



CONFIDENTIAL

Yum Yum Cakes

From Grandma's Kitchen to you!

Business Plan

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Executive Summary

Who We Are

Yum Yum Cakes is a bakery in the downtown region of San Jose, CA; serving the local student and professional population. Established in June 2014, the business is operating a storefront as well as a catering kitchen, specializing in event cakes, breakfast and lunch packages.

The company seeks to expand business by opening a production unit in Alum Rock, and expand the existing bakery into a Dine-In and Take Out Restaurant.

Yum Yum Cakes will be referred to as YYC here on.

What We Sell

Yum Yum Cakes offers freshly baked products such as breads, cakes, cookies, cupcakes and pastries, as well as sandwiches, soups and salads along with beverages.

With the opening of the restaurant, we will be able to offer a full-fledged menu catering with a variety of cuisines through the day.

Financial Summary

The business was started largely by owners' funds. It plans to fund its expansion through a loan purchase from Bridge Bank.

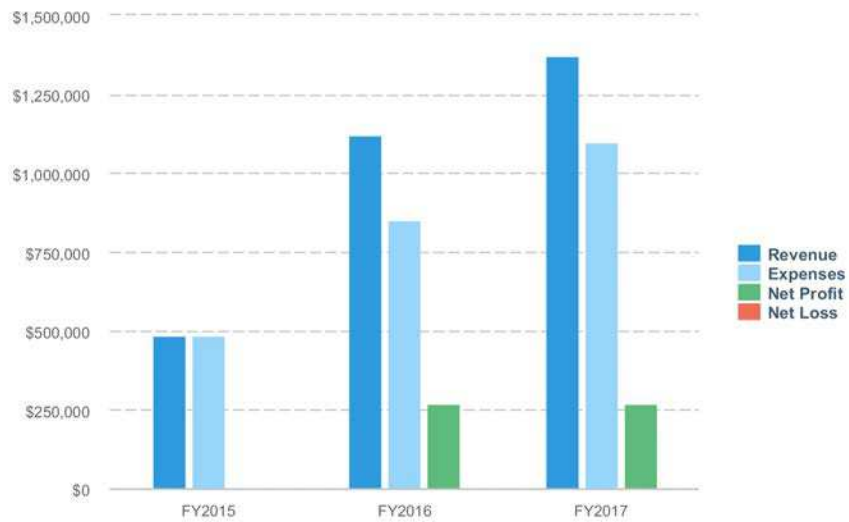
The funds are mainly required to open a production unit and expand the existing bakery into a dine-in and a takeout restaurant.

The initial growth of the bakery from the time of opening till mid-August is positive. The bakery has seen a lot of storefront customers as well as many catering opportunities. The business takes a down turn during the next three months but with

the proposed expansion in January 2015, the business will bounce back with stronger profits and gross margins.

From the graph below, we see that the company is breaking even in FY2015. In FY 2016 and FY2017, there is a sustained Net Profit Margin of 25-35% and revenue is greater than 1 million.

Financial Highlights by Year



Yum Yum Cakes

Company Overview

Yum Yum Cakes is a startup specialty bakery launched in June 2014 near downtown San Jose. This bakery will serve a community of employees from the surrounding businesses and students attending the nearby universities. This downtown district is a very popular destination because of the tech museums and SAP arena, for weekenders, tourists and game lovers.

The company is a traditional bakery, baking a large variety of cakes, cupcakes and cookies, sized to customer requirements. The bakery specializes in creating and designing cakes, cupcakes and cookies for various life events as well as corporate functions. All our products are prepared fresh everyday with locally grown ingredients.

The company is registered as a general partnership with four partners who will be jointly and severally liable for the debts of the company with their entire property.

Ms. Usha has extensive experience in finance and management and served as a vice president of finance in Alien foods and also has culinary experience. Ms. Pavithra brings in culinary experience from all around the world with education in the same field. She has more than ten years of experience and served as executive chef in some world-renowned restaurants. Ms. Anne Lise brings in marketing and sales experience and has served as an executive president with Adora Foods. Ms. Arya also brings in culinary experience with an academic background in culinary field. She has served as a restaurateur for the past eight years and has experience in world cuisine.

The company plans to expand operations and business by increasing the current production with a dine in and take out restaurant. This plan covers all aspects with respect to the expanded business. Current business reports are provided separately.

Management Team

The bakery is owned and managed by four young women who have had previous experience in the Food Industry.

Usha, Finance Advisor & Baker

- Manages the financial aspect
- Helps in daily menu decision
- Coordinates with the wholesale dealers

Pavithra, Baker & Advertising

- Head Baker
- Helps in advertising and marketing the business
- Helps in daily menu decision

Anne Lise, Sales, Marketing & Decorator

- Manages the sales and marketing
- Chief decorator of the baked goods
- Helps in daily menu decision

Arya, Cook & Manager

- Head Cook
- Manages Store front
- Helps in daily menu decision

Location

Yum Yum Cakes is currently located in A San Fernando Street, San Jose, very close to universities and businesses. This serves as one of the best location for a bakery as it attracts a lot young college adults as well as employees from companies around. The

bakery is strategically located, bringing in a lot of tourists who visit museums or attend events at the nearby arena.

We will convert our existing location to a complete store front as we have identified a seller for another bakery site where we plan to move our production operations. This will be our main production unit (PU) for the bakery and for corporate customers.

Mission Statement

To provide our customers with grandma's recipes with a modern twist to satisfy the taste buds of the previous, current and the future generations with a dash of excellence, a pinch of quality and a scoop of creativity by a team of passionate individuals.

Vision Statement

To be the best friendly neighborhood bakery with a vision to become the reference for best cakes around which our neighbors gather to celebrate all their lifetime events or just in the mood to have a sweet treat.

Objectives

1. To establish a dine-in and a takeout restaurant.
2. To develop a strong presence in the community needed to support sales goals.
3. To develop a full menu by the end of the last quarter.
4. To expand production to increase corporate customer sales.

Strengths & Core Competency

Our company strengths and competencies may be summarize as follows:

Our business is operating with existing customer base. We have a brand image in the local area built over the last few months. We have unique family recipes that differentiate our products from others.

We bake our own products that assure quality and taste. Our culinary background covers different regions of world. We have collective industry and culinary experience of 42 years.

Products and Services

Products and Services

Corporate Customers:

- Lunch Catering – Sandwiches, Salads, Soups, Bread rolls, Desserts
- Baked Foods – Cakes, Cupcakes, Cookies, Brownies, Breads, Savory snacks

Storefront customers:

- Baked Foods – Cakes, Cupcakes, cookies, brownies, pastries
- Freshly prepared Sandwiches, Salads and Soups
- Beverages (hot and cold)
- Special Orders – Catering for parties, Wedding cakes

Our bakery will focus on breakfast, lunch and snacks serving from a customer base of local employees, students and arena visitors.

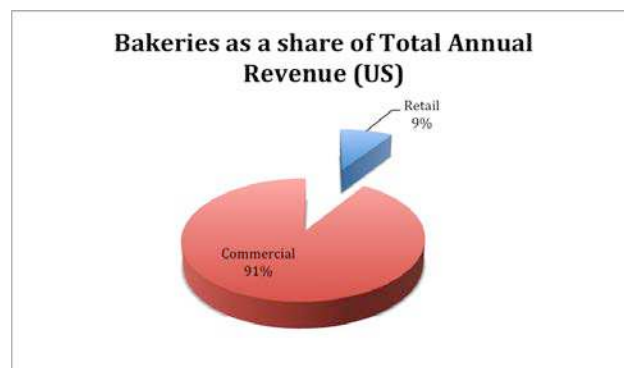
Our brand has become reputed in the local area because of our ability to provide a good balance between health and taste at reasonable prices. Our expanded business will continue its commitment to healthy foods, and differentiated products using unique traditional recipes from around the world.

Marketing Plan

Market Overview

Facts about the Bakery Industry

The bakery industry in the US includes 2,800 commercial bakeries with annual revenue of \$30 billion, along with 6,000 retail bakeries with total annual revenue of \$3 billion. The commercial side of the industry is highly concentrated, with the 50 largest companies generating 75% of revenue. On the other hand, the retail side is highly fragmented, with the 50 largest companies generating around 15% of revenue. In the retail industry, most companies operate just one facility. For companies of all sizes, profitability is strongly tied to the efficiency of their operations. Large bakeries are able to reach economies of scale advantages, while small bakeries can compete by offering specialty goods and offering superior local services.



(Reference - americanbakers.org - A website For American Bakers' association).

Target Market Segmentation

There are 31 bakeries and cafes within the 5-mile radius of YYC.

We will cater to corporate clients within 10-mile radius so we can prepare and deliver just in time to ensure fresh food.

We will cater to storefront and restaurant customers during normal business hours offering breakfast, lunch and snacks. We will target employees of businesses and students of educational centers within a 5-mile radius. We also plan to attract customers who visit the arena nearby.

Market Trends

Some important trends Yum Yum plans in adopting:

- a. **Consolidation:** YYC will only be concentrating on expansion of its product lines.
- b. **Automation:** Since YYC is a small operator it cannot afford to automate its production right now.
- c. **Discounted Resale:** This is the technique that YYC will be using in case of any backlogs from its customers through flash sales.

Growth Potential & Opportunities

- a. **Artisan Breads:** This opportunity is especially advantageous for smaller and specialty bakers like YYC who have the ability to be flexible in their production facilities and possess insights related to local tastes. YYC will try to adapt this technique in their expansion plan.
- b. **Rising Popularity of Par-Baking:** This is a way for smaller and specialty bakers like YYC to cut costs, while still providing “fresh” baked goods to their customers.
- c. **Increased Demand for Organic Foods:** YYC will be targeting this segment of the market during their expansion.
- d. **Shelf Lives Extended:** YYC will also try to follow the new packaging techniques to increase the shelf life of products during their expansion.

Barriers to Grow

- a. **Volatility of Raw Materials & Energy Costs:** YYC faces a challenge in regards to its futures contracts as there will always be a risk associated with changing prices.
- b. **Competition:** YYC has around 31 bakeries in a close proximity of 5-mile radius, Hence YYC faces a threat from competitors.
- c. **Low Demand Growth:** As mentioned earlier since there are already quite a few bakers like YYC there is a very narrow window of growth for YYC.
- d. **Food & Drug Administration (FDA) Guidelines:** It is mandatory to follow the guidelines of FDA periodically and obtain their approval.
- e. **Appealing to Consumer Tastes:** YYC will have to regularly conduct market research in order to appeal to the current consumers tastes.

Measures to Overcome Barriers

- a. **Ability to pass on cost increases to the customer:** YYC is planning to adopt this technique to balance the increased costs depending on the changes in the market conditions.
- b. **Secure supply contracts for key ingredients:** YYC is planning to secure its contracts for longer durations with wholesalers like Costco for the purchase of the key raw materials like flour.
- c. **Close proximity to key markets:** YYC is located in proximity of 5 -10 mile radius from all its customers. YYC will continue to maintain this during their expansion too.
- d. **Product differentiation:** YYC is planning to remain innovative in product to stand out from the competition. YYC is planning to introduce new products lines like “Organic food” during the expansion.

Changes in Technology, Government Regulation & Economy

a. **Baking Equipment:** Currently YYC does not own all the new technology equipment. This gives an advantage for the well-established competitors over YYC. YYC is planning to invest in equipment in the next year. (Spiral mixer-2, Fully Automatic oven - 4)

b. **Safety and Ergonomics:** As mentioned earlier YYC is planning to invest in new equipment as a part of safety measure.

c. **New Ingredients:** YYC currently does not use ingredients that are “gluten free” or “low carb”, but is planning to use such products for their new “organic” product line.

d. **Logistics and Service:** YYC has also introduced website for customers to order online.

Market Segmentation & Demographic Profile

Corporate Customers:

List of targeted corporate customers for Yum Yum located in 10-mile radius from YYC.

1. Adobe Systems
2. Acer America
3. CBRichard Ellis
4. Colliers International
5. Deloitte
7. Ernst & Young

8. Hoge, Fenton, Jones & Appel – Attorneys at Law
9. Hopkins & Carley LLC
10. Merrill Lynch
11. Morgan Stanley
12. Price Waterhouse Coopers

These are mainly corporate workers and tech savvy's who are driven by success and prestige. They are both Men and Women between ages 20-60 and who have an income range approximately between \$60K - \$230K .

Catering Customers:

1. Safeway Market
2. PTAs
3. Party Forever
4. Costco
5. Clover Leaf Bowling
6. Rain Forest Cafe
7. Claim Jumpers
8. Giants Market

Storefront Customers:

We have walk-in customers who just want to enjoy a delicacy. We also have clients celebrating special occasions like birthday, anniversary, graduation.

Competition

Competition in the local area is somewhat sparse and does not provide nearly the level of product quality and customer service as YYC. Local customers are looking for a high quality product. They desire a unique, classy experience.

List of 10 major competitors for YYC are:

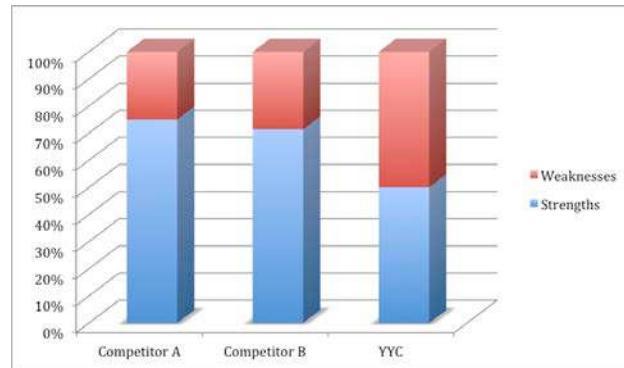
1.	Jimbo's	170 Jackson St, San Jose, CA 95112
2.	Greenlee's bakery	1081 The Alameda, San Jose, CA 95126
3.	La Lune Sucree	116 Paseo de San Antonio, San Jose, CA 95112
4.	Bijan Bakery & café	170 S Market St, San Jose, CA 95113
5.	Linda's Bakery	872 E Santa Clara St, San Jose, CA 95116
6.	Kara's Cupcake van	111 W. St John St, San Jose, CA 95113
7.	Roma Bakery	655 S Almaden Ave, San Jose, CA 95110
8.	The Sweetbox bakery	414 E William St, San Jose, CA 95112
9.	Le Boulanger	580 W Saint John St, San Jose, CA 95110
10.	Panaderia La Mejor	1239 E Julian St, San Jose, CA 95116

Competitive Analysis

FACTOR	Me	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Price	Varies as per customization of the customer	Affordable	-	Expensive	Moderate	4
Quality	Organic	Best in the market	-	Not Organic	Both organic and generic	5
Selection	Limited	-	Since we are a startup the selection of products are limited and it is a weakness when compared to the competitors	Wide selection of products	Wide selection of products	4

Yum Yum Cakes

Service	Limited	-	The Only service offered is a complimentary baking class	Variety of services	Variety of services	5
Expertise	10-15 Years of Culinary experience	-	All the 4 partners put together have less expertise in the field	More than 30 years of expertise	More than 13 years of expertise	4
Company Reputation	Since we are a startup we are yet to be registered in the minds of a lot of customers	-	Short duration of the business leads to a moderate company reputation and is a weakness	They have a very good reputation as they are an established since 1990's	They have a very good reputation as they are an established since 2001	5
Location	350 A San Fernando St	Close proximity to customers	-	170 Jackson St San Jose, CA 95112	170 S Market St San Jose, CA 95113	5
Advertising	Cost effective techniques for advertising	We are able to reach a wide variety of customers with minimal and cost effective techniques	-	They do not require much of advertising since it's a well-established business	They do not require much of advertising since it's a well-established business	4
Image	Since we are a startup we are yet to be registered in the minds of a lot of customers	-	Short duration of the business is a weakness	Strong Image	Moderate Image	5



Our marketing needs to be aggressive compared to competitors. Social media evens out marketing reach between competitors.

Niche

Niches for our two primary services are

Corporate Customer Base

- Provide healthy and unique food at affordable prices

Storefront Business

- Unique recipes
- Small joint atmosphere – we connect with our clients

Strategy and Implementation

Overview

YumYum Cakes is hoping to be an active part of the community. It should be the place where people want to go to share nice moments around delicious delicacies. Moreover, we want our customers to think about our bakery for their lifetime events. Therefore we need to give our customers the feeling that we are part of their family and their daily life.

Positioning

Proposed Location

- We will convert our existing location to a complete store-front
- We have identified a seller for another bakery site where we plan to move our production operations. This will be our main production unit (PU) for the bakery and corporate customers

Parking

- Production unit needs basic parking access and loading/unloading zone
- The current site for bakery has street parking and we expect local employees and students to either walk or use available parking on streets.

Pricing

Promotion

To achieve our goals, we need to first get our neighborhood knowing about us. This is why word of mouth is our primary strategy. To achieve this, we will focus on the following:

- Being very active on Social media (Facebook and Twitter especially)

- Word of mouth campaign through distribution of flyers in neighborhood, coupon in the local newspaper
- Offer incentives for reviews (online on Yelp and Google) and constructive feedback (online/in stores)
- Advertise promotion to private network via social networks like Twitter, Facebook etc.,
- Coupons (online, newspapers to bring in new customers, in stores for repeat customers)
- Fidelity cards, including support on smartphones and devices to reward repeat customers

Corporate Customers

Regular customers will be given one free meal for every ten meals they purchase if they sign up for our fidelity card

Storefront Customers

Newspapers

- Announcement of business expansion with special promotions on first week of new operations. E.g., Two cupcakes for price of one
- Annual newspaper campaign with anniversary sales to attract new customers and refresh brand image on local area

Social Media

- Promotions on social media to existing customers, reviewed weekly
- Special incentives for yelp reviews and constructive feedback

Local Events

- Participate in local events providing food at cost to build/refresh our brand

Loyalty Rewards

- Birthday promotions
- Fidelity cards including smartphone support
- Occasional special emails to families wishing them on annual recurrence like birthdays etc.,

Distribution

- Our bakery and restaurant business sales are done on site.
- We deliver to corporate customers
- At this point, all our distribution is handled by us

Sales Forecast

Sales forecast (Best guess and worst case)													
Worst case	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 2015	Jun 15
Café Sales	0	0	0	0	0	0	0	0	11,250	7,500	9,375	9,375	10,125
Catering	33,069	33,814	20,475	4,017	6,644	7,495	8,518	4,259	16,290	19,549	24,436	24,436	24,436
Store front	6,830	10,426	10,735	9,295	9,760	10,816	10,901	0	13,125	13,125	13,125	15,750	15,750
Total sales	39,899	44,241	31,210	13,312	16,405	18,312	19,420	4,259	40,665	40,174	46,936	49,561	50,311
Best case	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 2015	Jun 15
Café Sales	0	0	0	0	0	0	0	0	15,000	10,000	12,500	12,500	13,500
Catering	44,092	45,086	27,300	5,356	8,859	9,994	11,358	5,679	21,721	26,065	32,581	32,581	32,581
Store front	9,106	13,902	14,314	12,393	13,014	14,422	14,535	0	17,500	17,500	17,500	21,000	21,000
Total sales	53,198	58,988	41,614	17,749	21,873	24,415	25,893	5,679	54,221	53,565	62,581	66,081	67,081

Milestones

Milestone	Due Date
Lease a New Location for Production	January 02, 2015
Open a Dine-In & Take Out Restaurant	February 05, 2015

Operating Plan

Business Responsibilities of Proposed Site

The current storefront site in downtown San Jose will expand to include a restaurant. All baking equipment will be moved to a new production unit (PU) in Alum rock, CA. We have identified a bakery liquidating its assets and we are buying them and taking over their lease.

PU will produce all baked and prepared foods for our catering and store front business including breads, cupcakes, cookies, special order cakes, savory snacks, soups and spreads. PU also handles procurement and delivery.

PU site includes a small space for marketing and administration department.

Storefront offers dine-in and to-go foods, including baked and prepared foods from PU, fountain drinks, packaged snacks, bottled beverages, sandwich, salads, freshly brewed coffee and tea.

Production Overview

- Dedicated production unit and common production process for store front and catering business streamlines process, improves quality and reduces cost
- Production capacity doubled with additional equipment

Production Costs

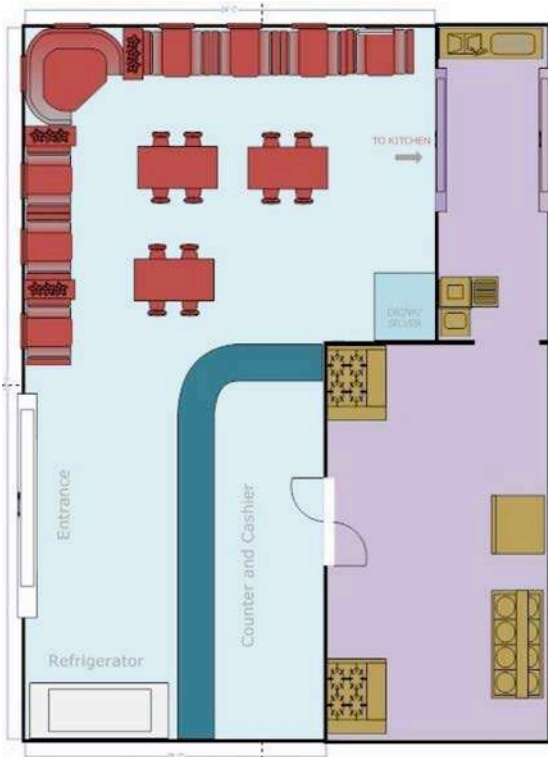
- Production amounts vary daily based on storefront and catering business
- Store front production varies seasonally and between weekdays and weekends
- Catering production based on business volume
- Production cost include direct costs such as raw materials and indirect costs such as packaging, deliver, equipment maintenance, site cleaning etc.

All estimated production costs and volumes are documented in sales forecast

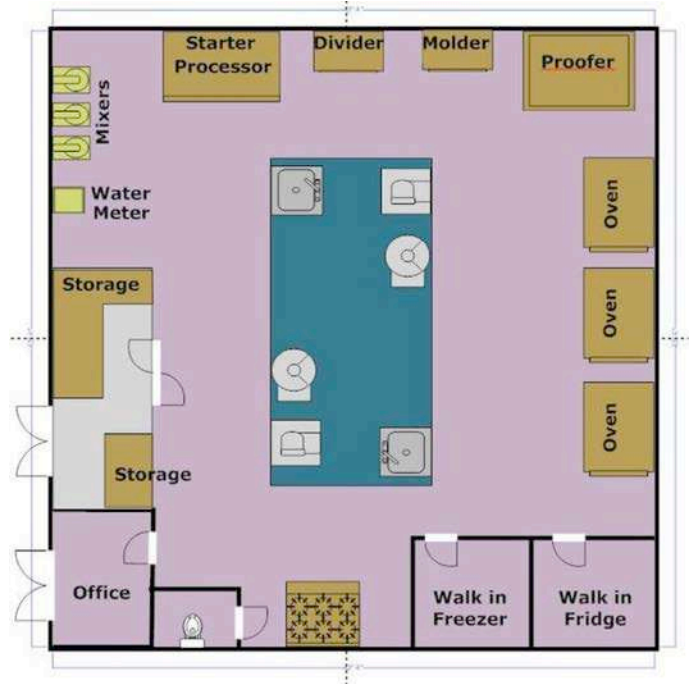
Location

- Current site is 1800 square feet, to be remodeled to provide a seating area for 30 quests, store front counter, kitchen and storage space
- PU is 2300 sq. ft. at with a lease cost of \$3450/month

Store front/Restaurant layout



PU layout



Quality Control

Food Quality

- Food production follows written procedures
- Bakers are trained to strictly follow all processes
- Current process does not include automation but when business grows, automation will be explored
- Ingredient change only after pilot trials. Pilot trials cannot exceed more than 5% of production volume and pilot trials should last for minimum 30 days before changed ingredients are approved for production
- Organic fresh produce used

Food Safety & Hygiene

- We follow all government regulations for food safety related to production and handling
- Cameras installed in PUs to review production video samples for process improvement
- Pest control procedures reviewed monthly for PU and store front
- Cleaning operations daily and sites inspected weekly
- All delivery vehicles inspected daily before loading

Equipment Maintenance

- Baking equipment are leased, and monthly scheduled maintenance is part of lease contract

Service Quality

- Store front cleaned and maintained daily
- Furniture/Fixtures checked every Monday

Customer Service

Customer Service

Food

- Fresh and quality food is the highest priority
- Baking schedules daily to ensure maximum freshness of baked food
- Prepared foods like coffee, soup etc., and are prepared daily to ensure freshness.
- No canned soups or products. Soup mixes are made every day.

Purchase & Service Options

Purchase & Service Options

Corporate Customers

- Daily delivery available
- Payment requests invoiced and payable via checks/cash/cards
- All daily delivery orders need at-least 2 week notice period
- All corporate orders need 2 weeks order commitment

Store Front Customers

- Credit card and cash payment available
- Telephone and online orders honored guaranteeing less than 30mins for service
- All large orders needing more than 30mins are considered special orders
- Special orders will be accommodated if possible
- Large orders for more than 20 people and special orders like birthday cakes need 24 hours' notice
- Delivery for special orders except corporate customers within 5 miles radius
- Corporate customers with 10-mile radius
- Shipping not available
- Cancellation of special orders - 24 hours' notice required

- No returns or refunds on take-out foods unless we believe the requests are reasonable
- Returns accepted on restaurant service if customer is unhappy with the product

Inventory Control

- All raw materials procured on need basis with 2 weeks look ahead period
- Productions start only 24 hours prior to delivery date
- Inventory review every Sunday to ensure sufficient stocking and avoid wastage due to negligence
- All prepared foods that reach 75% of shelf life are backed up inventory and sold at 30% discount
- If production is complete for cancelled orders, customer is charged
- Backed up inventory due to cancelled orders are reused for flash promotions

Business Hours

Production: 5:00 AM to 11:00 AM All days

Administration: 10:00 AM to 6:00 PM Mon-Fri

Storefront hours: 7:00 AM to 7:00 PM all days

Legal Environment

Licensing

For the storefront, would need to apply for following license and legal forms to be filled with the governmental agencies.

Certification/Forms	Authority	Purpose
Building and Construction Permits, Zoning permits	City of San Jose, California	To allow for remodeling the space for bakery
City of San Jose Certificate	City of San Jose, California	
Fire Prevention Information/Inspection	City of San Jose, California	
Land Use Permit/Zoning Clearance	City of San Jose, California	
Business Property Statement	County of Santa Clara, California	
Fictitious Business Name - Doing Business As Statement	County of Santa Clara, California	
Health Permit	County of Santa Clara, California	
California Food Handler card	Safeway certifications LLC, California	
Authority to Construct/Permit to Operate	AQMD (Air Quality Management District): Bay Area, California	

Certification/Forms	Authority	Purpose
Industrial Activities Storm Water General Permit	Cal/EPA, California	
Registration Form for Employers	Employment Development Department, California	
Sales & Use Permit (Seller's Permit)	State Board of Equalization, California	
FDA registration	FDA, California	

Work Environment

- We adhere to all health and workplace regulations strongly.
- We adhere to Federal and California/OSHA regulations
- Necessary procedures for heat illness prevention will be taken
- Make sure all necessary postings are done appropriately
- Plan to provide workers compensation insurance when employees are hired

Zoning Permits

- The current storefront site already had HI/LI zoning permit
- We plan to apply HI/LI permit for new production site

Copyrights/Trademarks

- We will operate under our registered name “Yum Yum Cakes”
- Keep our current trademarks
- Retain current trademarks such as YumCakes, Yumpkin delight etc.,
- Expand based on current trademarks

Employees & Contractors

Employees & Contractors

- Current business has no employees
- The partners handle all business operations including production, administration, sales and marketing and finance for the first two years
- Partners take wages only after 6 months of new business and achieving sales targets
- We also need 1 CPA and 1 Attorney needed to help on business expansion and continued consultations. Their expected service needs are 2 hours per week
- Delivery and cleaning use contract service

Inventory

Inventory

- Our administration unit in PU site manages inventory
- Our inventory includes baked goods
- Baked goods sent out for delivery on production date
- Backed up inventory due to cancelled orders are used for promotions
- Periodic inventory reviews to reduce overstocking raw materials
- Unsold bakery items used for promotions and sales
- We plan to contain target loss due to unsold and backed up inventory to 5%

Suppliers

Suppliers

- Primary suppliers are Costco and Flour and Spices Inc
- Secondary suppliers to be identified to back up primary supplier
- Secondary suppliers used only when primary suppliers fail to meet demand
- Biweekly supplies handled 9:00 AM to 12:00 Noon on Saturdays
- Fresh produce supplies handled daily from 6:00 AM to 12:00 Noon

Credit Policies

Credit Policies

- Corporate customers – Net 30
- Net 15 at 5% discount on profit
- Net 5 at 10% discount on profit
- Storefront customers - Visa/MasterCard/Discover accepted
- Payment beyond 30 days – interest of 12% pa charged
- No delivery in case of payment defaults beyond 2 months
- Payment defaults beyond 6 months handled by lawyers

Financial Plan

Revenue Forecast

	FY2015	FY2016	FY2017
Revenue			
Catering	\$270,672	\$766,328	\$920,000
Bakery	\$215,186	\$354,105	\$450,000
Total Revenue	\$485,858	\$1,120,433	\$1,370,000
Direct Cost			
Catering	\$163,664	\$234,629	\$320,000
Bakery	\$71,011	\$116,855	\$148,500
Total Direct Cost	\$234,675	\$351,484	\$468,500
Gross Margin	\$251,183	\$768,949	\$901,500
Gross Margin %	52%	69%	66%

Financial Highlights by Month



About the Revenue Forecast

The revenue forecast represents the business scaling up sales quickly in the first few months as the community recognizes the quality of its products.

We observe a good increase in revenue in the initial months of opening. In September and October, we see a dip in the revenue due to withdrawal by major customers, but we find that store front customers continued to increase. Again by end of October, we began doing well due to the seasonal demand for baked goods.

In January, we have two milestones to accomplish with the loan provided by Bridge Bank and therefore we find out revenues go down because of our expansion program.

Budget

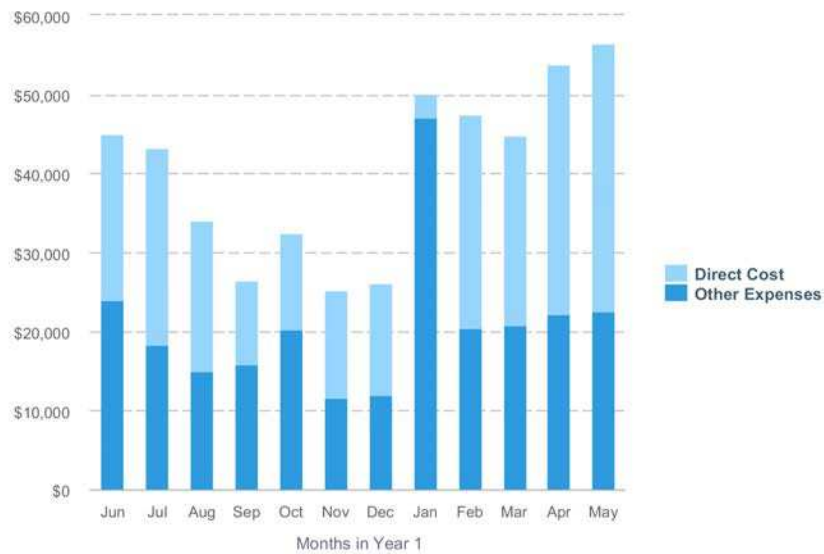
Budget Table

	FY2015	FY2016	FY2017
Operating Expenses			
Advertising & Marketing	\$8,700	\$9,996	\$15,000
Rent	\$17,250	\$41,400	\$41,400
Utilities	\$9,513	\$15,456	\$18,500
Office Supplies	\$1,800	\$1,800	\$1,800
Insurance	\$2,100	\$2,100	\$2,100
Write-off expenses	\$9,298	\$0	\$0
Car Expense	\$5,408	\$15,310	\$17,592
Production Expense	\$0	\$0	\$0
Legal Expense	\$3,250	\$4,550	\$4,550
Equipment Rental	\$24,000	\$24,000	\$32,000
Repairs & Maintenance	\$2,427	\$2,100	\$2,100
License & Taxes	\$27,751	\$3,000	\$3,000
Owner's Salary	\$0	\$170,440	\$340,880
Credit Card Fees	\$3,050	\$3,249	\$4,500
Sales Tax	\$39,091	\$55,266	\$0
Technology Expense	\$4,200	\$2,000	\$2,000
Remodeling Expense	\$30,000	\$0	\$0
Payroll Taxes	\$0	\$13,460	\$0
Contractor services payment	\$13,294	\$82,117	\$93,968
Lawyer payment	\$1,400	\$2,400	\$4,800
CPA payment	\$1,250	\$3,000	\$3,000
Office supplies	\$1,200	\$1,200	\$1,200
Total Operating Expenses	\$204,982	\$452,844	\$588,390

Major Purchases

	FY2015	FY2016	FY2017
Land	\$200,000	\$0	\$0
Building	\$200,000	\$0	\$0
Vehicle	\$22,000	\$0	\$0
Furniture & Fixtures	\$5,000	\$0	\$0
Total Major Purchases	\$427,000	\$0	\$0

Expenses by Month



About the Budget

The requested loan amount of \$130,000 is mainly for expanding the current bakery into a restaurant and leasing a place for the production unit. Marketing expenses will increase in January 2015 to announce the opening of the new restaurant. Most expenses will show increases each year as the business will move from being a bakery into a restaurant.

Cash Flow Assumptions

Cash Inflow	
% of Sales on Credit	80%
Avg Collection Period (Days)	30
Cash Outflow	
% of Purchases on Credit	20%
Avg Payment Delay (Days)	30

Loans and Investments

Loans and Investments Table

	FY2015	FY2016	FY2017
Personal Equity investment	\$100,000	\$0	\$0
Loan (Building) Loan at 9.5% interest for 120 mos.	\$360,000	\$0	\$0
Second Phase Loan Loan at 4.5% interest for 24 mos.	\$130,000	\$0	\$0
Loan (car) Loan at 5% interest for 60 mos.	\$20,000	\$0	\$0
Total Amount Received	\$610,000	\$0	\$0

Sources & Uses of Funds

The initial investment of \$100,000 is provided by the owners. The loan of \$400,000 for the building is taken at 9.5% interest for 120 months from Chase Bank, along with a vehicle loan of \$20,000 at 5% for 60 months.

The second phase loan for \$130,000 is the amount of loan requested from Bridge Bank at 4.5% interest for the expansion project of the business.

Once the expansion is done, we believe that the business will be funded by its own cash from operations after the initial phase.

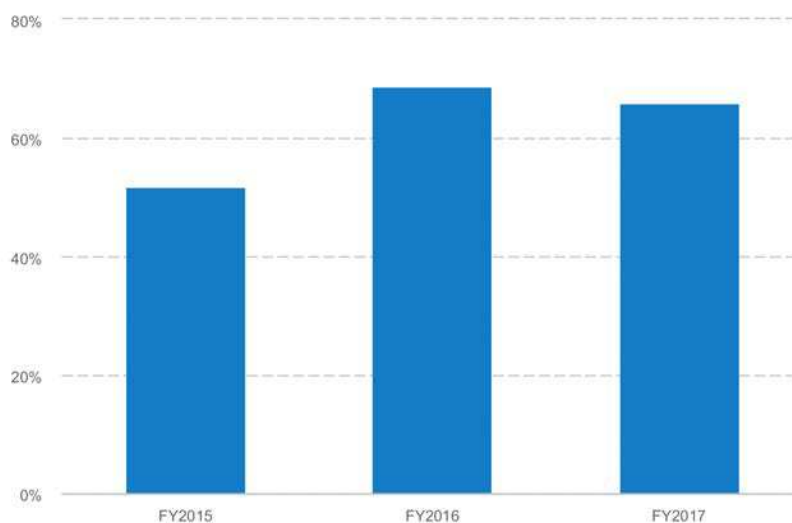
Financial Statements

Profit and Loss Statement

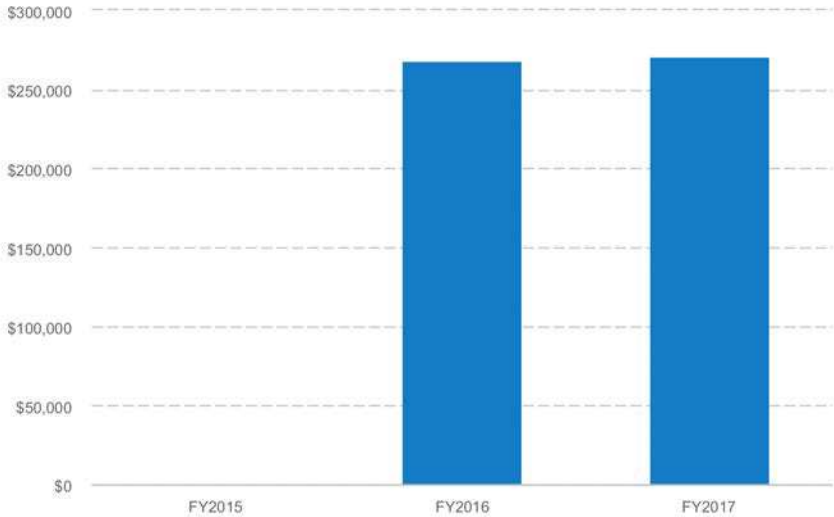
	FY2015	FY2016	FY2017
Revenue	\$485,858	\$1,120,433	\$1,370,000
Direct Cost	\$234,675	\$351,484	\$468,500
Gross Margin	\$251,183	\$768,949	\$901,500
Gross Margin %	52%	69%	66%
Operating Expenses			
Advertising & Marketing	\$8,700	\$9,996	\$15,000
Rent	\$17,250	\$41,400	\$41,400
Utilities	\$9,513	\$15,456	\$18,500
Office Supplies	\$1,800	\$1,800	\$1,800
Insurance	\$2,100	\$2,100	\$2,100
Write-off expenses	\$9,298	\$0	\$0
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	FY2015	FY2016	FY2017
Lawyer payment	\$1,400	\$2,400	\$4,800
CPA payment	\$1,250	\$3,000	\$3,000
Office supplies	\$1,200	\$1,200	\$1,200
Total Operating Expenses	\$204,982	\$452,844	\$588,390
Operating Income	\$46,201	\$316,105	\$313,110
Interest Incurred	\$33,225	\$35,519	\$30,033
Depreciation and Amortization	\$12,400	\$12,400	\$12,400
Income Taxes	\$0	\$0	\$0
Total Expenses	\$485,282	\$852,247	\$1,099,323
Net Profit	\$576	\$268,186	\$270,677
Net Profit / Sales	0%	24%	20%

Gross Margin by Year



Net Profit (or Loss) by Year



About the Profit and Loss Statement

Balance Sheet

Balance Sheet

As of Period's End	Starting Balances	FY2015	FY2016	FY2017
Cash	\$100,000	\$208,717	\$382,234	\$572,291
Accounts Receivable	\$0	\$52,865	\$69,262	\$91,334
Inventory	\$0	\$0	\$0	\$0
Other Current Assets	\$0	\$0	\$0	\$0
Total Current Assets	\$100,000	\$261,582	\$451,496	\$663,625
Long-Term Assets	\$0	\$427,000	\$427,000	\$427,000
Accumulated Depreciation	\$0	(\$12,400)	(\$24,800)	(\$37,200)
Total Long-Term Assets	\$0	\$414,600	\$402,200	\$389,800
Total Assets	\$100,000	\$676,182	\$853,696	\$1,053,425
Accounts Payable	\$0	\$10,462	\$12,779	\$17,616
Sales Taxes Payable	\$0	\$0	\$0	\$0
Short-Term Debt	\$0	\$0	\$0	\$0
Total Current Liabilities	\$0	\$10,462	\$12,779	\$17,616
Long-Term Debt	\$0	\$465,144	\$372,155	\$296,370
Total Liabilities	\$0	\$475,606	\$384,934	\$313,986
Paid-In Capital	\$100,000	\$200,000	\$200,000	\$200,000
Retained Earnings	\$0	\$0	\$576	\$268,762
Earnings	\$0	\$576	\$268,186	\$270,677

As of Period's End	Starting Balances	FY2015	FY2016	FY2017
Total Owner's Equity	\$100,000	\$200,576	\$468,762	\$739,439
Total Liabilities & Equity	\$100,000	\$676,182	\$853,696	\$1,053,425

About the Balance Sheet

Cash Flow Statement

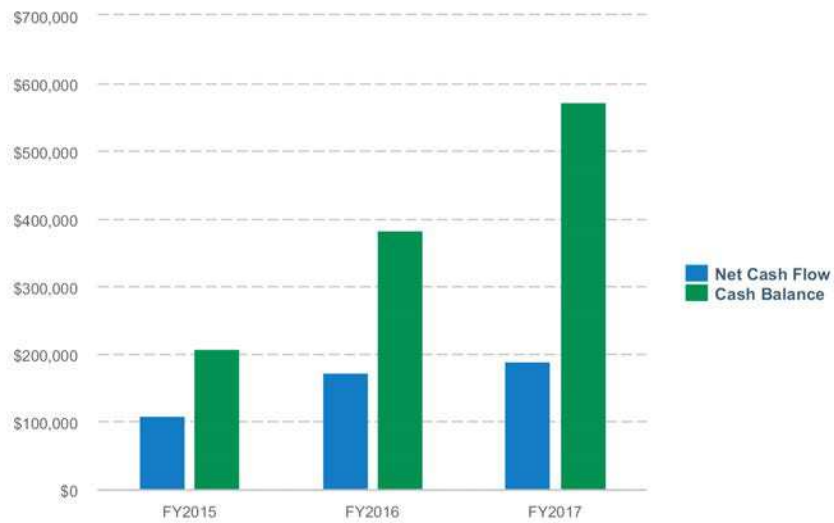
Cash Flow Statement

	FY2015	FY2016	FY2017
Operations			
Net Profit	\$576	\$268,186	\$270,677
Depreciation and Amortization	\$12,400	\$12,400	\$12,400
Change in Accounts Receivable	(\$52,865)	(\$16,397)	(\$22,072)
Change in Inventory	\$0	\$0	\$0
Change in Accounts Payable	\$10,462	\$2,317	\$4,837
Change in Sales Taxes Payable	\$0	\$0	\$0
Net Cash Flow from Operations	(\$29,427)	\$266,506	\$265,842
Investing & Financing			
Assets Purchased or Sold	(\$427,000)	\$0	\$0
Investments Received	\$100,000	\$0	\$0
Change in Short-Term Debt	\$0	\$0	\$0
Change in Long-Term Debt	\$465,144	(\$92,989)	(\$75,785)
Net Cash Flow from Investing & Financing	\$138,144	(\$92,989)	(\$75,785)
Cash at Beginning of Period	\$100,000	\$208,717	\$382,234
Net Change in Cash	\$108,717	\$173,517	\$190,057
Cash at End of Period	\$208,717	\$382,234	\$572,291

Financial Highlights by Month



Cash Flow by Year



About the Cash Flow Statement

We see that there will be an improvement in our cash flow. It provides expansion opportunities and acquire new businesses in future if required.