

Appendix G: Financials

BETTER BAKING COMPANY
MARKET DEMAND

Market Segments	Year 2011					
Celiacs Customers	5531.00					
Gluten Sensitive Customers	10511.00					
Customers interested in	32930.00					
Total	48972.00					

	2011	2012	2013	2014	2015	Annual Growth Rate
Market Size (Salem, Portland and County)	48972.00	53869.20	59256.12	65181.73	71699.91	10%
Market Share	1.5%	2.0%	2.5%	3.0%	3.5%	
Our Estimated Customers	734.58	1077.38	1481.40	1955.45	2509.50	
Customers in Retail (Average)	133.33	180.00	250.00	350.00	450.00	

BETTER BAKING COMPANY
MARKET DEMAND

Detailed Estimation for 2011

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Market Share	0.125%	0.250%	0.375%	0.500%	0.625%	0.750%	0.875%	1.000%	1.125%	1.250%	1.375%	1.500%
#of customers	61	122	184	245	306	367	429	490	551	612	673	735
# of customers in retail	20	40	60	80	100	120	140	160	180	200	240	260

Expected Product Demand Per Customer	Monthly Demand	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Original Bread	3	184	367	551	735	918	1,102	1,286	1,469	1,653	1,836	2,020	2,204
White Bread	1.5	92	184	275	367	459	551	643	735	826	918	1,010	1,102
Deluxe	1.5	92	184	275	367	459	551	643	735	826	918	1,010	1,102

Wholesale	Monthly Demand	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Original Bread	3	124	247	371	495	618	742	866	989	1,113	1,236	1,300	1,424
White Bread	1.5	62	124	185	247	309	371	433	495	556	618	650	712
Deluxe	1.5	62	124	185	247	309	371	433	495	556	618	650	712

Retail in Salem		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Original Bread	3	60	120	180	240	300	360	420	480	540	600	720	780
White Bread	1.5	30	60	90	120	150	180	210	240	270	300	360	390
Deluxe	1.5	30	60	90	120	150	180	210	240	270	300	360	390
Joy's Chocolate Chip Cookie	1.0	20	40	60	80	100	120	140	160	180	200	240	260
Erin's Peanu Butter Cookie	1.0	20	40	60	80	100	120	140	160	180	200	240	260
Minh's Brownies	1.0	20	40	60	80	100	120	140	160	180	200	240	260
Amy's Cupcake	1.0	20	40	60	80	100	120	140	160	180	200	240	260

BETTER BAKING COMPANY
MARKET DEMAND

Annual Estimation for 2012 till 2015 (Average)						
Expected Product Demand Per Customer	Monthly Demand	Annual Demand	2012	2013	2014	2015
Original Bread	3	36	38,786	53,331	70,396	90,342
White Bread	1.5	18	19,393	26,665	35,198	45,171
Deluxe	1.5	18	19,393	26,665	35,198	45,171
Joy's Chocolate Chip Cookie	1	12	12,929	17,777	23,465	30,114
Erin's Peanu Butter Cookie	1	12	12,929	17,777	23,465	30,114
Minh's Brownies	1	12	12,929	17,777	23,465	30,114
Amy's Cupcake	1	12	12,929	17,777	23,465	30,114

Wholesale	Annual Demand	2012	2013	2014	2015
Original Bread	36	32,306	44,331	57,796	74,142
White Bread	18	16,153	22,165	28,898	37,071
Deluxe	18	16,153	22,165	28,898	37,071
Retail in Salem					
Original Bread	36	6,480	9,000	12,600	16,200
White Bread	18	3,240	4,500	6,300	8,100
Deluxe	18	3,240	4,500	6,300	8,100
Joy's Chocolate Chip Cookie	12	2,160	3,000	4,200	5,400
Erin's Peanu Butter Cookie	12	2,160	3,000	4,200	5,400
Minh's Brownies	12	2,160	3,000	4,200	5,400
Amy's Cupcake	12	2,160	3,000	4,200	5,400

BETTER BAKING COMPANY
REQUIRED FUNDS

Item	Amount	Depreciation (Years)
Initial market-entering expense		
Equipment	46,428.93	5
Furniture and Fixtures	4,720.00	5
Insurance Premiums	5,087.00	
Legal and Accounting Fees	1,345.00	
Lease for Buildings	725.00	
Cleaning Service	1,000.00	
Salaries and Wages	10,762.86	
Inventory	800.00	
Delivery Truck	4,500.00	5
Working Capital(Cash)	64,631.21	plunged-in
Total Fund Required	140,000.00	

Fund Resources	140,000.00	Description
Owners' Equity		
Internal Capital Contribution		
Jan Taborsky	15,000.00	Active Owner, who expect \$15,000 annual salary. Jan has 40% of the equity
Bryce Hanson	25,000.00	Shadow Owner, owns 20% of equity with dividend of 20% of net income since second year
Total	40,000.00	
Angel Investors		
Colin Sabastian	20,000.00	owns 16% of equity, expected to be bought out at the end of year 3 for the initial investment with 16% of net income of Year 3
Chris Morscheck	30,000.00	owns 24% of equity, expected to be bought out at the end of year 5 for the initial investment with 24% of net income in Year 5
Total	50,000.00	
Liabilities		
Small Business Administration Loan	50,000.00	12% Annual Interest Rate, paied monthly, amortized over 5 years
Total Liabilities	50,000.00	

**BETTER BAKING COMPANY
PRODUCT SALES**

Wholesales

Products	Wholesales Price	Material Costs	Contribution Margin
Original Bread	\$ 5.00	\$ 1.32	\$ 3.68
White Bread	\$ 5.00	\$ 1.31	\$ 3.69
Deluxe	\$ 6.00	\$ 1.47	\$ 4.53

Retail

Products	Retail Price	Material Costs	Contribution Margin
Original Bread	\$ 6.50	\$ 1.32	\$ 5.18
White Bread	\$ 6.50	\$ 1.31	\$ 5.19
Deluxe	\$ 7.99	\$ 1.47	\$ 6.52
Joy's Chocolate Chip Cc	\$ 1.00	\$ 0.40	\$ 0.60
Erin's Peanu Butter Cook	\$ 1.00	\$ 0.30	\$ 0.70
Minh's Brownies	\$ 1.50	\$ 0.44	\$ 1.06
Amy's Cupcake	\$ 1.45	\$ 0.24	\$ 1.21

**BETTER BAKING COMPANY
PRODUCT SALES**

Monthly Estiamtion for 2011

Revenue	1	2	3	4	5	6
Wholesale						
Original Bread	\$ 618.23	\$ 1,236.45	\$ 1,854.68	\$ 2,472.90	\$ 3,091.13	\$ 3,709.35
White Bread	\$ 309.11	\$ 618.23	\$ 927.34	\$ 1,236.45	\$ 1,545.56	\$ 1,854.68
Deluxe	\$ 370.94	\$ 741.87	\$ 1,112.81	\$ 1,483.74	\$ 1,854.68	\$ 2,225.61
Total	\$ 1,298.27	\$ 2,596.55	\$ 3,894.82	\$ 5,193.09	\$ 6,491.36	\$ 7,789.64
Retail						
Original Bread	\$ 390.00	\$ 780.00	\$ 1,170.00	\$ 1,560.00	\$ 1,950.00	\$ 2,340.00
White Bread	\$ 195.00	\$ 390.00	\$ 585.00	\$ 780.00	\$ 975.00	\$ 1,170.00
Deluxe	\$ 239.70	\$ 479.40	\$ 719.10	\$ 958.80	\$ 1,198.50	\$ 1,438.20
Joy's Chocolate Chip Co	\$ 20.00	\$ 40.00	\$ 60.00	\$ 80.00	\$ 100.00	\$ 120.00
Erin's Peanu Butter Cook	\$ 20.00	\$ 40.00	\$ 60.00	\$ 80.00	\$ 100.00	\$ 120.00
Minh's Brownies	\$ 30.00	\$ 60.00	\$ 90.00	\$ 120.00	\$ 150.00	\$ 180.00
Amy's Cupcake	\$ 29.00	\$ 58.00	\$ 87.00	\$ 116.00	\$ 145.00	\$ 174.00
Total	\$ 923.70	\$ 1,847.40	\$ 2,771.10	\$ 3,694.80	\$ 4,618.50	\$ 5,542.20
Total Revenue	\$ 2,221.97	\$ 4,443.95	\$ 6,665.92	\$ 8,887.89	\$ 11,109.86	\$ 13,331.84

	7	8	9	10	11	12	2011
\$	4,327.58	\$ 4,945.80	\$ 5,564.03	\$ 6,182.25	\$ 6,500.48	\$ 7,118.70	\$ 47,621.55
\$	2,163.79	\$ 2,472.90	\$ 2,782.01	\$ 3,091.13	\$ 3,250.24	\$ 3,559.35	\$ 23,810.78
\$	2,596.55	\$ 2,967.48	\$ 3,338.42	\$ 3,709.35	\$ 3,900.29	\$ 4,271.22	\$ 28,572.93
\$	9,087.91	\$ 10,386.18	\$ 11,684.45	\$ 12,982.73	\$ 13,651.00	\$ 14,949.27	\$ 100,005.26
\$	2,730.00	\$ 3,120.00	\$ 3,510.00	\$ 3,900.00	\$ 4,680.00	\$ 5,070.00	\$ 31,200.00
\$	1,365.00	\$ 1,560.00	\$ 1,755.00	\$ 1,950.00	\$ 2,340.00	\$ 2,535.00	\$ 15,600.00
\$	1,677.90	\$ 1,917.60	\$ 2,157.30	\$ 2,397.00	\$ 2,876.40	\$ 3,116.10	\$ 19,176.00
\$	140.00	\$ 160.00	\$ 180.00	\$ 200.00	\$ 240.00	\$ 260.00	\$ 1,600.00
\$	140.00	\$ 160.00	\$ 180.00	\$ 200.00	\$ 240.00	\$ 260.00	\$ 1,600.00
\$	210.00	\$ 240.00	\$ 270.00	\$ 300.00	\$ 360.00	\$ 390.00	\$ 2,400.00
\$	203.00	\$ 232.00	\$ 261.00	\$ 290.00	\$ 348.00	\$ 377.00	\$ 2,320.00
\$	6,465.90	\$ 7,389.60	\$ 8,313.30	\$ 9,237.00	\$ 11,084.40	\$ 12,008.10	\$ 73,896.00
\$	15,553.81	\$ 17,775.78	\$ 19,997.75	\$ 22,219.73	\$ 24,735.40	\$ 26,957.37	\$ 173,901.26

**BETTER BAKING COMPANY
PRODUCT SALES**

Cost of Goods Sold

Wholesale	1	2	3	4	5	6
Original Bread	\$ 163.21	\$ 326.42	\$ 489.63	\$ 652.85	\$ 816.06	\$ 979.27
White Bread	\$ 80.99	\$ 161.97	\$ 242.96	\$ 323.95	\$ 404.94	\$ 485.92
Deluxe	\$ 90.88	\$ 181.76	\$ 272.64	\$ 363.52	\$ 454.40	\$ 545.27
Total	\$ 335.08	\$ 670.16	\$ 1,005.23	\$ 1,340.31	\$ 1,675.39	\$ 2,010.47
Retail						
Original Bread	\$ 79.20	\$ 158.40	\$ 237.60	\$ 316.80	\$ 396.00	\$ 475.20
White Bread	\$ 39.30	\$ 78.60	\$ 117.90	\$ 157.20	\$ 196.50	\$ 235.80
Deluxe	\$ 44.10	\$ 88.20	\$ 132.30	\$ 176.40	\$ 220.50	\$ 264.60
Joy's Chocolate Chip Cc	\$ 8.00	\$ 16.00	\$ 24.00	\$ 32.00	\$ 40.00	\$ 48.00
Erin's Peanu Butter Cook	\$ 6.00	\$ 12.00	\$ 18.00	\$ 24.00	\$ 30.00	\$ 36.00
Minh's Brownies	\$ 8.80	\$ 17.60	\$ 26.40	\$ 35.20	\$ 44.00	\$ 52.80
Amy's Cupcake	\$ 4.80	\$ 9.60	\$ 14.40	\$ 19.20	\$ 24.00	\$ 28.80
Total	\$ 190.20	\$ 380.40	\$ 570.60	\$ 760.80	\$ 951.00	\$ 1,141.20
Total COGS	\$ 525.28	\$ 1,050.56	\$ 1,575.83	\$ 2,101.11	\$ 2,626.39	\$ 3,151.67

7	8	9	10	11	12	2011
\$ 1,142.48	\$ 1,305.69	\$ 1,468.90	\$ 1,632.11	\$ 1,716.13	\$ 1,879.34	\$ 12,572.09
\$ 566.91	\$ 647.90	\$ 728.89	\$ 809.87	\$ 851.56	\$ 932.55	\$ 6,238.42
\$ 636.15	\$ 727.03	\$ 817.91	\$ 908.79	\$ 955.57	\$ 1,046.45	\$ 7,000.37
\$ 2,345.55	\$ 2,680.62	\$ 3,015.70	\$ 3,350.78	\$ 3,523.26	\$ 3,858.34	\$ 25,810.88
\$ 554.40	\$ 633.60	\$ 712.80	\$ 792.00	\$ 950.40	\$ 1,029.60	\$ 6,336.00
\$ 275.10	\$ 314.40	\$ 353.70	\$ 393.00	\$ 471.60	\$ 510.90	\$ 3,144.00
\$ 308.70	\$ 352.80	\$ 396.90	\$ 441.00	\$ 529.20	\$ 573.30	\$ 3,528.00
\$ 56.00	\$ 64.00	\$ 72.00	\$ 80.00	\$ 96.00	\$ 104.00	\$ 640.00
\$ 42.00	\$ 48.00	\$ 54.00	\$ 60.00	\$ 72.00	\$ 78.00	\$ 480.00
\$ 61.60	\$ 70.40	\$ 79.20	\$ 88.00	\$ 105.60	\$ 114.40	\$ 704.00
\$ 33.60	\$ 38.40	\$ 43.20	\$ 48.00	\$ 57.60	\$ 62.40	\$ 384.00
\$ 1,331.40	\$ 1,521.60	\$ 1,711.80	\$ 1,902.00	\$ 2,282.40	\$ 2,472.60	\$ 15,216.00
\$ 3,676.95	\$ 4,202.22	\$ 4,727.50	\$ 5,252.78	\$ 5,805.66	\$ 6,330.94	\$ 41,026.88

**BETTER BAKING COMPANY
PRODUCT SALES**

Revenue

Wholesale	2011	2012	2013	2014	2015
Original Bread	\$ 47,621.55	\$ 161,529.12	\$ 221,652.54	\$ 288,981.35	\$ 370,709.40
White Bread	\$ 23,810.78	\$ 80,764.56	\$ 110,826.27	\$ 144,490.68	\$ 185,354.70
Deluxe	\$ 28,572.93	\$ 96,917.47	\$ 132,991.52	\$ 173,388.81	\$ 222,425.64
Total	\$ 100,005.26	\$ 339,211.15	\$ 465,470.33	\$ 606,860.84	\$ 778,489.75
Retail					
Original Bread	\$ 31,200.00	\$ 42,120.00	\$ 58,500.00	\$ 81,900.00	\$ 105,300.00
White Bread	\$ 15,600.00	\$ 21,060.00	\$ 29,250.00	\$ 40,950.00	\$ 52,650.00
Deluxe	\$ 19,176.00	\$ 25,887.60	\$ 35,955.00	\$ 50,337.00	\$ 64,719.00
Joy's Chocolate Chip Cc	\$ 1,600.00	\$ 2,160.00	\$ 3,000.00	\$ 4,200.00	\$ 5,400.00
Erin's Peanu Butter Cook	\$ 1,600.00	\$ 2,160.00	\$ 3,000.00	\$ 4,200.00	\$ 5,400.00
Minh's Brownies	\$ 2,400.00	\$ 3,240.00	\$ 4,500.00	\$ 6,300.00	\$ 8,100.00
Amy's Cupcake	\$ 2,320.00	\$ 3,132.00	\$ 4,350.00	\$ 6,090.00	\$ 7,830.00
Total	\$ 73,896.00	\$ 99,759.60	\$ 138,555.00	\$ 193,977.00	\$ 249,399.00
Total Revenue	\$ 173,901.26	\$ 438,970.75	\$ 604,025.33	\$ 800,837.84	\$ 1,027,888.75

Cost of Goods Sold

Wholesale	2011	2012	2013	2014	2015	
Original Bread	\$ 12,572.09	\$ 42,643.69	\$ 58,516.27	\$ 76,291.08	\$ 97,867.28	
White Bread	\$ 6,238.42	\$ 21,160.31	\$ 29,036.48	\$ 37,856.56	\$ 48,562.93	
Deluxe	\$ 7,000.37	\$ 23,744.78	\$ 32,582.92	\$ 42,480.26	\$ 54,494.28	
Total	\$ 25,810.88	\$ 87,548.78	\$ 120,135.68	\$ 156,627.89	\$ 200,924.50	
Retail						
Original Bread	\$ 6,336.00	\$ 8,553.60	\$ 11,880.00	\$ 16,632.00	\$ 21,384.00	
White Bread	\$ 3,144.00	\$ 4,244.40	\$ 5,895.00	\$ 8,253.00	\$ 10,611.00	
Deluxe	\$ 3,528.00	\$ 4,762.80	\$ 6,615.00	\$ 9,261.00	\$ 11,907.00	
Joy's Chocolate Chip Cc	\$ 640.00	\$ 864.00	\$ 1,200.00	\$ 1,680.00	\$ 2,160.00	
Erin's Peanu Butter Cook	\$ 480.00	\$ 648.00	\$ 900.00	\$ 1,260.00	\$ 1,620.00	
Minh's Brownies	\$ 704.00	\$ 950.40	\$ 1,320.00	\$ 1,848.00	\$ 2,376.00	
Amy's Cupcake	\$ 384.00	\$ 518.40	\$ 720.00	\$ 1,008.00	\$ 1,296.00	
Total	\$ 15,216.00	\$ 11,988.00	\$ 16,650.00	\$ 23,310.00	\$ 29,970.00	
Total	\$ 41,026.88	\$ 99,536.78	\$ 136,785.68	\$ 179,937.89	\$ 230,894.50	\$ 450,000.00 Assumed for 2016

**BETTER BAKING COMPANY
PRODUCT SALES**

Inventory Purchase

	1	2	3	4	5	6
Beginning Inventory	\$ 800.00	\$ 1,325.28	\$ 1,850.56	\$ 2,375.83	\$ 2,901.11	\$ 3,426.39
Purchase	\$ 1,050.56	\$ 1,575.83	\$ 2,101.11	\$ 2,626.39	\$ 3,151.67	\$ 3,676.95
COGS	\$ 525.28	\$ 1,050.56	\$ 1,575.83	\$ 2,101.11	\$ 2,626.39	\$ 3,151.67
Ending Inventory	\$ 1,325.28	\$ 1,850.56	\$ 2,375.83	\$ 2,901.11	\$ 3,426.39	\$ 3,951.67
Changes in Inventory	\$ 1,325.28	\$ 525.28	\$ 525.28	\$ 525.28	\$ 525.28	\$ 525.28

	7	8	9	10	11	12	2011
\$	3,951.67	\$ 4,476.95	\$ 5,002.22	\$ 5,527.50	\$ 6,080.38	\$ 6,605.66	\$ 800.00
\$	4,202.22	\$ 4,727.50	\$ 5,252.78	\$ 5,805.66	\$ 6,330.94	\$ 8,553.40	\$ 49,055.01
\$	3,676.95	\$ 4,202.22	\$ 4,727.50	\$ 5,252.78	\$ 5,805.66	\$ 6,330.94	\$ 41,026.88
\$	4,476.95	\$ 5,002.22	\$ 5,527.50	\$ 6,080.38	\$ 6,605.66	\$ 8,828.13	\$ 8,828.13
\$	525.28	\$ 525.28	\$ 525.28	\$ 552.88	\$ 525.28	\$ 2,222.47	\$ 8,828.13

	2012	2013	2014	2015
Beginning Inventory	\$ 8,828.13	\$ 11,932.20	\$ 15,528.22	\$ 19,774.60
Purchase	\$ 102,640.86	\$ 140,381.69	\$ 184,184.28	\$ 249,153.29
COGS	\$ 99,536.78	\$ 136,785.68	\$ 179,937.89	\$ 230,894.50
Ending Inventory	\$ 11,932.20	\$ 15,528.22	\$ 19,774.60	\$ 38,033.39
Changes in Inventory	\$ 3,104.07	\$ 3,596.02	\$ 4,246.38	\$ 18,258.79

BETTER BAKING COMPANY
LEGAL AND START-UP

<u>Insurance</u>	<u>Total Amount</u>	<u>Amortization</u>	<u>Monthly PMT</u>
Annual Policy for Delivery Vehicle	1,187.00	12	98.92
General Liability Insurance	3,900.00		325.00
Total	5,087.00		423.92
Legal Fees			
First Year Payment			
State of Oregon Business Registry Fees			
New Registration	50.00		
Articles of Organization (LLC)	50.00		
Application of Name Reservation	50.00		
Application for registration of trade and service marks	50.00		
Service of Process	20.00		
Oregon Restaurant Association dues (per year)	245.00		
Marion County Business Registry Fees			
Restaruant license (1-15 seats)	395.00		
Food handler's permits (per employee)	40.00		
Water testing	200.00		
Oregon Food Safety Division Licensing			
Bakery License (based on annual gross sales)	245.00		
Total	1,345.00		
Following Years			
Plan Review	474.00		
Oregon Restaurant Association dues (per year)	245.00		
Registry Renewal Fee (Following Years)	50.00		
Total	769.00		

BETTER BAKING COMPANY
LEGAL AND START-UP

Others	Month	Year	
Cleaning Service	1,000.00	12,000.00	Repeated Every Month
Expense for 6 months before opening			
Commercial Kitchen Rent	\$ 3,200.00	Commercial Kitchen Rent/hr	20
Ingredients Total	\$ 2,202.36	Hours of Baking required per	10
Equipment	\$ 1,000.00	Salem Saturday Market annu	30
Farmers Markets Fees	\$ 869.84	Salem Saturday Market week	25
Transportation (Gas)	\$ 413.33	Portland Farmers Market fee	10%
Total 6 months before opening Expenses	\$ 7,685.53	Bread pans and other misc. e	1000
Total 6 months before opening Revenue	\$ 8,796.80	Breads Baked per visit at Farmers Market	
Net Income	\$ 1,111.27	Total Farmers Market visits	32
		Original Bread Qty	15
		White Bread Qty	15
		Deluxe Bread Qty	10
		Original Bread Qty for trial (n	2
		White Bread Qty for trial (n	2
		Deluxe Bread Qty for trial (n	1
		Ingredients per visit	\$ 60.88
		Trial Breads Baked per PI	
		Total PR events	16
		Original Bread Qty Baked per	2
		White Bread Qty Baked per	2
		Deluxe Bread Qty Baked per	2
		Ingredients per PR event	\$ 8.20
		Other Trial Breads	
		Original Bread Qty Baked per	30
		White Bread Qty Baked per	30
		Deluxe Bread Qty Baked per	30
		Ingredients per PR event	\$ 123.00
		Miles driven per week	250
		Miles/Gallon	30

BETTER BAKING COMPANY
PROPERTY, PLANT, EQUIPMENT

Equipment	Price	Quantity	Total price
Work Table	328.80	1	328.8
Bun Pans	11.04	200	2,208.0
Bun Pans rack	234.72	1	234.7
Baking oven	8,000.00	1	8,000.0
Mixture	6,000.00	2	12,000.0
Dough Scales 16lbs	443.70	1	443.7
Bakery case	3,868.99	1	3,869.0
Ingredients bins	724.36	2	1,448.7
Wrapper	2,500.00	1	2,500.0
Pan washer	7,500.00	1	7,500.0
Small wares and Misc accessories	1,000.00	1	1,000.0
Total			39,532.9
Monthly Depreciation			658.9
Total Annual Depreciation			7,906.59
Furniture and Fixtures	Projected cost	Quantity	Total price
Ceiling fans	750.00	1	750.00
Decorations in Retail Store	200.00	1	200.00
Lighting fixtures	700.00	1	700.00
Art installation	1,000.00	1	1,000.00
Art collectibles décor	1,000.00	1	1,000.00
Office fax machine	350.00	1	350.00
Tables	200.00	2	400.00
Chairs	40.00	8	320.00
Total			4,720.00
Monthly Depreciation			78.67
Total Annual Depreciation			944.00
Total Monthly Depreciation			737.55
Total Annual Depreciation			8,850.59
Total Equipment and Furniture			44,252.93
Delivery Truck and Associated Costs	Total	Depreciations	
Purchase Price	4,500.00	5 Years	
Monthly Depreciation	75		
Annual Depreciation	900		
Gas Price	\$ 3.10		
Miles/Gallon	14		
Miles Driven	200.00		
Estimated Gas Cost/Day	44.29		
Estimated Gas Cost/Month	1,328.57		

BETTER BAKING COMPANY
MONTHLY OPERATING BUDGETS

Number of fixed Salary Employees	3.00	
Number of Part-time Employees	3.00	
Active Owner	1.00	
Salary and Wages	Monthly	Annual
Owner's Compensation	1,250	15,000
Salary and Wages	8,750	104,998
Social Security (6.2%)	542	6,510
Medicare (1.45%)	127	1,522
Federal Unemployment Tax (0.8%)	70	840
State Unemployment Tax (0.27%)	24	283
Total Salaries and Wages	10,763	129,154
Business Expenses	Monthly	Annual
Truck Expenses	1,329	15,943
Salaries and Wages	10,763	129,154
Insurance	424	5,087
Legal(start-up in first month)	1,345	1,345.00
Cleaning Service Expense	1,000	12,000
Rent on Business Property	725	8,700
PPE Depreciation	927	11,130
Utilities	620	7,440
Estimated Gas Cost/Month		
Total Business Expenses	17,133	190,799
Total Operating Expenses	27,895.68	319,953.16

BETTER BAKING COMPANY
SALARY

Salaries and Wages				
<u>Time</u>	<u>Total Hours/week</u>		<u>Hourly Pay</u>	<u>Salary</u>
6am - 6 pm (Monday - Friday)	60		8	504.00
6am - 3 pm (Saturday - Sunday)	18		8	151.20
3am- 9am (For Bakers)	84		11	924.00
Driver	40		11	440.00
		Total/Week		2,019.20
		Total/Year		104,998.40
Owner's Compensation		Total/Year		15,000.00
Salaries and Wages				119,998.40
Salaries and Wages/Month				10,000

BETTER BAKING COMPANY
INCOME STATEMENT

	Month 1	Month 2	Month 3	Month 4	Year 1	Year 2	Year 3	Year 4	Year 5
Net Sales	2,221.97	4,443.95	6,665.92	8,887.89	173,901.26	438,970.75	604,025.33	800,837.84	1,027,888.75
Cost of Goods Sold	525.28	1,050.56	1,575.83	2,101.11	41,026.88	99,536.78	136,785.68	179,937.89	230,894.50
Gross Margin	1,696.69	3,393.39	5,090.08	6,786.78	132,874.37	339,433.97	467,239.66	620,899.95	796,994.25
Operating Expenses									
Depreciation	927.48	927.48	927.48	927.48	11,129.79	11,129.79	11,129.79	11,129.79	11,129.79
Truck Expenses	1,328.57	1,395.00	1,464.75	1,537.99	21,147.04	22,204.39	23,314.61	24,480.34	25,704.36
Salaries and Wages	10,762.86	10,762.86	10,762.86	10,762.86	129,154.26	135,611.97	142,392.57	149,512.20	156,987.81
Insurance	423.92	423.92	423.92	423.92	5,087.00	5,087.00	5,087.00	5,087.00	5,087.00
Legal	1,345.00	-	-	-	1,345.00	769.00	769.00	769.00	769.00
Cleaning Service Expense	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Rent on Business Property	725.00	725.00	725.00	725.00	8,700.00	8,700.00	8,700.00	8,700.00	8,700.00
Utilities	620.00	651.00	683.55	717.73	9,868.62	10,362.05	10,880.15	11,424.16	11,995.37
Mis. Expense						1,200.00	2,400.00	3,600.00	4,800.00
EBITDA					(54,427.54)	143,499.55	261,696.32	405,327.25	570,950.71
Total Operating Expenses	17,132.83	15,885.25	15,987.55	16,094.97	198,431.70	207,064.20	216,673.12	226,702.49	237,173.32
EBIT					(65,557.33)	132,369.77	250,566.54	394,197.46	559,820.93
Interest Expense	500.00	500.00	500.00	500.00	6,000.00	4,800.00	3,600.00	2,400.00	1,200.00
Net Income	(15,936.13)	(12,991.86)	(11,397.47)	(9,808.19)	(71,557.33)	127,569.77	246,966.54	391,797.46	558,620.93

BETTER BAKING COMPANY		
PROJECTED CASH FLOW STATEMENT		

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<u>Cash Flow from Operating Activities</u>												
Net Income	(15,936.13)	(12,991.86)	(11,397.47)	(9,808.19)	(8,224.28)	(6,646.01)	(5,073.66)	(3,507.53)	(1,947.93)	(395.18)	1,416.47	2,954.46
Adjustments												
Inventory	1,325.28	525.28	525.28	525.28	525.28	525.28	525.28	525.28	525.28	552.88	525.28	2,222.47
Depreciation	927.48	927.48	927.48	927.48	927.48	927.48	927.48	927.48	927.48	927.48	927.48	927.48
Operating Cash Flow	(16,333.93)	(12,589.66)	(10,995.27)	(9,405.99)	(7,822.08)	(6,243.81)	(4,671.46)	(3,105.33)	(1,545.73)	(20.58)	1,818.67	1,659.48
<u>Cash Flow from Investing Activities</u>												
Truck	4,500.00	-	-	-	-	-	-	-	-	-	-	-
Equipment	46,428.93	-	-	-	-	-	-	-	-	-	-	-
Furniture and Fixture	4,720.00	-	-	-	-	-	-	-	-	-	-	-
Investing Cash Flow	(55,648.93)	-	-	-	-	-	-	-	-	-	-	-
<u>Cash Flow from Financing Activities</u>												
Owner's Injection	40,000.00	-	-	-	-	-	-	-	-	-	-	-
Dividends												
Angel Investors	50,000.00	-	-	-	-	-	-	-	-	-	-	-
Bank Loan (SBA)	50,000.00	-	-	-	-	-	-	-	-	-	-	(10,000.00)
Financing Cash Flow	140,000.00	-	-	-	-	-	-	-	-	-	-	(10,000.00)
Cash Changes	68,017.14	(12,589.66)	(10,995.27)	(9,405.99)	(7,822.08)	(6,243.81)	(4,671.46)	(3,105.33)	(1,545.73)	(20.58)	1,818.67	(8,340.52)
Beginning Cash	-	68,017.14	55,427.48	44,432.22	35,026.23	27,204.15	20,960.34	16,288.88	13,183.56	11,637.83	11,617.25	13,435.92
changes	68,017.14	(12,589.66)	(10,995.27)	(9,405.99)	(7,822.08)	(6,243.81)	(4,671.46)	(3,105.33)	(1,545.73)	(20.58)	1,818.67	(8,340.52)
Ending Cash	68,017.14	55,427.48	44,432.22	35,026.23	27,204.15	20,960.34	16,288.88	13,183.56	11,637.83	11,617.25	13,435.92	5,095.40

BETTER BAKING COMPANY		
PROJECTED CASH FLOW STATEMENT		

	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Cash Flow from Operating Activities</u>					
Net Income	(71,557.33)	127,569.77	246,966.54	391,797.46	558,620.93
Adjustments					
Inventory	8,828.13	3,104.07	3,596.02	4,246.38	18,258.79
Depreciation	11,129.79	11,129.79	11,129.79	11,129.79	11,129.79
Operating Cash Flow	(69,255.67)	135,595.48	254,500.30	398,680.86	551,491.92
<u>Cash Flow from Investing Activities</u>					
Truck	4,500.00	-	-	-	-
Equipment	46,428.93	-	-	-	-
Furniture and Fixture	4,720.00	-	-	-	-
Investing Cash Flow	(55,648.93)	-	-	-	-
<u>Cash Flow from Financing Activities</u>					
Owner's Injection	40,000.00	-	-	0	0
Dividends		(25,513.95)	(49,393.31)	(78,359.49)	(111,724.19)
Angel Investors	50,000.00	-	(59,514.65)	0	(164,069.02)
Bank Loan (SBA)	40,000.00	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)
Financing Cash Flow	130,000.00	(35,513.95)	(118,907.95)	(88,359.49)	(285,793.21)
Cash Changes					
	5,095.40	100,081.53	135,592.35	310,321.37	265,698.71
Beginning Cash	-	5,095.40	105,176.93	240,769.28	551,090.65
changes	5,095.40	100,081.53	135,592.35	310,321.37	265,698.71
Ending Cash	5,095.40	105,176.93	240,769.28	551,090.65	816,789.36

BETTER BAKING COMPANY
PROJECTED BALANCE SHEET

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets												
Cash	68,017.14	55,427.48	44,432.22	35,026.23	27,204.15	20,960.34	16,288.88	13,183.56	11,637.83	11,617.25	13,435.92	5,095.40
Inventories	1,325.28	1,850.56	2,375.83	2,901.11	3,426.39	3,951.67	4,476.95	5,002.22	5,527.50	6,080.38	6,605.66	8,828.13
Truck	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Accumulativ	75.00	150.00	225.00	300.00	375.00	450.00	525.00	600.00	675.00	750.00	825.00	900.00
<i>Net Truck</i>	4,425.00	4,350.00	4,275.00	4,200.00	4,125.00	4,050.00	3,975.00	3,900.00	3,825.00	3,750.00	3,675.00	3,600.00
Equipment	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93
Accumulativ	773.82	1,547.63	2,321.45	3,095.26	3,869.08	4,642.89	5,416.71	6,190.52	6,964.34	7,738.16	8,511.97	9,285.79
<i>Net Equipme.</i>	45,655.11	44,881.30	44,107.48	43,333.67	42,559.85	41,786.04	41,012.22	40,238.41	39,464.59	38,690.78	37,916.96	37,143.14
Furniture and F	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00
Accumulativ	78.67	157.33	236.00	314.67	393.33	472.00	550.67	629.33	708.00	786.67	865.33	944.00
<i>Net Furniture</i>	4,641.33	4,562.67	4,484.00	4,405.33	4,326.67	4,248.00	4,169.33	4,090.67	4,012.00	3,933.33	3,854.67	3,776.00
<i>Net PPE</i>												
Total Assets	124,063.87	111,072.00	99,674.53	89,866.34	81,642.06	74,996.05	69,922.39	66,414.85	64,466.92	64,071.74	65,488.21	58,442.67
Liabilities and Owner's Equity												
Small Business	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	40,000.00
Owners' Equity												
Angel Investor	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Owner's Inves	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Retained Earni	(15,936.13)	(28,928.00)	(40,325.47)	(50,133.66)	(58,357.94)	(65,003.95)	(70,077.61)	(73,585.15)	(75,533.08)	(75,928.26)	(74,511.79)	(71,557.33)
Total Liabiliti	124,063.87	111,072.00	99,674.53	89,866.34	81,642.06	74,996.05	69,922.39	66,414.85	64,466.92	64,071.74	65,488.21	58,442.67

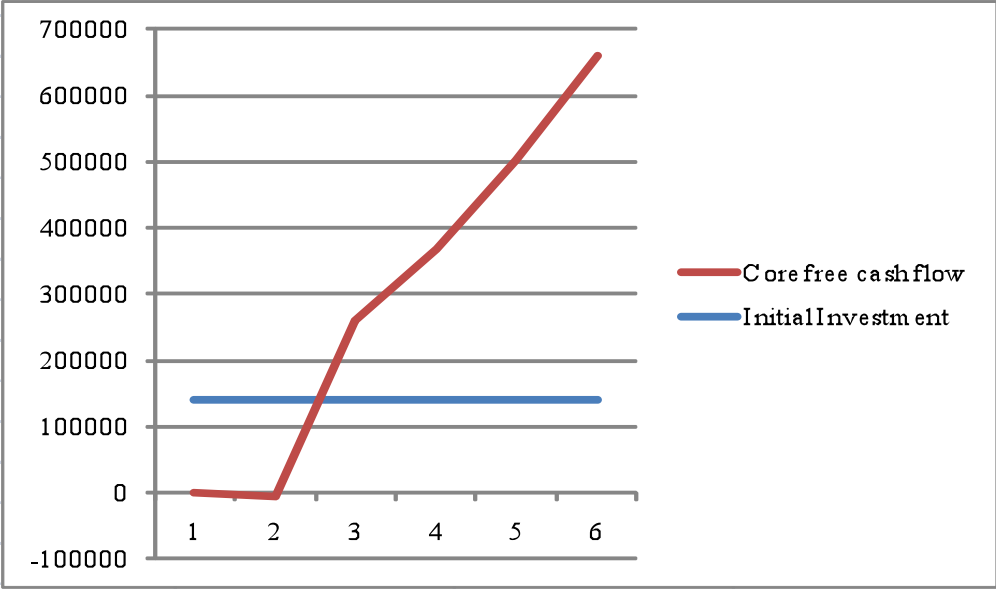
BETTER BAKING COMPANY
PROJECTED BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Cash	5,095.40	105,176.93	240,769.28	551,090.65	816,789.36
Inventories	8,828.13	11,932.20	15,528.22	19,774.60	38,033.39
Truck	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Accumulative Depreciation	900.00	1,800.00	2,700.00	3,600.00	4,500.00
<i>Net Truck</i>	3,600.00	2,700.00	1,800.00	900.00	-
Equipment	46,428.93	46,428.93	46,428.93	46,428.93	46,428.93
Accumulative Depreciation	9,285.79	18,571.57	27,857.36	37,143.14	46,428.93
<i>Net Equipment</i>	37,143.14	27,857.36	18,571.57	9,285.79	-
Furniture and Fixture	4,720.00	4,720.00	4,720.00	4,720.00	4,720.00
Accumulative Depreciation	944.00	1,888.00	2,832.00	3,776.00	4,720.00
<i>Net Furniture and Fixture</i>	3,776.00	2,832.00	1,888.00	944.00	-
<i>Net PPE</i>	44,519.14	33,389.36	22,259.57	11,129.79	-
Total Assets	58,442.67	150,498.49	278,557.07	581,995.04	854,822.76
Liabilities and Owner's Equity					
Small Business Administration Loan	40,000.00	30,000.00	20,000.00	10,000.00	-
Owners' Equity					
Angel Investors	50,000.00	50,000.00	30,000.00	30,000.00	-
Owner's Investment	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Retained Earnings	(71,557.33)	30,498.49	188,557.07	501,995.04	814,822.76
Total Liabilities and Owner's Equity	58,442.67	150,498.49	278,557.07	581,995.04	854,822.76

BETTER BAKING COMPANY
PAYBACK PERIOD

Payback Period 2.71 Years

Year	0	1	2	3	4	5
Initial Investment	140000	140000	140000	140000	140000	140000
Core free cash flow	-140,000	-145,699	120,899	229,289	361,535	519,103



Investors Return
IRR 55%

BETTER BAKING COMPANY

FINANCIAL MODELING- BUSINESS VALUATION WITH DISCOUNTED CASHFLOW METHOD

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
1 Opportunity cost of invested capital		38.56%	38.56%	38.56%	38.56%	38.56%
2 Revenue		173,901	438,971	604,025	800,838	1,027,889
3 NOPLAT		-61,624	124,428	235,533	370,546	526,232
4 Invested capital		84,075	87,603	93,846	102,857	109,986
5 Change in invested capital		84,075	3,528	6,243	9,010	7,129
6 Core free cash flow	-140,000	-145,699	120,899	229,289	361,535	519,103
7 Present value factor		0.72	0.52	0.38	0.27	0.20
8 Discounted cashflow		-105,152	62,972	86,193	98,084	101,640
9 Present value		243,737				

Opportunity cost of invested capital (k)	
Cash rate	4.90%
Basic risk	5.70%
Industry ri	-3.00%
Size risk p	27.96%
Company	3%
K	38.56%

Size risk premium	30.43%
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Enterprise value= NPV of cashflow + excess cash + longterm investment - pension obligation

Enterprise value \$218,104

Decision: We estimate our enterprise value based on forecast of 5 years, since the enterprise value is \$813,496, we decide to go with the bakery plan

	Year 1	Year 2	Year 3	Year 4	Year 5
Pay Back Period Method:					
Core cash flow	-145,699	120,899	229,289	361,535	519,103
Cumulative cash flow		-24,800	350,189	590,825	880,638
Investment (PPE)	55,648.93				
Payback period = 2nd year of operating					
The Pay Back Period indicates within how many year the initial investment can be recouped, it is evident from calculation of cumulative cash flow that the initial investment can be collected within just after 2 years.					

Assumption for business valuation

- Operating cash is 7% of revenue because we just operate in small storefront, most revenue comes from distribution channel
- Company specific risk premium is 3% due to the fact that owners do not much experience in managing a storefront
- All transactions are cash-basis so we have no account payable/account receivables
- Industry premium = -3% reflecting the potential growth and stability of Food industry, especially niche market : gluten free product
- No pension benefit obligation incurred in 5 years
- No tax expense because the company is operating as LLC
- Our estimation is based on forecast data for next 5 years.

Additional assumptions for general business operation

- Capital Reserve for investment after year 3. Since all of our fixed assets are depreciated over 5 years, we need to reserve cash each year after break even to prepare for future further capital investment
- The amount of cash reserved for investment will be the same amount of the depreciation over that corresponding period.
- Truck expenses are mainly paid for gas/oil, with the increase in distribution area, the expenses are expected to increase at 5% each period**
- Salaries and Wages will increase at 5% annually
- Utilities expenses will increase at 5% annually
- Fund and capital structure is specified in Fund part**
- Limited Liability Company does not pay income tax since it is not a separate business entity for tax purpose.

BETTER BAKING COMPANY
PERFORMANCE ANALYSIS

Performance and Profitability ratio	Year 1	Year 2	Year 3	Year 4	Year 5	INTERPRETATION
Invested capital calculation= Operating assets - operating liabilities						
Operating cash (7% of sales)	30,727.95	42,281.77	56,058.65	71,952.21	71,952.21	
Excess cash	(25,632.55)	62,895.15	184,710.63	479,138.44	744,837.15	
Inventory	8,828.13	11,932.20	15,528.22	19,774.60	38,033.39	
Operating working capital	39,556.08	54,213.97	71,586.87	91,726.82	109,985.61	
Non current operating assets	44,519.14	33,389.36	22,259.57	11,129.79	-	
Non current operating liabilities	0	0	0	0	0	
Invested capital (Operating assets - operating liabilities)	84,075.22	87,603.33	93,846.44	102,856.60	109,985.61	
Effective tax rate	6%					
EBIT	(65,557.33)	132,369.77	250,566.54	394,197.46	559,820.93	Earning before interest and tax
NOPLAT	(61,623.89)	124,427.58	235,532.54	370,545.61	526,231.67	equals (1- effective tax rate) *EBIT
NOPLAT margin	-35.44%	28.35%	38.99%	46.27%	51.20%	Proportion of NOPLAT over Revenues
ROIC (NOPLAT t/Invested capital (t-1))		1.48	2.69	3.95	5.12	Assess a company's efficiency at locating its capital under control to profitable investment
Capital efficiency (Revenue t / Invested capital (t-1))		2.07	5.01	6.44	7.79	The ratio used to analyze how well the company uses its assets and liabilities
Average Capital efficiency	5.33					
Return on Sales (net income/ sales)	-0.41	0.29	0.41	0.49	0.54	Measures performance; ability to generate profits from sales revenue
Asset Turnover (sales/ Average total assets)	2.98	4.20	2.82	1.86	1.20	This ratio means how well our company will be using its assets. The ratio indicates that the company will be using its assets
Return on Assets (net income/ average total assets)	-1.22	4.20	2.82	1.86	1.43	This ratio measures return per \$1 of assets.
PPE turnover (sales/ average PPE net)	3.91	11.27	21.71	47.97	184.71	This ratio means the productivity of assets of the company to generate revenues. The low amount indicates that it cycled its
Return on Equity (Net income/ owner's equity)	-3.88	1.06	0.96	0.68	0.65	Earnings compared to owners' investment.