from operational cash flow.
- g. Working Capital/Contingency: \$129,900, will be held in reserve as working capital. If the maximum number of shares are sold, the working capital reserves shall be increased to \$229,900.

**SUBSCRIPTION PROCEEDS TO BE HELD IN IMPOUND:** The investors subscription amounts invested will be held in an account with Adirondack Bank in Saranac Lake, NY, until such time as the minimum offering amount has been raised. The minimum offering amount that must be raised before the Company can access and use offering proceeds is \$500,000. The impound account will be established at Adirondack Bank, 62 Main Street, Saranac Lake, NY 12983. Tel No. 518-891-2323. The Company will require that a minimum of two of the account's authorized signatories sign-off on any release of funds from the impound account.

Upon reaching the minimum amount the monies will then be available for release to the Company for the purposes set forth in this Disclosure prospectus. The Company will require that two of the authorized signatories sign-off on any release of funds from the impound account. The offering will terminate if the Company has not raised the minimum offering proceeds by six months from the date of the Offering Prospectus, unless the offering period is extended by the Company. If the offering is terminated without achieving the minimum impound amount, each investor's invested amount shall be returned and the Company will pay pro-rata to subscribers any interest that may have been earned during the impound period.

## **V. CAPITALIZATION.**

The Company is a C corporation, incorporated in the State of New York. The Company has one class of stock: Common. As of the date of the offering prospectus there were no common shares outstanding. The number of common shares authorized for issuance is 100,000 shares. The par or stated value per share is \$0.10. There are no common shares that have been reserved to meet conversion requirements or for issuance upon the exercise of options, warrants or rights.

If all of the securities offered by this Disclosure Prospectus are sold, at the conclusion of the offering there will be 6,000 shares outstanding. If only the minimum number of shares offered are sold, at the conclusion of the offering there will be 5,000 shares outstanding.

The company expects to enter into a leasehold commitment for a term of from 2 to 4 years for retail space of approximately 5,000 square feet. Based upon informal surveys, the Company expects the lease rate for such space will be from \$2,200.00 to \$4,200.00 per month.

## **VI. DESCRIPTION OF THE BUSINESS**

**THE STORE.** The Company intends to operate a retail department store that sells reasonably priced quality products to the general public. Categories of products to be sold is expected to include: clothing - men's, women's, and children's, shoes baby supplies, linens and towels, fabric and sewing notions, and craft goods. The Company intends to purchase products from established wholesale suppliers. As of the date of this Prospectus, there are no sales to report.

The Company has based its model for a community-owned retail store in part on similar stores that have been established successfully in Powell, Wyoming and at least six other communities in the western States. While gross sales in this segment of the retail industry are small compared to the whole, the positive impact of these stores on their communities has been significant.

The Company has not, as of the date of the Offering Prospectus, entered into any major supply contracts. The Company does not expect that the Store will be dependent upon a limited number of suppliers. The Company expects that sufficient numbers of suppliers do exist for the products to be sold in the Store. In addition, to increase its purchasing power, the Company will investigate the advantages of shared purchasing arrangements with other similar stores. As of the date of the Offering Prospectus, the Company does not have any major sales contracts or shared purchasing agreements.

The Company's intention is to locate the proposed store in downtown Saranac Lake, NY. The Company expects that most of the Store's expected customers will be from the 2,412 households in the Town and Village of Saranac Lake as well as the additional 7,143 year-round households in the Retail Trade Area - which includes those communities within a 30 minute drive of Saranac Lake Village, including Tupper Lake, Lake Placid, Keene and Keene Valley - with a total year-round population of more than 22,000 people. In addition, the Company expects the Store to attract customers from among the more than 6,000 seasonal residents in Saranac Lake, as well as the 2,000 students attending the local Community College. Additionally, the Company expects the Store to attract customers from the more than 3 million individuals that visit the Adirondack Park region each year.

Saranac Lake, NY, has the largest population of any community in the Adirondack Park. In 1998, Saranac Lake was designated an "All-American City" by the National Civic League. Saranac Lake serves as a hub for the High Peaks Region of the Adirondack Park. Strategically located at the intersection of two major NYS routes - Route 86 and Route 3 - Saranac Lake is the commercial center for the Retail Trade Area: with three car dealerships, two lumber and home

centers, two hardware stores, three furniture and appliance stores. Saranac Lake is also the economic hub for the region's two colleges and three prisons, as well as the Trudeau Institute, the American Management Association, three NY State Agencies, and the only hospital offering comprehensive care within 45 miles.

The Company believes that the proposed Store will fit into the current mix of retail stores and that the Store will expand the range of choices to downtown shoppers.

**COMPETITION:** As of the date of this Prospectus, there were no retail stores similar to the proposed Store in downtown Saranac Lake. The proposed Store intends to partially fill that void created by the 2001 closure of Ames Department Store. Although Ames Corporation failed due to the corporation's lagging sales, the Ames Store in Saranac Lake had robust sales of over \$7 million during its last year of operation. The majority of the customers of the Saranac Lake Community Store are expected to be regional residents who want to purchase affordable clothing, baby goods, shoes, linens and towels, fabric, sewing notions and craft goods without having to travel outside the immediate region. The Company expects that many potential customers will be residents of the region interested in supporting a locally-owned business. The Company believes that customer support for the Store would continue even in the event that a "big box" store were to locate in the region.

#### **EXPECTED COMPETITIVE ADVANTAGES OF THE STORE:**

The Company expects to compete by price: The Company's intends to focus on specific categories of items as opposed to specific brands and, as a result, be able to offer competitive prices for the specific items, although not necessarily for the same brands. The Company is aware that a large discount chain could move into the area and, through its purchasing power, put pressure on suppliers to offer certain branded items at lower prices. The Company expects that it's community-ownership structure will relieve some of the pressure normally present in corporations to charge high prices in order to achieve maximum return on investment. The Company believes there will be less intense pressure on the Company to maximize profits and dividends because shareholders recognize that a primary shareholder benefit is the presence of the Store in the community. Thus, the Company should be able to utilize net earnings to keep retail prices competitive.

The Company expects to compete by service: The Company intends to be responsive to the needs of its customers, and will attempt to stock specific requested items whenever possible.

The Company expects to enjoy a competitive advantage due to its ownership by residents of the local Community: Management believes that there is a growing awareness in this region that it is important to support the local economy. Local residents appear to realize that a "multiplier effect" occurs to a dollar spent in a locally-owned store - that dollar tends to re-circulate to other local businesses. The Company intends to actively market the stock offering to residents of the Village of Saranac Lake and the adjacent Retail Trade Area. The Company believes that Shareholders will have an incentive to shop in "their" store even if a big-box store were to locate in a neighboring community offering slightly lower prices .

The Company expects to enjoy a competitive advantage due to the anticipated location of the Store: Presuming it is sited in or near downtown Saranac Lake, the Store will offer convenient shopping to people who come to downtown Saranac Lake for shopping or other reasons. Shoppers are attracted to the downtown area for the variety of stores, the Town library, Town Hall, post office and other consumer related businesses such as hair salons, banks, etc.

The marketing of the Store will begin with this stock offering, as it will make people aware of the new business. Although stock shares will be available for sale to any bona fide resident or business in New York State, shares of stock will be most actively marketed to people who reside in the Village of Saranac Lake and the communities immediately adjacent to Saranac Lake. Every shareholder will be a potential customer for the Store. It is expected that local print and radio coverage of the stock offering will assist in spreading the word about the Store.

**ADVERTISING FOR THE STORE:** Once the business is fully capitalized, the Company will promote the Store's grand opening in the local media. The Company expects that the Store's promotions will stress the "local ownership" aspect, and that promotional flyers will be distributed at low/moderate income housing sites, at North Country Community College and other locations where potential customers congregate, including libraries, churches, Senior Centers and in nearby towns. The Company expects that word-of-mouth will be very effective in promoting the Store. Promotional Flyers may be distributed through the local newspaper to promote weekly specials. The Company's initial marketing campaign will be funded by the proceeds of this offering.

**STAFFING OF STORE:** As of the date of the Offering Prospectus, the Company does not have any employees (clerical, operations, or administrative). Within the 12 months following the close of the Offering, the Company expects to hire between five and seven employees (some part-time). These likely will include: One Store Manager, one Assistant Manager/Buyer, 3-5 Staff Associates, who will be hourly employees serving as sales associates, cashiers, customer service staff, and receiving/warehouse staff. The staff associates may be part-time or full time. Additional hourly employees may be added as sales grow.

**BENEFITS TO STORE EMPLOYEES:** The Company has not yet entered into operations and does not have a history of labor relations. As to employee benefits or incentive arrangements, the Company anticipates that after completion of a to-be-established "trial" period the store manager and assistant manager/buyer will receive health insurance; and, after completion of a to-be-established "trial" period, full-time hourly employees will receive health insurance. All employees will be eligible for vacation days and sick/personal days.

## **VII. DESCRIPTION OF LEASED PROPERTY**

As of the date of the Offering Prospectus, the Company had not entered into any lease for retail space. The Company is searching for retail space of approximately 5,000 square feet in downtown Saranac Lake. Management has identified several prospective sites, but negotiations have not progressed enough to provide more detail.

Based upon initial inquiries, the Company believes that the annual lease cost of a 5,000 square foot space in the downtown area would range from \$27,000 to \$52,000. The Company expects that the Store will generate sufficient cash flow to pay the lease and other upkeep costs. (See “Use of Proceeds,” at page 5).

## VIII. OFFICERS AND DIRECTORS

### Principal Officers of the Company:

President:	Melinda L. Little
Vice President:	Gail H. Brill
Treasurer and CFO:	Alan G. Brown
Secretary:	C. Tracy Santagate

- (a) Name: **Melinda L. Little**. Age: 53  
Title: **President** and Director  
Office Address: 118 Shepard Ave., Saranac Lake, NY 12983; Tel Number: 518-891-0197.  
Amount of time to be spent on Company matters: as needed.  
Positions held - past five years: Independent Means, Inc., Vice President (1996 – present).  
Education: BA - Wellesley College, 1975; MBA - Kellogg School of Management, Northwestern University 1978.
- b) Name: **Gail H. Brill**. Age: 51  
Title: **Vice President**, and Director  
Office Address: 42 Fawn St., Saranac Lake, NY 12983; Tel No: 518-891-0182  
Amount of time to be spent on Company matters: as needed.  
Positions held - past five years: Owner, Gail Brill Design ;  
Education: BA - University of Connecticut, 1978.
- c) Name: **Alan G. Brown**. Age: 57  
Title: **Treasurer** and Director  
Office Address: 304 Trudeau Rd., Saranac Lake, NY 12983; Tel No: 518-891-3464.  
Amount of time to be spent on Company matters: as needed.  
Positions held- past five years: Innkeeper, The Doctor’s Inn (2001 to present);  
Education: ACA (Associate of the Institute of Chartered Accountants in England and Wales) 1972; FCA (Fellow of the ICAEW) 1977; MBA - Cranfield School of Management, 1978.
- d) Name: **C. Tracy Santagate** Age: 47  
Title: **Secretary** and Director  
Office Address: 196 Olive Street, Saranac Lake 12983.  
Amount of time to be spent on Company matters: as needed.

Positions held - past five years: Owner of Books and Baskets, Saranac Lake (2004 to present); Instructor at Paul Smiths College; and, Self-Employed Basket Maker and Instructor (2002-2004).

Education: Associates Forest Recreation, Paul Smiths College 1980; Associates Fisheries and Wildlife Management, Essex Agricultural School of Technology, 1982.

Prior retail experience of officers: Melinda Little was the President and CEO of “The Company of Women” - a national retail catalog company with \$1 million in annual sales - from 1987 to 1995. Kathryn Steinbrueck has owned and managed Scott’s Florist in Saranac Lake from 1990 to the present. Tracy Santagate has owned and managed Books and Baskets in Saranac Lake for the past three years.

### **DIRECTORS OF THE COMPANY**

The number of Directors shall be seven. The Directors shall serve staggered two-year terms; 3 or 4 Directors shall be elected at every annual meeting of the shareholders. The Directors will not be elected under a voting trust or other such arrangement. In addition to Melinda Little, Gail Brill, Alan Brown and Tracy Santagate, mentioned above, the following three individuals shall also serve on the Board:

- (1) Name: Kathryn M. Steinbrueck. Age: 55  
Office Address: 17 Woodruff Street, Saranac Lake, NY 12983; Tel No: 518-891-4436  
Positions held during past five years: Owner, Scott’s Florist (1990 to present).  
Education: 3 years of College (1970 - 1972)
- (2) Name: Jon D. Kopp. Age: 60  
Office Address: 87 Park St., Tupper Lake, NY 12986; Tel No: 518-359-2336  
Positions held - past five years: Executive Director, Tupper Lake Chamber of Commerce (2002-2006); Owner, Wildwood Arts and Antiquities.  
Education: Associate’s Degree in Forestry, Paul Smiths College, 1966.
- (3) Name: Lorraine M. Duvall. Age: 68  
Office Address: PO Box 246, 50 McDonald Lane, Keene, NY 12942;  
Tel No: 518-576-9109.  
Positions held - past five years: Retired in 2000 from computer software profession.  
Volunteer Activities since 2000 include: Keene Planning Board Member; Essex County Community Services Board Member; AuSable River Association Board Member.  
Education: BS Mathematics, 1960; MS Operations Research, 1973; Ph.D. Information Studies, 1994.

## **IX. PRINCIPAL HOLDERS OF SECURITIES**

As of the date of the Disclosure prospectus, there were no shareholders as no common stock shares have been issued or were outstanding.

## **X. DESCRIPTION OF SECURITIES**

The securities being offered are shares of Common Stock. The Shares have:

Yes	No	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cumulative voting rights
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other special voting rights
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Preemptive rights to purchase any new issue of shares
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Preference as to dividends or interest
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Preference upon liquidation
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Anti-dilution rights
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other special rights or preferences (specify):

There are geographic restrictions on ownership. The shares will only be offered and sold to bona-fide residents of New York State.

Restrictions on re-sale of the securities: During the offering and for the first nine months after the offering has closed, resales of stock shares shall be restricted to bona-fide residents of the State of New York and a selling shareholder must obtain prior written approval from the Company before consummating any sale of shares during that nine-month period. If a proposed buyer is not a bona-fide New York State resident, the Company will refuse to allow the sale. The selling shareholder would then be required to find a new buyer who meets the geographic guidelines.

All Shares sold in the Offering will be fully paid and non-assessable. The Secretary of the Company will serve as the transfer agent and registrar for the Company's common stock.

### **SUMMARY OF COMPANY BYLAWS:**

**Regular Annual Shareholders Meetings:** A meeting of the Shareholders shall be held within five (5) months after the close of the fiscal year on such date and at the time and place as may be fixed by the Board of Directors. At the Annual meeting the shareholders shall elect directors and transact such other business as may be properly brought before the meeting.

**Notice of Shareholders Meetings:** Notice of the time, place and purpose of every meeting of shareholders shall be given by the president vice-president or secretary to each shareholder of record entitled to vote at such meeting not less than ten nor more than sixty days prior to the date set for such meeting. Notice of any meeting may be written or electronic.

**Shareholder Voting Rights:** Every Shareholder entitled to vote at any meeting shall be entitled to one vote for each share of stock entitled to vote and held by him/her of record on the date fixed as the record date for such meeting and may so vote in person or by proxy. If a quorum is present (a majority of the shares entitled to vote), any corporate action, other than election of directors, shall be authorized by the affirmative vote of a majority of shares represented at the meeting and

entitled to vote, shall be the act of the Company's shareholders. Directors shall be elected by a plurality.

**Nominations for Board of Directors:** Candidates for election to the Board of Directors shall be nominated by either the Board of Directors or by written nomination from at least 20 shareholders who together own a minimum of 3% of the outstanding shares in the Company. Directors shall be elected by a plurality.

**Director's Term of Office:** Directors shall serve staggered two-year terms. At the first Shareholders meeting one block of 3 Directors shall be elected for one year, and the other block of 4 shall be elected for two years. In the next Shareholder meeting, shareholders shall elect a block of three directors to serve for the ensuing two years.

**Regular Annual Director's Meetings:** The annual meeting of the Board of Directors for the election of Officers and the transaction of such other business as may come before the meeting, shall be held without notice, immediately following the annual meeting of the Shareholders at the same place at which such shareholders meeting is held.

**Reports to Shareholders:** Within 120 days of the end of the fiscal year, the Company shall provide to the Shareholders an annual report which includes the Company's financial statements.

**Transfer of Shares:** During the first 9 months following the close of the Offering, a sale of shares will be allowed only to bona-fide residents of New York State. During that period, any sale or transfer of Shares must have the prior written approval from the Company.

**Dividend Rights:** Each common stock share in the Company shall be entitled to a pro-rata share of any dividends that may be declared by the Company's Board of Directors. The Company has never declared any dividends, as it is in the start-up phase and has no operational history. It is the present intention of the Board of Directors that future Company earnings shall be used for Company operations and/or set aside as working capital reserves. The Board does not anticipate declaring any dividends in the foreseeable future.

## **XI. PENDING LEGAL PROCEEDINGS**

Management represents and warrants that, as of the date of this Disclosure Prospectus, there was no pending litigation or administrative action that has or may have a material effect upon the Company's business, financial condition, or operations. Furthermore, there is no threatened litigation or administrative action that may have a material effect upon the Company's business, financial condition, or operations.

## **XII. METHOD OF OFFERING**

The shares of Company stock being sold in this Offering will be offered and sold by the Directors of the Company. No compensation shall be paid to officers or directors for their efforts in selling

stock shares. In offering shares for sale, the Directors shall provide a prospective investor with a copy of the Disclosure Prospectus and shall respond to questions regarding the Offering. To purchase shares, an investor shall execute (i) the subscription agreement, (ii) a check in the amount of \$100 multiplied times the number of shares being purchased, and (iii) such other documentation as may be requested by the Company.

### **XIII. ANNUAL REPORTS AND BOOKS AND RECORDS**

The Company shall cause an annual report to be created and distributed to Shareholders within 120 days of the end of each fiscal year. The annual report shall contain either summarized or compiled financial statements prepared in accordance with generally accepted accounting principals or generally accepted tax accounting principals. The annual report shall contain the following: (i) a balance sheet and a profit and loss statement for said fiscal year; (ii) a narrative report setting forth the material events of the preceding year; (iii) a statement setting forth the use of all proceeds obtained as a result of the offering of securities during the preceding fiscal year or indicating that no such funds were obtained; and (iv) a statement setting forth the names and home addresses and the compensation and other direct or indirect dealings of all officers and directors of the issuer and whether or not any principal, officer or director sold or otherwise disposed of or hypothecated any of his/her securities.

Prior to the use of any funds obtained as a result of this offering, the Company shall establish a system of books and records in accordance with generally accepted accounting principles. All books and records shall be posted and maintained in an orderly legible manner, in ink, by or under the directions and control of a person familiar with generally accepted bookkeeping and accounting practices.

The Company shall initially maintain its corporate files and records, including financial records, at 118 Shepard Ave., Saranac Lake, NY 12983. When and/or if office space becomes available within the Store premises, the Board of Directors may direct the Company to then relocate files and records to such office space at the Store premises.

### **XIV. EXPERTS**

1. Attorney: Legal matters in connection with the preparation of the Disclosure Prospectus and the offering of Shares were passed upon by Charles J. Noth, Esq., a member of the bar of the states of New York and California, and associated with the law firm of Smith, Dwyer and Bliss, PC, 2296 Saranac Avenue, Lake Placid, NY 12946. In preparation of the Disclosure Prospectus, Attorney Noth relied upon the representations and statements made by Directors and Officers of the Company as to facts regarding the Company and its business, and as to the background of the Directors and Officers. He expresses no opinion as to any factual matter set forth in the Disclosure Prospectus and no attempt was made to independently verify any of the representations or statements made to him. Accordingly, prospective investors may wish to consult with their own legal and financial advisors, as they deem appropriate, to review and consider the factual representations and information set forth in this Disclosure Prospectus.

2. Financial Projections. The Company's Financial Projections were prepared by Melinda L. Little. In preparing said Projections, Little researched costs, using actual cost estimates wherever possible, and consulted with experienced and established retailers in the Village of Saranac Lake. Little is an experienced entrepreneur, she wrote the initial Business Plans for both of her companies - The Company of Women and Independent Means ("IMI"). IMI is a leading provider of financial education programs and services in the USA. As part of her work with IMI, Ms. Little acts as a judge for the Dollar-Diva Business Plan Competition. She also manages two IMI programs for teens: "Camp Start-up" for the budding entrepreneur, and also "Summer\$tock" an educational program for the investment novice. Prospective investors are reminded that, as to the financial projections prepared for the Community Store, there is and can be no guaranty that said financial projections will be achieved or that the Store will become profitable. The retail department store business is risky and there can be no guaranty that the assumptions used in the Financial Projections will prove accurate or that the Projected financial results will be obtained.

3. Accountant. The Company intends to hire an accountant once the Offering has been completed. The accountant will represent the Company in the preparation of the Company's tax returns and in the preparation of the Company's annual financial statements.

## **XV. FINANCIAL STATEMENTS**

The Company is newly formed and has no operating history. Consequently, there are no financial statements for past operations.

As of the date of the Offering Prospectus, the Company has prepared financial projections, based upon assumptions management believes to be reasonable, that project the Company's financial performance. There is no guaranty or promise by management that said financial projections will be achieved or that the store will become profitable. The retail department store business is risky and there can be no guarantee or assurance that Management's assumptions are accurate or that the projections will be realized.

The Company's balance sheets and profit and loss statements shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with previous years or periods and shall include an opinion by an independent public accountant as to the fairness of presentation of the Company's financial position and results of operations reflected in the financial statements.

## **XVI. OTHER MATERIAL INFORMATION**

The Promoters represent and warrant that this Disclosure Prospectus contains a fair summary of material facts, does not knowingly omit any material fact, and does not contain any untrue statement of material fact.

### **1. COMPANY HISTORY**

The idea for the Store arose out of the Save Saranac Lake Coalition. In early 2006, the Alternative Retail Options Committee was formed for the purpose of identifying retailers who potentially might be interested in establishing a store in Saranac Lake. The Committee was comprised of local residents and business owners. During its research, the Committee became aware of community-owned department stores. The Committee then hosted a community-wide public forum featuring presentations by Sharon Earhart of the Mercantile Store in Powell, WY (an existing community-owned department store), Steve Alves who represented the Mercantile in Greenfield, MA (a store then in the planning stage), and Nancy Neff who represented an emerging store in Stafford Springs, CT. The Forum's attendees responded in a positive fashion and the Committee decided to develop plans for a Community Store in Saranac Lake. In July 2006, the Committee re-formed as the Saranac Lake Community Store Project Committee and recruited several Advisors from the local community. Financial projections were developed with input from the Advisors and finalized in December, 2006.

### **2. RESEARCH AND DEVELOPMENT**

As of the date of this Disclosure Prospectus, the Company has spent little or no funds on market research. The extent of its research has been to hold three Public Forums in Saranac Lake and one in Keene Valley; and also to give various presentations to civic groups. At these events, the attendees were asked for feedback, ideas and to complete surveys.

### **3. GOVERNMENT REGULATION**

The Company does not believe that its business operations will be subject to material regulation by governmental agencies; nor does the Company expect that its products or services will be subject to material regulation by governmental agencies.

Apart from town planning board approval of tenant improvements to the retail space, the Company's property is not expected to be subject to material regulation by any governmental agency. A New York State sales tax permit, obtainable from the NYS

Department of Taxation and Finance is required and the Company intends to obtain the sales tax permit following the conclusion of this Offering. Although the Company is not aware of any other license or permit necessary to conduct its business, upon notice of the need for any such permit or license, it would act expeditiously to obtain same.

#### 4. **DISCUSSION & ANALYSIS OF CERTAIN RELEVANT FACTORS.**

The cash-flow projections are based on estimates of start-up expenses, initial operating expenses, and monthly receipts once the store becomes operational. Any increases in projected costs, or decreases in projected revenues, could result in a cash flow or liquidity problem. However, the cash-flow projections are based on conservative estimates of the potential expenses, margins, and sales volume of the business. The projections also include a working capital/contingency fund which management believes is sufficient to cover any ordinary cash flow problems.

It is possible that a competitive retail store might appear in Saranac Lake area that could have a negative impact on the Store's sales. However the Company has anticipated such competition and believes that the Store would survive because its profitability is based on realizing only a small percentage of the region's potential retail sales in categories offered for sale in the store (i.e., family clothing, shoes, baby goods, linens and towels, fabric and sewing notions, and crafts).

#### 5. **COMPENSATION TO OFFICERS AND KEY EMPLOYEES**

As of the date of this Prospectus, the Company has not paid any compensation to any Officer or Director. As of the date of this Prospectus, the Company is not compensating the Officers or Directors and does not intend to compensate the Officers or Directors.

Following the successful conclusion of this Offering, the Company does expect to hire and enter into employment agreements with key employees such as the Store Manager and Assistant Manager.

#### 6. **TAX ASPECTS**

The Company does not anticipate that there will be any material tax consequences to investors from an investment of shares in this offering. However, each investor is urged to consult with his/her own tax advisor.

## 7. DILUTION OF INVESTMENT

The price of the securities in this offering has been arbitrarily determined. The net tangible book value per share before commencement of the offering was \$0.00. The difference between the amount a purchaser pays for a share and the amount of net tangible book value that share represents is the dilution to the purchaser.

For the minimum offering: The estimated net tangible book value per share after the minimum offering is achieved will be \$95.00. The amount of increase in net tangible book value per share as a result of receipt of cash from purchasers in this offering will be \$95.00. The estimated dilution per share to purchasers will be at least \$5.00.

For the maximum offering: The estimated net tangible book value per share after the maximum offering is achieved will be approximately \$96.00. The amount of increase in net tangible book value per share as a result of receipt of cash from purchasers in this offering will be \$96.00. The estimated dilution per share will be at least \$ 4.00.

For each share purchased in this offering a purchaser will pay \$100.00 but will receive a share representing, if the minimum offering is achieved, \$95.00 in estimated net tangible book value or, if the maximum offering is achieved, \$96.00 in estimated net tangible book value.

## 8. MANAGEMENT TRANSACTIONS

The Company will not use any offering proceeds to acquire assets from any Officer, Director, key person, or principal stockholder. The Company will not use any offering proceeds to acquire assets from an associate of any Officer, Director, key person, or principal stockholder. As of the date of this Prospectus, the Company has no intention of using any offering proceeds to reimburse an Officer, Director, key person, or principal stockholder for moneys loaned or advanced to the Company. No such loans have been made or are contemplated. However, if a loan were made to the Company prior to the close of the offering, that loan would be repaid out of offering proceeds. A full description of any material loan to the Company would be fully described and published in a supplement to the Offering Prospectus.

(a) The Company has no plans to make present or future loans to any Officer, Director, key person, or principal stockholder.

(b) The Company has not and is not engaged in business with any Officer, Director or key person within the last two years and, the Company has no plans to do business with its Officers, Directors, or principal stockholders in the future.

9. **IMPORTANT FUTURE MILESTONES FOR THE STORE**

The following are the action steps that Management views as important to the Store's progress during the 12 months following the close of the offering:

<b><u>Milestone or Step</u></b>	<b><u>Expected Manner of Occurrence or Achievement</u></b>		
Identify location and negotiate lease for Store premises	This process is underway.		
Hire a manager and assistant manager/buyer	Once the Offering is complete, will advertise the position, interview top candidates, check references, select top candidate for each position, negotiate terms		
Renovate premises; purchase of fixtures, supplies, office equipment.	Prepare design, solicit estimates, choose contractor, proceed with work.		
Purchase initial inventory	Use proceeds from offering		
Initial Operating Expenses	Use proceeds from stock offering		
Initiate pre-opening advertising campaign	Use proceeds from stock offering		
Grand opening of store	Use proceeds from stock offering		
Achieve level of sales to cover store's operating costs	Operating income from sale of merchandise		

**SARANAC LAKE COMMUNITY STORE, INC.**

**EXHIBIT A**

**TO THE OFFERING PROSPECTUS**

**SUBSCRIPTION DOCUMENTS**

# SARANAC LAKE COMMUNITY STORE, INC.

## COMMON STOCK OFFERING

### INSTRUCTIONS FOR COMPLETION OF SUBSCRIPTION DOCUMENTS

#### INVESTMENT AGREEMENT PURCHASER INFORMATION SCHEDULE,

1. In order that the prospective Shareholder's subscription be accepted by the Company, he/she must complete all portions of the Investment Agreement **and** the Purchaser Information Schedule.

2. Documents to be Submitted to The Saranac Lake Community Store, Inc.

**EACH PROSPECTIVE INVESTOR** must submit the following:

- (i) A **check** executed in the amount of \$100.00 per each Share to be purchased (the minimum investment is one hundred dollars (\$100) for one Share). The Check is to be made payable to "SLCS - Corp Money Market Acct."
- (ii) **The Investment Agreement** (herein pages "i" to "v") completed and executed;
- (iii) **The Purchaser Information Schedule** (herein pages 1 to 2) completed and executed; and

**OPTIONAL:**           The Purchaser Representative (Advisor) Information Schedule

This form need be completed **only** if the investor is relying on advice from a financial advisor or representative. If so, the investor must obtain the Schedule from the Company and request that said Advisor complete the Schedule.

Mail forms & check to Melinda Little at 118 Shepard Ave. Saranac Lake, NY 12983

# Saranac Lake Community Store, Inc.

Exhibit to the Disclosure Prospectus

## INVESTMENT AGREEMENT FOR THE PURCHASE OF SHARES

By executing this Investment Agreement (the "Agreement"), the undersigned agrees to be bound by the terms of this Agreement and agrees to purchase that number of shares of common stock (the "Shares"), as set forth on the signature page hereof, from Saranac Lake Community Store, Inc. (the "Company"). The undersigned makes the following representations and warranties:

1. Agree to be bound by the Investment Agreement and the Company's Bylaws. The undersigned hereby acknowledges that by executing this Agreement, the undersigned shall be bound by each and every provision of this Agreement and the Company's Bylaws.

2. Purchase Offer. The undersigned hereby agrees to purchase the number of Shares as set forth above the undersigned's signature.

3. The Shares.

3.1 The Board of Directors of the Company has authorized the issuance and sale up to of 6,000 Shares of Common Stock at the price of \$100.00 per share. The minimum investment is one Share for one hundred dollars (\$100.00).

3.2 Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, the Company agrees to sell to the undersigned and the undersigned agrees to purchase the number of Shares subscribed to at a price of \$100.00 per Share. Each purchaser shall be limited to a maximum purchase of 100 shares. Receipt by the Company of this Agreement duly executed, and such other documents that the Company may reasonably request, together with a check will constitute the undersigned's binding offer to purchase the Shares. The Company, in its discretion, may reject a subscription for any reason. The Offering shall continue until the earlier of the sale of all of the Shares, until six months from the date of the Offering Memorandum unless extended by the Company for an additional six months, or until such earlier date as the Company may choose to terminate the Offering.

4. Representations.

4.1 The Company represents and warrants that

(a) It is a corporation, duly organized, validly existing, and in good standing under the laws of the State of New York, and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted; to enter into and carry out the terms of this investment Agreement; to issue and to sell the Shares.

(b) The Company has furnished to each prospective Shareholder a copy of the disclosure prospectus.

(c) The Company has complied with, and is not in violation, nor has it received notice of violation of, any applicable federal, state, or local statute, law, or regulation affecting the operation of its business.

(f) To the best of Company's knowledge and belief, there is no pending lawsuit, action, arbitration, or legal, administrative, or other proceeding, governmental investigation, or contract renegotiation, nor, to the best of the Company's knowledge and belief, is there any threat thereof or any basis for action for, against or affecting the Company or any of its assets, or financial condition; nor any action which questions the validity of this Agreement, nor any action to be taken under or in contemplation of this Agreement.

(g) The Company is not in violation, breach, or default of any term or provision of its articles of incorporation or bylaws, nor in any material respect of any term or provision of any statute, rule, governmental regulation, lease, license, Share, contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement applicable to or binding on the Company and the execution, delivery, and performance of this Agreement, and the Share will not, with notice or lapse of time or both: (1) result in any violation of, or be in conflict with or constitute a breach of or default under, any such term or provision; or (2) result in or constitute an event that would permit any party to terminate any agreement or to accelerate the maturity, require payment or allow removal of any guaranty of any indebtedness or any obligation of the Company. To the knowledge of the Company there is no such term or provision that materially adversely affects the business, operations, or condition of the Company or any of its assets.

(h) Any information furnished by the Company concerning the offer of sale of the Shares, taken together in the aggregate does not contain any untrue or misleading statement of material fact or omit a material fact necessary to make the statements contained therein or herein not misleading.

4.2 The **undersigned** represents and warrants that:

(a) The Shares are being purchased for the undersigned's own account for the purpose of investment and not with a view to re-sell, nor for purpose of a re-sale thereof in connection with any distribution of the Shares;

(b) He/she assumes all of the risks of an investment in the Company; that he/she is able to bear the economic risk of holding the Shares for an indefinite period of time; that he/she has adequate means to provide for his/her current financial needs and contingencies; that he/she has no need for liquidity in this investment; and that he/she could bear a total loss of his/her investment in the Company;

(c) He/she is a bona fide resident of the State of New York, that the address set forth below is the undersigned's true and correct address and that the undersigned has no present intention of becoming a resident of any other state or jurisdiction;

(d) He/she, in evaluating a purchase of Shares, has had the opportunity to review the disclosure prospectus and has had the opportunity to obtain the advice of his/her own tax advisor, investment advisor and legal counsel;

(e) Prior to his/her subscription for Shares, the Company afforded the undersigned and his/her advisors full and complete access to all information with respect to the Company that the undersigned, and his/her advisors, deemed necessary to evaluate the merits and risks of a purchase of Shares, to the extent that information was possessed or could be acquired by the Company without unreasonable effort of expense;

(f) The undersigned's overall commitment to illiquid investments is not disproportionate to the undersigned's net worth and the undersigned's investment in the Shares will not cause such overall commitment to become excessive,

(g) The undersigned's financial condition is such that the undersigned has no present or contemplated future need to dispose of any portion of the Shares to satisfy any undertaking, financial need or indebtedness, and the undersigned's financial condition could bear the entire loss of the undersigned's investment in the Shares.

(h) The Undersigned understands and is aware that the Company reserves the right to reject this Investment Agreement for any reason within 15 days of receipt and that, if so rejected, the Company will thereupon return to the undersigned the subscription monies without interest thereon;

(i) The undersigned is aware that there is no public market for Shares, that the transfer of a Share is subject to certain restrictions including the Company's right to approve or reject any prospective purchaser of Shares and, as a consequence, that it may not be possible for the undersigned to liquidate Shares, which may have to be held for the long-term.

(j) The undersigned has received and read this Subscription Agreement and the Disclosure prospectus as well as any supplement thereto, and is aware that all questions pertaining to a purchase of the Shares may be submitted by him/her to the directors at the address of the principal office of the Company;

(k) If the undersigned is acting in a fiduciary capacity for an investor, the above representations and warranties shall be deemed to have been made on behalf of the person(s) for whom the undersigned is so purchasing; and

(l) The undersigned understands that the Company will rely upon the representations and warranties set forth in this Investment Agreement and the Purchaser Information Schedule in determining whether to accept the undersigned as a Shareholder.

## 5. Covenants of the Company.

(a) The Company shall preserve and keep in force and effect all licenses and permits necessary to the proper conduct of Company business.

(b) The Company will keep proper books of record and account in which full and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Company.

6. Purchaser Representative. If the undersigned has designated a purchaser representative upon whose expertise and advice the undersigned is relying in analyzing and assessing the risks of an investment in a Share, the representative's name, address and telephone number are as set forth in the Purchaser Information Schedule which can be obtained from the Company.

7. Miscellaneous.

(a) Except as otherwise expressly provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding on, the successors, assigns, heirs, executors, and administrators of the parties to this Agreement.

(b) This Agreement and the other documents delivered under it constitute the full and entire understanding and agreement between the parties with regard to the subjects of this Agreement and those documents, and supersede all prior and contemporaneous agreements, representations, and understandings of the parties.

(c) This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

(d) The various headings of this Agreement are for convenience of reference only, shall not affect the meaning or interpretation of this Agreement, and shall not be considered in construing this Agreement.

(e) Each party to this Agreement represents that he/she/it has not agreed to pay commissions to a securities broker, finder, investment banker, or financial advisor in connection with this purchase of Shares per this Agreement. Each party agrees to indemnify and hold harmless the other party and the other Purchasers against any loss, liability, damage, cost, claim, or expense incurred by reason of any commission due to a broker, investment bank, investment advisor, or finder - payable or alleged to be payable due to any act, omission, or statement, or any alleged act, omission, or statement of the Company or the undersigned.

(f) The undersigned acknowledges that the information received under this Agreement is confidential and for his/her use only, and understands that such information will not be used in violation of the Securities Exchange Act of 1934 nor reproduced, disclosed, or disseminated to any other person (other than to attorneys or agents having a need to know the information) except in connection with the exercise of rights under this Agreement, unless the Company has made such information available to the general public or disclosure of such information is required by a governmental body.

8. The undersigned agrees to immediately notify the Company if any of the undersigned's STATEMENTS, REPRESENTATIONS OR WARRANTIES made herein BECOME UNTRUE.

9. **ARBITRATION.** The undersigned agrees that any dispute, claim or controversy arising out of the Investment Agreement, a Share or the purchase of Shares shall be settled by binding arbitration in Franklin County New York, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator's decision shall be final and binding upon the parties. A judgment upon an arbitration award may be entered in any court of competent jurisdiction. The prevailing party shall recover its costs, including attorneys fees, of the arbitration. **THE RIGHT TO JURY TRIAL IS WAIVED HEREBY.**

10. Signature of Subscriber. The undersigned, by executing this Investment Agreement, offers to become a Shareholder on the terms provided herein, grants a power of attorney to the Company as provided herein, agrees to purchase the number of Shares listed below, makes the representations and warranties set forth herein, and says that the statements and matters set forth in this Investment Agreement are true and correct.

Number of Shares to be purchased: \_\_\_\_\_

Total Dollar amount of Purchase: \$ \_\_\_\_\_

LEGAL FORM OF OWNERSHIP - **INITIAL** one of the following:

____ Individual Ownership	____ Separate Property	_____ Trust
____ Husband and Wife	____ Joint Tenancy w/right of Survivorship _____	_____ Tenancy in Common Corporation
____ LLC	____ Partnership	_____ Other _____

In the case of ownership by **an Entity**, only the signature of the authorized officer is required.  
 In the case of ownership by **Husband & Wife, joint tenancy or tenancy-in-common**, ALL signatures are required. (Use extra sheets if necessary)

Date: \_\_\_\_\_, 200\_\_      Date: \_\_\_\_\_, 200\_\_

X _____	X _____
<b>Signature</b>	<b>Signature</b>

_____	_____
(Print Name)	(Print Name)

_____	_____
(Print title)	(Print title)

# Saranac Lake Community Store, Inc.

Exhibit to Disclosure Prospectus

## CONFIDENTIAL

### PURCHASER INFORMATION SCHEDULE

TO BE COMPLETED BY EACH PURCHASER OF SHARES. The purpose of this Schedule is to obtain information from each Purchaser relating to his/her knowledge, sophistication and experience in financial and business matters and to his/her ability to bear the economic risks of a purchase of Shares.

Answers will be kept, at all times, strictly confidential. However, the undersigned agrees that the Company may present this Schedule to such parties as appropriate to insure that the purchase of the Shares shall not result in any violation of any laws, rules, or regulations of any jurisdiction.

**Please complete this Schedule as fully and accurately as possible**, attaching additional sheets if necessary. If you have any questions regarding this Schedule, please contact Management of the Company. After completing this Schedule, please return the manually executed copy along with the completed Investment Agreement to the Company.

1. Name, Residence Address and Telephone Number of the Purchaser:

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

Address & Tel No. \_\_\_\_\_

\_\_\_\_\_

The undersigned has lived at the above residence address for the previous \_\_\_\_\_ years. The undersigned represents that he/she has maintained his/her permanent residence in the State of New York for the previous \_\_\_\_\_ years.

- (a) Age: \_\_\_\_\_
- (b) Marital Status: \_\_\_\_\_
- (c) Number of Dependents: \_\_\_\_\_
- (d) Tax Identification No. or Social Security Number \_\_\_\_\_

2. If this application is being completed for the benefit of a qualified Keogh, pension, profit-sharing plan, or other tax-exempt entity, please complete the information below for the beneficiary(ies) of the plan, otherwise complete the information for yourself.

(a) Employer: \_\_\_\_\_

(b) Position/Occupation: \_\_\_\_\_

(c) Business Address: \_\_\_\_\_

3. Investment experience. If you have previously invested in any of the following investments please summarize the frequency and dollar amounts previously and currently invested:

Stocks (Listed, Unlisted or Restricted) \_\_\_\_\_

Real Estate \_\_\_\_\_

Limited Partnerships \_\_\_\_\_

Other Significant Investments \_\_\_\_\_

4. Please describe your educational background (schools, degrees)

\_\_\_\_\_

5. If a purchaser representative is aiding you in evaluating the merits and risks of the proposed purchase of Shares, please have your purchaser representative complete the Purchaser Representative Information Schedule which may be obtained from the Company:

Purchaser Representative Name: \_\_\_\_\_ Tel. ( ) \_\_\_\_\_

6. The undersigned represents and warrants that he/she has the capacity to protect his/her interest in connection with the purchase of Shares, and is able to bear the economic risks of a purchase of Shares including the loss of his/her entire investment.

7. If the undersigned has a pre-existing business or personal relationship with any officer or director of the Company, please name the officer and/or director and describe the relationship:

\_\_\_\_\_

The undersigned represents that the foregoing information in this Purchaser Information Schedule is true and correct, and understands that the foregoing information will be relied upon by the Company in connection with any offer or sale of Shares to the undersigned.

Date: \_\_\_\_\_, 20\_\_

Date: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
Please print name

\_\_\_\_\_  
Please print name

\_\_\_\_\_  
Title, if applicable

\_\_\_\_\_  
Title, if applicable

# Saranac Lake Community Store, Inc.

Exhibit to the Disclosure Prospectus

## PURCHASER REPRESENTATIVE (advisor) INFORMATION SCHEDULE

To be completed by the *Investment Advisor* [IF ANY] who is representing the Investor.

**THIS SCHEDULE IS NOT TO BE COMPLETED BY THE INVESTOR.**

Name of Purchaser-Investor (Subscriber for Shares):

\_\_\_\_\_ (the "Purchaser")

Name, Business Address, and Telephone Number of Purchaser Representative (the advisor to the Purchaser):

\_\_\_\_\_  
\_\_\_\_\_

**The purpose of this Schedule** is to obtain information from each Purchaser Representative relating to his or her knowledge and experience in financial and business matters and to his or her ability to analyze and assess the risk of a prospective purchase of a Share ("Share") from Saranac Lake Community Store, Inc. (the "Company"). Such information is required in order to determine whether or not the Purchaser will obtain from the undersigned a meaningful evaluation of the merits and risks of a prospective purchase of the Shares.

Your answers will be kept, at all times, strictly confidential. However, you agree that the Company may present this Schedule to such parties as it may deem appropriate to insure that the purchase of Shares shall not result in any violation any laws, rules or regulations of any jurisdiction. Please complete this Schedule as fully and accurately as possible, attaching additional sheets if necessary. If you have any questions in answering this Schedule, please contact the Company at the above-mentioned address or telephone number. After you complete this Schedule, please return a manually signed copy to the Company.

Please print or type.

1. Age: \_\_\_\_\_
2. Present occupation or position, indicating period of such practice or employment and field of professional specialization, if any:  
\_\_\_\_\_
3. Describe briefly all positions held during the past 10 years related to business and financial matters:  
\_\_\_\_\_
4. List any business and/or professional education, indicating degrees received, if any:  
\_\_\_\_\_

5. List any professional licenses or registrations (including bar admissions, accounting certifications, real estate brokerage licenses, SEC or state broker/dealer or investment advisor certification) that you hold:

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6. Have you had prior experience in advising clients with respect to investment in stock of this type?

Yes \_\_\_\_\_ No \_\_\_\_\_ Explain: \_\_\_\_\_

7. Describe generally any professional, business, financial or experience which would help you to evaluate the merits and risks of the Shares:

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8. State how long you have known the Purchaser and in what capacity:

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9. For purposes of this Schedule, the term "affiliate" of any person means any person controlling, controlled by or under common control with the former person. Except as set forth in subparagraph (a) below, neither you nor any of your affiliates has any material relationship with the Company or any of its affiliates, no such material relationship has existed at any time during the previous two years, and no such material relationship is mutually understood to be contemplated:

(a) \_\_\_\_\_

(b) If a material relationship is disclosed in subparagraph (a) above, indicate the amount of compensation received or to be received as a result of such relationship:

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10. Please state whether you are an affiliate of, related to, or employed by the Company or any of his affiliates:

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11. In advising the Purchaser in connection with the Purchaser's prospective purchase of Shares, you will be relying in part on the Purchaser's own expertise in certain areas.

Yes \_\_\_\_\_ Explain: \_\_\_\_\_

12. In advising the Purchaser in connection with the Purchaser's prospective purchase of the Shares, WILL you be relying in part on the expertise of an additional purchaser representative or representatives. Yes \_\_\_\_\_ If "Yes," explain and give the name, address, and telephone number of such additional representative or representatives:

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13. Please indicate the amount and type of compensation, if any, that you are receiving for acting as a Purchaser Representative.

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You represent and warrant that the above information is accurate and true and understand that the Company will rely thereon in determining, among other things, whether there are reasonable grounds to believe that you qualify as a purchaser representative for the purposes of the proposed Share purchase to which this Schedule relates.

Date: \_\_\_\_\_, 20\_\_\_\_

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Signature of INVESTMENT ADVISOR

Date: \_\_\_\_\_, 20\_\_\_\_

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Signature of INVESTMENT ADVISOR

**SARANAC LAKE COMMUNITY STORE, INC.**

**EXHIBIT B  
TO THE OFFERING PROSPECTUS**

**FINANCIAL PROJECTIONS**

- B-i. Projected Balance Sheet
- B-ii. Projected Profit and Loss Statement
- B-iii. Project Cash Flow Statement.

The financial projections set forth estimates and predictions of the possible future financial performance of the Store. The projections are best estimates based upon what management believes to be reasonable assumptions. The Company cautions that, by their nature, such projections involve risk and uncertainty and that the Company's actual performance or results will likely differ materially from those set forth herein. There can be no assurance or guarantee that the Store will achieve the results projected.

**ASSUMPTIONS USED IN FINANCIAL PROJECTIONS.**

1. The Store's projected expenses and costs as well as gross and net revenues were estimated based upon consultation with local merchants, consultation with a former buyer/manager for the Ames Store, and also comparison and review of the financial statements of larger, publicly owned retailers such as JC Penney, Wal Mart, Sears, etc.
2. The projections for Store wages and salaries were estimated based upon consultation with local store owners and also consultation with the initial set of advisors to the Committee for the Store.
3. The projections for Store lease rates were estimated based upon consultation with local real estate brokers and also from surveys of the local commercial rental market.
4. For other Store expenses, such as travel, insurance, trash disposal, etc., actual estimates from providers were obtained.

**Saranac Lake Community Store, Inc.**

**Pro Forma Profit/Loss Statements  
(Estimated) (04/20/07)**

	Year One	Year Two	Year Three
<b>Operating Revenues</b>			
Sales	\$775,000	\$825,000	\$875,000
Less Markdowns, Discounts and Promotions 15%	\$116,250	\$123,750	\$131,250
Net Sales	\$658,750	\$701,250	\$743,750
Less Cost of Goods Sold @48%	\$372,000	\$396,000	\$420,000
Less 2% Shrinkage (Inventory Loss)	\$7,440	\$7,920	\$8,400
Gross Margin	\$279,310	\$297,330	\$315,350
Gross Margin %	36%	36%	36%
 <b>Operating Expenses</b>			
Payroll and Personnel			
Management Salaries	\$62,500	\$64,375	\$66,306
Support Staff Salaries	\$61,200	\$63,036	\$64,927
Payroll Taxes and Benefits	\$9,463	\$9,747	\$10,039
Workers Comp. Insurance	\$8,904	\$9,171	\$9,446
Employee Health Insurance	\$10,656	\$17,760	\$18,293
Payroll and Personnel	\$152,723	\$164,089	\$169,012
 <b>Marketing and Sales Expenses</b>			
Marketing and Sales Expenses	\$27,004	\$27,814	\$28,649
 <b>Occupancy Expenses</b>			
Occupancy Expenses	\$69,343	\$71,423	\$73,566
 <b>Administrative Expenses</b>			
Administrative Expenses	\$14,310	\$14,739	\$15,181
Depreciation of Equipment and Fixtures	\$14,000	\$14,000	\$14,000
Total Amortization and Depreciation			
Total Operating Expenses	\$263,070	\$277,327	\$285,227
Profit/(Loss) from Operations	\$16,240	\$20,003	\$30,123
Other Income - Interest	\$3,248	\$3,248	\$3,248
Other Expense			
Provision for Income Taxes	\$3,654	\$4,501	\$6,778
Net Income	\$12,586	\$15,502	\$23,346

**Saranac Lake Community Store, Inc.**

**Estimated Projected Balance Sheets  
Prepared 4/20/07**

	Immediately Following Share Issue	Dec. 31 2007	Dec. 31 2008	Dec.31 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Inventory		175,410	215,000	248,000
Prepaid expenses		16,600	17,500	18,000
Cash at bank		42,325	66,375	60,000
Cash on deposit	475,000	129,900	129,900	129,900
	-----	-----	-----	-----
	475,000	364,235	428,775	455,900
 <b>Fixed Assets</b>				
Furniture & Equipment				
Cost		20,000	22,000	24,000
Accumulated depreciation		2,000	6,400	11,200
Net book value	0	18,000	15,600	12,800
Leasehold improvements				
Cost		70,000	74,000	78,000
Accumulated depreciation		7,000	21,400	36,600
Net book value	0	63,000	52,600	41,400
	-----	-----	-----	-----
	0	81,000	68,200	54,200
 <b>TOTAL ASSETS</b>	 475,000	 445,235	 496,975	 510,100
	=====	=====	=====	=====
 <b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable		49,235	90,200	95,000
Accrued liabilities		5,000	5,500	6,000
Tax payable			3,375	4,950
	-----	-----	-----	-----
	0	54,235	99,075	105,950
 <b>Shareholders' Equity</b>				
Share Capital	500,000	500,000	500,000	500,000
Retained earnings/(deficit)	(25,000)	(109,000)	(102,100)	(95,850)
	-----	-----	-----	-----
	475,000	391,000	397,900	404,150
 <b>TOTAL LIABILITIES AND EQUITY</b>	 475,000	 445,235	 496,975	 510,100
	=====	=====	=====	=====

**Saranac Lake Community Store, Inc.**  
**Estimated Statement of Projected Cash Flows - Prepared 4/20/07**

First 18 Mos of Operation	2007					2008											
	Pre-Opening	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
<b>MONTHLY SALES AS % OF TOTAL 100%</b>		8%	8%	9%	20%	4%	5%	5%	4%	6%	7%	12%	12%	8%	8%	9%	20%
<b>CASH INFLOWS</b>																	
Equity Investment	\$500,000																
Cash from Operations																	
Net Sales		\$52,700	\$52,700	\$59,288	\$131,750	\$26,350	\$32,938	\$32,938	\$26,350	\$39,525	\$46,113	\$79,050	\$79,050	\$56,100	\$56,100	\$63,113	\$140,250
Interest Income		\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271	\$271
<b>TOTAL CASH INFLOWS</b>	<b>\$500,000</b>	<b>\$52,971</b>	<b>\$52,971</b>	<b>\$59,558</b>	<b>\$132,021</b>	<b>\$26,621</b>	<b>\$33,208</b>	<b>\$33,208</b>	<b>\$26,621</b>	<b>\$39,796</b>	<b>\$46,383</b>	<b>\$79,321</b>	<b>\$79,321</b>	<b>\$56,371</b>	<b>\$56,371</b>	<b>\$63,383</b>	<b>\$140,521</b>
<b>CASH OUTFLOWS</b>																	
Fixed Asset Purchases																	
Office Furniture and Equipment	\$20,000																
Renovations and Leasehold Improvements:	\$70,000																
Cash for Operations	\$84,000																
Purchase of Inventory	\$152,000	\$29,760	\$29,760	\$33,480	\$74,400	\$14,880	\$18,600	\$18,600	\$14,880	\$22,320	\$26,040	\$44,640	\$44,640	\$31,680	\$31,680	\$35,640	\$79,200
Payroll and Personnel Expenses		\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$12,727	\$13,674	\$13,674	\$13,674	\$13,674
Marketing and Sales Expenses		\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,318	\$2,318	\$2,318	\$2,318
Occupancy Expenses		\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,779	\$5,952	\$5,952	\$5,952	\$5,952
Capital Expenditures																	\$6,000
Administrative Expenses	\$25,000	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,193	\$1,228	\$1,228	\$1,228	\$1,228
Other Expenses	\$19,100																
Provision for Income Taxes - 22.5%																	
Working Capital Interest Bearing Account	\$129,900																
<b>TOTAL CASH OUTFLOWS</b>	<b>\$500,000</b>	<b>\$51,708</b>	<b>\$51,708</b>	<b>\$55,428</b>	<b>\$96,348</b>	<b>\$36,828</b>	<b>\$40,548</b>	<b>\$40,548</b>	<b>\$36,828</b>	<b>\$44,268</b>	<b>\$47,988</b>	<b>\$66,588</b>	<b>\$66,588</b>	<b>\$54,852</b>	<b>\$54,852</b>	<b>\$58,812</b>	<b>\$108,372</b>
<b>NET CASH FLOW FOR MONTH</b>		<b>\$1,262</b>	<b>\$1,262</b>	<b>\$4,130</b>	<b>\$35,672</b>	<b>-\$10,208</b>	<b>-\$7,340</b>	<b>-\$7,340</b>	<b>-\$10,208</b>	<b>-\$4,473</b>	<b>-\$1,605</b>	<b>\$12,732</b>	<b>\$12,732</b>	<b>\$1,519</b>	<b>\$1,519</b>	<b>\$4,571</b>	<b>\$32,149</b>
<b>CASH BALANCE, START OF MONTH</b>			<b>\$1,262</b>	<b>\$2,525</b>	<b>\$6,654</b>	<b>\$42,327</b>	<b>\$32,119</b>	<b>\$24,779</b>	<b>\$17,439</b>	<b>\$7,231</b>	<b>\$2,758</b>	<b>\$1,153</b>	<b>\$13,885</b>	<b>\$26,618</b>	<b>\$28,136</b>	<b>\$29,655</b>	<b>\$34,226</b>
<b>CASH BALANCE, END OF MONTH</b>			<b>\$2,525</b>	<b>\$6,654</b>	<b>\$42,327</b>	<b>\$32,119</b>	<b>\$24,779</b>	<b>\$17,439</b>	<b>\$7,231</b>	<b>\$2,758</b>	<b>\$1,153</b>	<b>\$13,885</b>	<b>\$26,618</b>	<b>\$28,136</b>	<b>\$29,655</b>	<b>\$34,226</b>	<b>\$66,374</b>