

Aloha Bowls

Business Plan



Solstice Capital Associates

March 28, 2011

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I. Executive Summary

Solstice Capital Corporation (Solstice Capital) will create a new restaurant called “Aloha Bowls” that will focus on unique meat and “poke” bowls. Aloha Bowls will not only serve rice bowls with meats and toppings, but bowls with different “foundations” such as pasta, steamed vegetables and potatoes. The focus of the restaurant is to provide reasonably priced and delicious meals that are “quick, fresh and healthy”.

The principals of Solstice Capital, Victor Farinas and Marlon Williams, will open their first Aloha Bowls in Pearlridge Mall, Downtown section. The restaurant will feature a small dining in section and will also be geared up for carry-out customers. In addition to soft drinks, the restaurant will offer some alcoholic beverages. Aloha Bowls will have a fun atmosphere for young and old.

Solstice Capital is estimating stabilized monthly bowl unit sales of 9,000 by month 12 of operations. Expected margin for each bowl is about 67%. Breakeven units per month are estimated to be about 5,000 units on sales of about \$35,000. Stabilized monthly sales are expected to be \$63,000 per month with monthly operating income of \$27,000.

In order to get the venture of the ground, Solstice Capital is estimating start up costs of approximately \$172,000. Solstice Capital will be seeking debt financing of approximately \$80,000 from a local bank. The remaining source of funding will come from equity sources and total \$120,000. The principal themselves will put in \$20,000 and related family and friends will put in another \$20,000. Solstice Capital will be seeking another \$80,000 from angel investors. The total sources of funds will cover

the initial start up costs and leave working capital of approximately \$28,000 at the beginning of operations.

From the cash flows of Aloha Bowls, Solstice Capital is projecting to pay off the debt at the end of year 1. It expects to return all equity capital invested by the end of year 2. The venture is expected to have enough cash flow to provide a return “on” capital of \$200,000; \$300,000; \$300,000 and \$300,000 in years 2, 3, 4 and 5, respectively. The return on investment for outside investors over a five year period is projected is 550% for an average of 110% per year.

The principals of Solstice Capital are extremely overjoyed to present to you this Business Plan for your consideration. We are extremely excited about this Business Plan and hope that you give it serious consideration for investment. Please feel free to contact us with any of your thoughts and concerns.

II. The Business Organization

A. Company Overview

1. The Investment Opportunity

Aloha Bowls is a “quick-food” restaurant that sells fresh meat and poke bowls in a way that gives a whole new twist on how traditional “fast-foods” are served. This restaurant serves its foods in a counter line production system similar to the methods of Panda Express. Aloha Bowls has a friendly and comfortable environment where people can socialize with their friends or family. With the state of the economy, people are constantly seeking ways to get the most of their money. At Aloha Bowls, they would get to enjoy freshly made bowls that are prepared to their order. Along with being fresh, the food being served at Aloha Bowls will be healthy in a sense that

there will be no added chemicals. There will be a large focus on vegetables and fish, because these items provide the most benefit to the body.

Solstice Capital Associates (Solstice Capital) plans to start its Aloha Bowls' operation in the Downtown area of Pearlridge Mall of Oahu. The biggest strength of this location is the amount of traffic that goes through the area which includes the movie theater. The island of Oahu is also the state's business capital and therefore is the best place to introduce this new business.

2. Mission Statement

Solstice Capital's mission is to provide healthy alternatives to what the customers would expect from a traditional fast-food place. We have this mission to be "QFH" (quick, fresh, and healthy). Which means to serve our products quickly (hence, fast food), serve fresh food, and serve healthy food. Solstice Capital seeks to serve bowls; especially poke bowls like customers have never tasted before. When customers take their first bite, they will be craving for another. Solstice Capital will make sure to have the effect on our customers that when they are hungry, the first restaurant that will pop up in their minds will be Aloha Bowls. Solstice Capital will continue to find new ways to satisfy the customers and make the overall restaurant setting more appealing. Aloha Bowls' primary goal is for customers to recognize that good service does not necessitate higher prices; excellent customer service will be the foundation for the Aloha Bowls restaurant.

3. Vision Statement

Solstice Capital's vision for Aloha Bowls is for the restaurant to develop a very strong presence in Hawaii's restaurant industry by becoming the most successful, quick-food/service restaurant in the next few years. Solstice Capital wants to see Aloha Bowls as the number one place to go for all occasions at any meal of the day.

4. Short-Term Goals

Within the first two years, Solstice Capital's primary goal is to have one Aloha Bowl restaurant up and running with a positive cash flow. The company understands that it is starting this venture in a difficult economic environment.

5. Long-Term Goals

Once a strong presence is developed in Hawaii's restaurant market, the greatest opportunity of Solstice Capital is to duplicate and launch the Aloha Bowls restaurant concept island wide, in the neighbor islands, then nationwide. By the end of year 10, Solstice Capital intends to obtain 5% of the fast food market on Oahu.

B. Organizational Structure

Solstice Capitals Associates' Investment Team Structure

The company will begin with 10 employees including the two owner/managers: Marlon Williams and Victor Farinas. As co-owners, Mr. Williams will handle all finances, accounting and operations, while Mr. Farinas will be in charge of all marketing and operations. Aloha Bowls will purchase fresh produce from local farms and vendors to ensure fresh taste and support the Hawaii farming industry. During the first two years of in-store operation, Mr. Williams and Mr.

Farinas will be managers in order to gain direct experience and minimize payroll costs.

Marlon Williams



Marlon Williams will manage and oversee all financial and business developmental operations. His duties will include handling all finances and accounting, while also overseeing all new business development. Along with being an in-store manager, he will oversee other developments that are needed to make sure the restaurant will be a successful project.

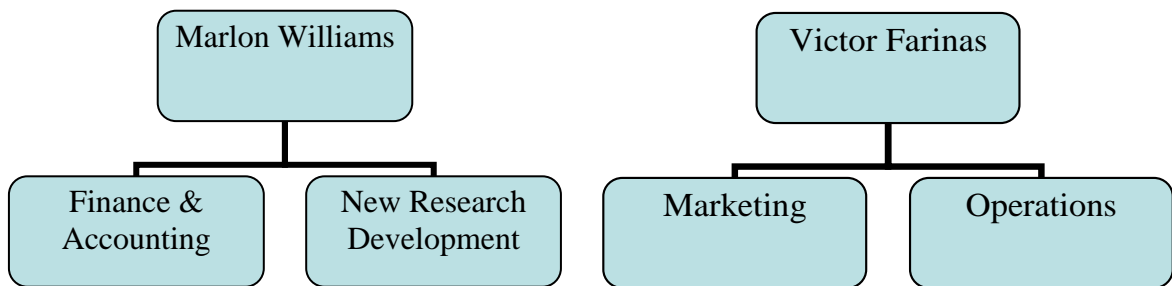
Marlon Williams took third in DECA state competitions. Furthermore he has participated in football and played in the championship game. Marlon Williams has also been a part of numerous football held community services in his time of participation. Marlon Williams is great at adapting to any given situation and this is demonstrated by his ability to become great at linebacker when he has only had three months of training so far.

Victor Farinas



Victor Farinas will be in charge of operational matters and the marketing aspect. He will be responsible for the day to day operations of the first restaurant. Mr. Farinas will oversee all promotions and advertising, while being an in-store manager, since he will be working closely with Mr. Williams.

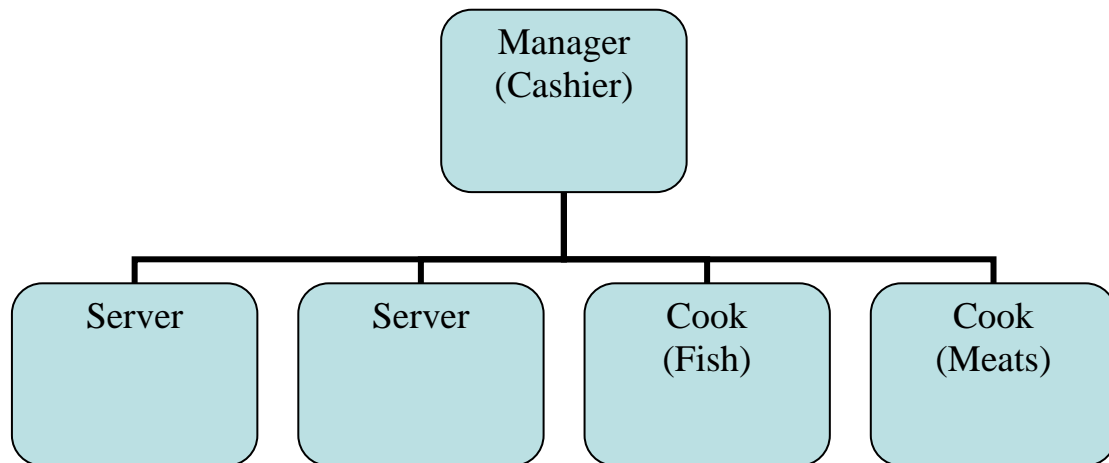
Victor Farinas is most qualified for this job because of his adaptability, creativity, leadership, and perseverance. Victor didn't play football his entire life, until his sophomore year where he was a starter and a team captain. Victor had to work hard, and learn/adapt quickly to gain the honor of being a starter and a captain. The following year he has broken his clavicle (left collar-bone) and right lower fibula, but has fought through injuries to fully recover. Going into his varsity football stages, although being injured both of the years (Junior & Senior year), he had a positive attitude to quickly heal and finish both seasons. In track, he is also a captain that leads by example and exemplifies great work ethic. Victor was also a part of the DECA business club for two years, placing 3rd in Sports/Entertainment Marketing as a junior and 2nd in Sports/Entertainment Marketing as a senior. Victor's versatility and ethic make him a prime candidate to run Aloha Bowls.



Restaurant Management Structure

Solstice Capital's Aloha Bowls will operate according to the organizational chart show below. This chart will apply for all the stores we plan to open and operate. There will be one manager on shift who will also be the head cashier for the restaurant. There will be employees assembling the customers' food at the counter and a kitchen staff that cooks/prepares the food. One cook will primarily be in charge

of the fish and preparing it for the day, while the other cook organizes the meat to be cooked. Initially, Mr. Williams and Mr. Farinas will share restaurant manager responsibilities in order to gain direct experience and to minimize payroll costs.



C. Ownership Structure

Solstice Capital will open the Aloha Bowls restaurant as a Limited Liability Company (LLC). The operation of the LLC is similar to a corporation and was chosen because of the opportunities it has offered to new business and the legal protection it provides. Owners are less prone to having personal liability for debts and actions under the LLC. Mr. Williams and Mr. Farinas will each own 50% of the LLC.

D. Special Laws and Regulations

In compliance to Hawaii's Department of Business, Economic Development & Tourism, Solstice Capital would have to obtain a Food Establishment Permit and Health Permit to operate its business. Aloha Bowls will be cleared and permitted to operate its business by a director every two years by passing an investigation in areas like sanitation and safety. A tax license from the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division would need to be

obtained to start the business and will pay the normal general excise taxes, payroll taxes and income taxes.

III. Market/Business Environment

A. Market Opportunity Analysis

Aloha Bowls falls under the fast-food industry, while providing a wide product line that will interest an array of consumers through seafood, meats/chicken and vegetables. Although there are some Japanese, rice and poke bowls, Aloha Bowls will be taking bowls to a whole new level. There is no direct competition except for Pa'ina Café, but the difference between the two restaurants will be that Aloha Bowls is quick, fresh and healthy. The current trend is going healthy, which Solstice Capital expects a large potential market, since all food being sold is fresh with no added chemicals.

According to Nutrition Unplugged, the 2011 Restaurant Trends has a large focus around vegetables, with even some restaurants having meatless Mondays. The American Heart Association has recognized that seafood is a source of high quality protein, minerals and vitamins, which is an important part of a healthy diet and lifestyle. Along with being good for the body and nobody being like us, Aloha Bowls' foods will be served in a quick and efficient manner that will provide customers with a better experience.

The demographics of the purchaser for Aloha Bowls products will have the following characteristics: 1) would be in a wide age range from 12 to 60 years, 2) live primarily in the Central Oahu, Town and East Oahu area, 3) have an income level

of mid-income and above, 4) have a family unit, and 5) have a high school education and above.

Aloha Bowls would be classified in the fast food industry. The direct and indirect competitors are indicated in the two competitive grids noted later. Solstice Capital is refining this category to be limited for the time being to the “local/Asian” fast food category, excluding the McDonalds and Subways of the world. The potential market for this local food market is quite large given the expansion of franchises like Panda Express.

B. Target Market

Solstice Capital initial target market will be people that are from Hawaii and have experienced the taste of not only poke bowls, but meat bowls too. Aloha Bowls primary customers will be people in their late teens to middle adulthood with a high majority of female buyers. They will be of many different ethnicities, but mostly Asian and local Hawaiians. In the Downtown area of the Pearlridge Mall there is a higher flow of traffic from people of these ages. The type of people that will buy from Aloha Bowls is those that want to eat quick, but healthy food. The restaurant will be open from 9 am to 9 pm, seven days a week. Even with the large time slots, Solstice Capital Associates expects lunch and dinner time to be the busiest time of business.

The major fast food players are: McDonalds, Subway, L & L, and Panda Express and some other national or local franchise players. The goal of Solstice Capital is to capture 5% of the fast food market on Oahu by its 10th year of existence.

C. SWOT Analysis

Company Positioning Against Competition

Strengths

Solstice Capital plans to open the first Aloha Bowls Restaurant in Hawaii in the coming year at the Pearlridge Mall. The strengths of Aloha Bowls are as follows: 1) high quality and healthy food, 2) quick customized food, and 3) a friendly environment. These strengths will translate into customer satisfaction and a continuous increase in revenue. The high quality, affordable, and delicious bowls will satisfy a variety of customers. Our fast-food paced, yet casual environment will allow customers to get their food in an efficient manner and in a comfortable area.

Customers can customize their orders by 1) picking the size of their bowl, 2) selecting a foundation (rice, pasta, rice noodles, or vegetables), 3) selecting a meat (poke, steak, chicken, or pork), 4) choosing a topping, and 5) ordering a drink. As noted earlier, Aloha Bowls is not just a take out place, but a place that most customers would want to hang around because of the ambient social setting.

Weaknesses

Although Aloha Bowls offers a variety of foods some people may not be attracted to the idea of eating raw fish over rice or vegetables. Also, there are numerous restaurants in and around the area of Aloha Bowls, which may make it difficult to keep revenue high. Along with there being a large amount of restaurants, it would be easy for others to develop the same concept. Since Solstice Capital's Aloha Bowls will be in leased space, it will not have the freedom it normally would have when compared to a free standing building. The restaurant is obligated to pay the

monthly rent and percentage rent depending on sales targets. Similar to many new entrepreneurs, both owners, Marlon Williams and Victor Farinas, have limited start up capital and will need to seek both debt and equity financing. Lastly, restaurants are in the greatest failing business category due to all the costs and competition, which provides a great weakness for Solstice Capital Associates.

Evaluating Business Environment

Opportunities

Hawaii has become a recognized source of premium fresh seafood that is presently feature in restaurants in the island and across the country so looking at the strengths we have, there are many opportunities for Solstice Capital. Solstice Capital will be the first in opening an Aloha Bowls type of restaurant with the focused goal of creating a franchisable restaurant model. Not only will this be the first Aloha Bowls restaurant, it will be the first of its kind with its fresh, healthy and quick ways. Once a strong presence is developed in Hawaii's restaurant market, the greatest opportunity of Solstice Capital is to duplicate and launch the Aloha Bowls restaurant concept island wide, then nationwide starting with the West Coast.

Threats

One if the most major threat is the country's current economic condition. However, Hawaii's economy is expected to see more positive signs of stability with the Honolulu Consumer Price Index (CPI) predicting that it will increase 2.2 percent in 2011. Another threat comes from Pa'ina Cafe in Ward Center, because they also sell certain types of poke and meat bowls. Panda Express also poses a threat, because they are a restaurant that serves customers food that they are more familiar with in an

open serving area. Lastly, L&L is making their ways to creating bowls too. These three restaurants pose danger to Aloha Bowls, because they may take customers away. The cost of produce also poses another threat, because the price fluctuates depending on the market and the economy. Also, this business plan is an easy model for other companies to possibly copy.

Competition Grid

Direct Competition

Competitors	Products/Services	Prices	Customers	Strengths	Weaknesses
Aloha Bowl	Different variety of bowls, drinks	\$6-10	Will be Island Wide	High quality of different bowls, delicious & affordable to satisfy a variety of customers	New to Hawaii & competitive ahi, sushi bowl, sushi restaurants here
Pa'aina Café	Poke Bowls, Salads, Healthy Plate Lunches, Sandwiches	\$6-10	One location on the Island	Located in a touristy spot with a healthy selection of foods	Only one Pa'aina café
Haili's Hawaiian Foods	Hawaiian foods, poke bowls	\$7-12	Island Wide *only two stores	Specializing in Hawaiian food, located in a touristy area (Ward) & easily accessible	No seating because it's a lunch wagon and rain may stop potential customers
Foodland	Grocery items, poke bowls	(Poke Bowls are \$5-8)	Nationwide	Convenient and a large store open to the public with several locations nationwide	Big store, not fresh ahi
Genki Sushi	Sushi, drinks	\$1.99+	Nationwide	Able to seat their customers	Not as quick as other sushi selling stores

Aloha Sushi	Sushi, drinks	\$.99+	Island Wide	Quick fast food	Not high quality
Kozo Sushi	Sushi, drinks	\$.99+	Island Wide	Quick fast food	Not high quality
Yoshinoya	Bowls	\$5-8	US, Japan	High Quality restaurant that is franchise-able	Not in Hawaii

Fast-Food Restaurants

Indirect Competition

Competitors	Products/Services	Prices	Customers	Strengths	Weaknesses
Aloha Bowl	Different variety of bowls, drinks	\$6-10	Will be Island Wide	High quality of different bowls, delicious & affordable to satisfy a variety of customers	New to Hawaii & competitive ahi, sushi bowl, sushi restaurants here
Panda Express	Noodles, Rice, Meats/Vegetables	\$6-10	Nationwide	Well-known, fast food Chinese restaurant	Food is unhealthy
L&L	Local foods	\$5-8	Island Wide and parts of the United States	Specializing in Hawaiian food	Poor unhealthy quality
Subway	Sandwiches	\$5-8	Nationwide	Healthy, fast-food restaurant	High Calories
Blazin' Steaks	Steak plates	\$7-9	Island Wide	Satisfy locals with steak plates	Singular in nature and not the healthiest

IV. Market, Sales, Distribution

A. Product

Aloha Bowl's food and beverage menu will cater to people of different tastes, while still being unique to Hawaii. Customers can customize their own bowls, while we assemble what they want right in front of them. They will be able to choose their foundation, meat and toppings as it is prepared, because Aloha Bowls will not be known for one specific type of food. The difference between other restaurants and Aloha Bowls is that all food will be quick, fast and healthy. The principal will cull recipes from various internet and published sources and will taste test every product to make sure it taste good is will be okay to serve.

Poke Bowl & Chicken Bowl





Steak Bowl & Vegetable Fish Bowl



Veggie Bowl & Loco Moco Bowl

“Build Your Own” Production Menu

		<u>Aloha Bowls</u>		
Size	Foundation	Meat	Toppings	Premium Toppings
Mini	White Rice	Poke (Ahi)	Nori (Seaweed)	Japanese Pickles
Regular	Brown Rice	Steak	Furikake	Shiitake Mushrooms
Large	Fried Rice	Hamburger	Soy Sauce	Edamame (Soy Beans)
	Rice Noodle	Chicken – Teri	Spicy Sauce	Egg
	Steamed Vegetables	Chicken – Katsu	Katsu Sauce	
	Mixed Greens	Chicken – Roasted	Gravy	
	Penne Pasta	Pork - BBQ	Salad Dressing	
		Tako	Italian	
		Shrimp	Korean BBQ	
			Wasabi	

B. Price

Aloha Bowls seeks to promote a fast paced, yet comfortable eating experience at a reasonable price. The projected average food bill per person will be \$10, no matter what time of day. The average price of a bowl will range from \$7 to \$8. The cost will be controlled by the principals and will be determined based on cost and what our competitors are doing. This price is higher than other places like Foodland, Genki Sushi and Aloha Sushi because of Aloha Bowls’ fresh and healthy ingredients. This quick food restaurant will actually cook and prepare its food for its

customers, in front of them. It also provides a much higher quality of setting enticing its customers to spend some time within the restaurant.

C. Place

a. Location

Location is very important within starting up a new business, because a business can flourish or crumble due to the location. Solstice Capital proposes that we start our business in the Pearlridge mall. It will cost \$119.03 per square foot, per month, for a 420 square foot area to rent, ultimately totaling to \$4,166 per month. By specializing in the type of bowls that we do, Solstice Capital finds it best to start off locally. There is more flow of traffic of people that are from Hawaii throughout this center. Aloha Bowl is similar to Subway and their operations, which Aloha Bowls would also be a similar size to Pearlridge's Subway.

b. Employees

Through ads on newspapers and online job sites is how Aloha Bowls would come across their staff. Starting a new business requires a set amount of employees and in Aloha Bowls Hawaii we require approximately a steady ten employees in the rotation of a seven day work period. The staff will consist of two managers so that there will always be a manager during business hours. These employees require 2-4 weeks of training prior to operating our quick-serve restaurant.

For each shift, Solstice Capital plans on having one manager, two employees behind the counter and two cooks preparing the food. Having a manager present will be beneficial to helping the customers with any questions and inquiries about Aloha Bowls. Before the restaurant will open, the cooks will need to come in to

prepare the fish and meats to be cooked throughout the day. The manager will serve as the head cashier, while overseeing everyone else on the shift. The other employees behind the counter will help customers through the first and second half of the line. Each shift depends and varies on the schedules of the workers. Each counter worker and cook will be paid a flat rate of \$7.75 an hour, while every manager will be paid \$8.25 an hour. These salaries are based upon Hawaii's minimum wage limit.

c. Supplies & Equipment

Ham Farms & Produce and Tropics will be the two vendors that Aloha Bowls will use to purchase our fresh fish. We will also purchase other items from the Honolulu Fish Auction on Pier 38. Fresh fish is very important to our type of foods that we sell to our customers and these vendors are FDA approved.

The equipment are similar to any equipment used in a fast food restaurant like McDonalds, Wendy's, Burger King, Subway, etc. the equipment: grease traps, hoods, deep fryers, coolers, freezers, etc. (look to appendix)

d. Restaurant Operations

Solstice Capital will open Aloha Bowls Mondays through Sundays 9 am – 9pm, but staff will be there from 7-11 making routine preparations prior to the shop opening on that day and preparing for the next day. A typical customer will walk up to the counter and use the simple system created by Aloha Bowls – 1) select a size of the bowl, 2) select the foundation, 3) select the type of meat, 4) select a topping, 5) order a drink, and 6) pay. While the customer follows this simple ordering process, the counter staff will be preparing their meal right in front of them. The

manager on shift will collect all funds from customers. After paying and receiving their meal, the customer has the option of sitting in the dining area or having a takeout package prepared.

The preparations for Aloha Bowls are very important. The niche market of selling quick, fresh and healthy foods starts with the preparation of the food. The need of the cook that specializes in the fish will need to know the specific cutting techniques to prepare the poke bowls. The other meats and products are cut specifically to the serving sizes sold at Aloha Bowls. The fish and meat need to be cut prior to the shop opening at 9 am.

D. Promotion

Solstice Capital Associates and Aloha Bowls propose to launch it's opening with its philosophical idea of being QFH (quick, fresh, & healthy). This philosophy of Aloha Bowls will provide a healthy outlook for this new generation demanding healthier choices of food being served fast, hence QFH. Aloha Bowls specializes in serving Ahi and other raw fish materials, building customer loyalty with the locals who are our primary target.

a. Publicity

Publicity wise, we Solstice Capital propose that we introduce a figurehead similar to McDonalds, KFC, Burger King, and Wendy's, etc. Like, Ronald McDonald (McDonalds) we have the "Shakka Guy: Broha Aloha". Our objective by having an icon of our store is to provide a positive public figure that welcomes the customers.

b. Advertisements

Starting off as a small company, Aloha Bowls will advertise by use of the “social network”, such as Facebook and twitter; free advertisements. Furthermore, we will advertise with word of mouth. Telling family and friends, who spread from friend to friend and spread the new fresh, quick, and healthy store. “Aloha Bowls.” Later, Solstice Capital proposes to advertise using local radio stations and newspapers.

c. Sales Promotion

At the grand opening of Aloha Bowls, we will give discount customers on the first day on any meal of their choosing. Solstice Capital will have flyers distributed to the customers upon purchase, releasing information on the product lines we have to offer. Solstice Capital will also have the posters hung while entering the food court area in downtown Pearlridge.

d. Personal Selling

Our employees will be trained to serve with a smile on their face and taught to treat every customer with “Aloha” hospitality. Employees will be learning how to serve and tend to the customers. Having our employees taught how to serve the customer will better the franchise of Aloha Bowls.

V. Finance and Accounting

A. Cost of Doing Business

1. **Start up Costs** – See Appendix A for more details on start up costs and fixed assets.

Aloha Bowls Initial Start-up Costs						
	Year <u>0</u>	Year <u>1</u>	Year <u>2</u>	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>
Real Estate Costs						
Tenant Deposit	\$ 4,166					
Site Improvement Costs	80,000	-				
subtotal	\$ 84,166	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Assests						
Restaurant Equipment	\$ 61,370					
Restaurant Furnishings	10,000					
subtotal	\$ 71,370	\$ -	\$ -	\$ -	\$ -	\$ -
Office Equipment & Supplies						
Desktop (Dell)	\$ 299					
Desk	171					
File Cabinet	179					
Office Supplies						
subtotal	\$ 649	\$ -	\$ -	\$ -	\$ -	\$ -
Promotional Costs						
Grand Opening Promotions	\$ 5,000					
subtotal	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services						
Legal /Accounting	\$ 5,000					
subtotal	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Fees						
Permit Applications (per 2 years)	\$ 100					
Building Plan Review	200					
LLC Registration	100					
GE Tax License fee	20					
subtotal	\$ 420	\$ -	\$ -	\$ -	\$ -	\$ -
Technology Costs						
Registers	2,700					
Point of Sale Software	1,500					
Printers	500					
Lines	700					
Other	500					
subtotal	5,900	\$ -	\$ -	\$ -	\$ -	\$ -
subtotal - start up costs	\$ 172,505	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Reserves						
total - startup costs and reser	\$ 172,505	\$ -	\$ -	\$ -	\$ -	\$ -

B. Sources of Funding

See Appendix A for detail assumptions and terms of financing. Based on the estimated startup costs of approximately \$173,000 and a cash reserve of \$27,000, the assumed capital required for this business is \$200,000. \$80,000 will be from bank loans and \$120,000 will be in equity financing. The principals will invest \$20,000, friends another \$20,000 and outside investors (angel) will put in \$80,000.

Aloha Bowls Sources of Funds						
	Year <u>0</u>	Year <u>1</u>	Year <u>2</u>	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>
Debt						
Personal loans						
Family loans						
Friend loans						
Bank loans	\$ 80,000					
SBS loans						
Other loans						
subtotal	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -
Equity						
Principals	\$ 20,000					
Family						
Friends	\$ 20,000					
Angel	\$ 80,000					
Venture Capital						
Other						
subtotal	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sources of Funds	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -

C. Cash Flows and Income Statement

Cash Flows – See Appendix A for explanation of cash flows. As noted in the below cash flow, the debt financing (bank loan) is expected to be totally paid off at the end of Year 1. By the end of Year 2, there should be a total return of investment. In Year 2, there should also be a \$200,000 total return on investment to outside investors and the principals. Please note that the splits once the debt is paid off will be on a 50/50 basis. Years 3 to 5 display total equity distributions of \$300,000, \$300,000, and \$300,000, respectively to outside investors and principals.

	Aloha Bowls Cash Flows Five Years					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow From Operations						
Net Income		\$ 172,983	\$ 302,909	\$ 311,996	\$ 321,356	\$ 330,997
Add(Subtract)		-	-			
Depreciation		-	-			
Other non-cash items		-	-			
Subtotal	-	172,983	302,909	311,996	321,356	330,997
Cash Flow From Investing						
Initial Start Up Costs	(172,505)	-	-			
Other Investments		-	-			
Other Capital Expenditures		-	-			
Subtotal	(172,505)	-	-	-	-	-
Cash Flow From Financings						
Debt Financing - Received	80,000	-	-			
Debt Financing - Payments		(80,000)	-			
Equity Financing - Received	120,000	-	-			
Equity Financing - Payments		-	(200,000)	(150,000)	(150,000)	(150,000)
Subtotal	200,000	(80,000)	(200,000)	(150,000)	(150,000)	(150,000)
Net Cash Flow Before Reserves & Owners' Distributions	27,495	92,983	102,909	161,996	171,356	180,997
Required Reserves						
Owners' Distributions			(120,000)	(150,000)	(150,000)	(150,000)
Net Cash Flow	\$ 27,495	\$ 92,983	\$ (17,091)	\$ 11,996	\$ 21,356	\$ 30,997
Beginning Cash Balance	-	27,495	120,478	103,387	115,383	136,739
Ending Cash Balance	\$ 27,495	\$ 120,478	\$ 103,387	\$ 115,383	\$ 136,739	\$ 167,736

Income Statement – See Appendix A for explanation of Income Statement and Gross Margin. After Year 2, revenues are assumed to grow at 3% per year.

Aloha Bowls Income Statement Year					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$ 700,275	\$ 1,020,600	\$ 1,051,218	\$ 1,082,755	\$ 1,115,237
Cost of Sales	214,450	313,200	322,596	332,274	342,242
Gross Margin	<u>\$ 485,825</u>	<u>\$ 707,400</u>	<u>\$ 728,622</u>	<u>\$ 750,481</u>	<u>\$ 772,995</u>
Operating Expenses					
Controllable Expenses					
Payroll	134,316	214,316	220,745	227,368	234,189
Employee Benefits	26,863	42,863	44,149	45,474	46,838
Supplies	12,000	12,000	12,360	12,731	13,113
Maintenance	42,000	42,000	43,260	44,558	45,895
Other Operating Costs	24,000	24,000	24,720	25,462	26,225
Advertising and Promotion	14,400	14,400	14,832	15,277	15,735
Professional Services	2,400	2,400	2,472	2,546	2,623
subtotal	<u>\$ 255,979</u>	<u>\$ 351,979</u>	<u>\$ 362,539</u>	<u>\$ 373,415</u>	<u>\$ 384,617</u>
Occupancy Costs					
Monthly Rent	49,992	49,992	51,492	53,037	54,628
Property Insurance	2,520	2,520	2,596	2,673	2,754
subtotal	<u>\$ 52,512</u>	<u>\$ 52,512</u>	<u>\$ 54,087</u>	<u>\$ 55,710</u>	<u>\$ 57,381</u>
Total Operating Expenses	<u>\$ 308,491</u>	<u>\$ 404,491</u>	<u>\$ 416,626</u>	<u>\$ 429,125</u>	<u>\$ 441,998</u>
Operating Income	<u>\$ 177,334</u>	<u>\$ 302,909</u>	<u>\$ 311,996</u>	<u>\$ 321,356</u>	<u>\$ 330,997</u>
Interest	4,351	-			
Depreciation	-	-			
subtotal	<u>4,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income Before Taxes	<u>\$ 172,983</u>	<u>\$ 302,909</u>	<u>\$ 311,996</u>	<u>\$ 321,356</u>	<u>\$ 330,997</u>
Income Taxes					
Net Income	<u><u>\$ 172,983</u></u>	<u><u>\$ 302,909</u></u>	<u><u>\$ 311,996</u></u>	<u><u>\$ 321,356</u></u>	<u><u>\$ 330,997</u></u>

D. Breakeven Analysis

The upper part of this schedule displays variable costs and fixed costs. Based on the number of customers and the average sales price, breakeven was calculated in terms of units (bowls) and dollar sales for the year, month in that year, and days in that year.

Aloha Bowls Break Even Analysis					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Variable Expenses					
Cost of goods sold	214,450	313,200	322,596	332,274	342,242
Payroll	134,316	214,316	220,745	227,368	234,189
Supplies	26,863	42,863	44,149	45,474	46,838
Employee Benefits	12,000	12,000	12,360	12,731	13,113
Total variable cost	387,629	582,379	599,851	617,846	636,381
Fixed Cost					
Maintenance	42,000	42,000	43,260	44,558	45,895
Other Operating Costs	24,000	24,000	24,720	25,462	26,225
Advertising and Promotion	14,400	14,400	14,832	15,277	15,735
Professional Services	2,400	2,400	2,472	2,546	2,623
Monthly Rent	49,992	49,992	51,492	53,037	54,628
Property Insurance	2,520	2,520	2,596	2,673	2,754
Total Fixed cost	\$ 135,312	\$ 135,312	\$ 139,371	\$ 143,553	\$ 147,859
Break Even Analysis					
Annual Customers					
Fixed Cost	\$ 135,312	\$ 135,312	\$ 139,371	\$ 143,553	\$ 147,859
Sales-no. of bowls	74,300	108,000	111,240	114,577	118,015
Average Sales Price	\$ 7.17	\$ 7.20	\$ 7.42	\$ 7.64	\$ 7.87
Variable Cost	\$ 5.22	\$ 5.39	\$ 5.39	\$ 5.39	\$ 5.39
Contribution Margin	\$ 1.96	\$ 1.81	\$ 2.02	\$ 2.25	\$ 2.48
Units(customers) required to B/E	69,111	74,857	68,873	63,912	59,735
Sales required to break even	\$ 495,872	\$ 538,972	\$ 510,762	\$ 488,194	\$ 469,976
Monthly Customers					
Units(customers) required to B/E	5,759	6,238	5,739	5,326	4,978
Sales required to break even	\$ 41,323	\$ 44,914	\$ 42,564	\$ 40,683	\$ 39,165
Daily Customers					
Units(customers) required to B/E	189	205	189	175	164
Sales required to break even	\$ 1,359	\$ 1,477	\$ 1,399	\$ 1,338	\$ 1,288

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Assumptions and Footnotes

Initial Start Up Costs

1. The initial start up cost is broken down into several parts, the first being the real estate cost which consist of tenant deposit and site improvement costs. Second, are the operating assets of restaurant equipment and furnishings. Third, are the office supplies and equipment. Fourth, are the opening promotional costs followed by the cost for professional services. Licensing and technology costs round out the remaining initial start up costs. The total start up cost is estimated to be \$172,505.
2. Real estate
 - a. \$4,166 is the security deposit for the leased space.
 - b. Site improvement cost- In order to operate the restaurant, both cosmetic and substantive changes must be made to the building. The cosmetic changes are the flooring, painting, etc. Substantive costs include the cost of plans, plumbing, electrical, and venting, etc. The estimated site improvement costs are \$80,000.

Sources of Funding

1. Aloha Bowls requires \$172,505 to start the business. The sources of funding will consist of debt financing of \$80,000 and equity financings of \$120,000. Solstice Capital expects to obtain the debt financing from a bank for the venture. In addition to this it will secure another \$20,000 from friends and family. The principals intend to contribute \$20,000 into the business. Finally the venture's last source of equity funding will total \$80,000 that comes from outside investors.
2. **Debt financings** for this venture will be \$80,000. Based on our information we have gathered from the First Hawaiian Bank, the terms of these loans would be as follows: 7 year term, fully amortizing, Prime + 2.5 % (prime rates=3.25 + spread of 2.5% = 5.75%). The loan will require a debt coverage ratio of 1.5 at stabilization. It would be fully guaranteed by the principals and would not incur and prepayment penalties. The loans both need to be co-signed by the principal's family. (Prime Rate, 1995-2011)
3. **Prepayment** of outstanding balance of debt is expected to be paid at the end of Year 1.

4. **Equity payment and returns** will be made in Year 2. Before any equity capital can be returned, the debt needs to be paid off. Once the debt is paid off, all outside investors and then the principals will have their equity returned. After all equity is returned, then the principals and outside equity will split available cash flows on a 50/50 basis. In Year 2, all \$120,000 in equity invested will be paid back. After this return of capital, outside investors will get \$100,000 and principals will get \$100,000 in return on investment in Year 2. The equity splits to each party (outside investors and principals) in Year 3, 4 and 5 will be \$150,000, \$150,000, \$150,000, respectively.

Gross Margin Schedules

1. **Number of Bowls**- By the end of month 12, we expect stabilized unit sales of 9,000 bowls per month and 300 bowls per day.
2. **Average Bill Per customer**- We determined the average bill per customer would be approximately \$7.
3. **Cost of food and beverages**- The cost of bowls is equivalent to 33%, the gross margin of bowls being 67%. Moreover, the costs of drinks are 22% and the gross margin being 78%.

Income Statement

1. **Revenues and Cost of Sales**- based on gross margin schedules for first two years. After 2 years, revenues and expenses are expected to increase by 3% each year.
2. **Controllable Expenses**- expenses that are controllable by management; which means items that management could increase or decrease.
 - a. **Payroll**
 - i. Managers – Mr. Farinas and Mr. Williams will serve as managers of the restaurant for the first year of operations. They will take no salary. After year 1, they will probably hire managers at \$40,000/yr.
 - ii. Employee- There will be 10 employees total, 5 people will be working each shift: 2 shifts a day. On the staff, there will be 4 cooks, 2 cashiers, 2 servers, and 2 managers. The manager shall be document and oversee the employees working and ensure the business is running properly. Each shift will have 2 cooks, 1 cashier, and 1 server. All the employees working that shift are responsible for cleaning up before leaving so that it is clean for the next shift. Each cook will be paid \$7.75 per hour, each cashier will be paid \$7.75 per hour, and each server will be paid 7.50 per hour. Salaries were made based upon

assumption but follow legally to Hawaii's minimum wage limit.(Fast Food Salaries, 2000 -2011),(Subway Hourly Pay,2008-2011)

- b. **Employee Benefits**- assumed to be about 20% of payroll
 - c. **Direct Operating Expenses**- Any restaurant has the basic necessities of water and electricity. These basic necessities make the restaurant run consistently and smoothly. However, we do have to pay monthly bills to pay for these resources and because we live in Hawaii, there are only 2 companies that provide this service, Hawaii Electrical Company and Hawaii Board of Water Supply. The costs are based on the amount of water and electricity we use per month.
 - d. **Local Advertising and Promotion**- Our local advertising and promotion expenses are totaled up to \$1,200 per month.
3. **Occupancy Cost** – expenses that relate to leasing a space in a shopping center or building.
- a. **Monthly Rent**- Aloha bowls have calculated our monthly rent to be \$4,166 a month. The restaurant location is at the Pearl Ridge Shopping Mall.
 - b. **Income Taxes**- Assumes flow through to members, thus no LLC income tax shown.

Cash Flows

- 1. **Initial Start up cost**- See initial start up cost schedule.
- 2. **Financings**- see sources and uses of funding schedule.
- 3. **Debt financings**- DS payments- monthly/yearly amortization of loan principal.
- 4. **Owners Distribution**- distributions to principals happens in year 2 when we acquire more money. Expected splits between outside investors and principals are to be 50/50 after repayments.

Break even Analysis

- 1. **Variable Cost**- cost that change with the output of our products. See analysis for breakdown of cost from Income Statement
- 2. **Fixed Cost**- cost that do not change based on production- rent, etc. See analysis for breakdown of cost from Income Statement

Appendix B.1
Cash Flow 5 Years

Aloha Bowls Cash Flows Five Years						
	Year <u>0</u>	Year <u>1</u>	Year <u>2</u>	Year <u>3</u>	Year <u>4</u>	Year <u>5</u>
Cash Flow From Operations						
Net Income		\$ 172,983	\$ 302,909	\$ 311,996	\$ 321,356	\$ 330,997
Add(Subtract)		-	-			
Depreciation		-	-			
Other non-cash items		-	-			
Subtotal	-	172,983	302,909	311,996	321,356	330,997
Cash Flow From Investing						
Initial Start Up Costs	(172,505)	-	-			
Other Investments		-	-			
Other Capital Expenditures		-	-			
Subtotal	(172,505)	-	-	-	-	-
Cash Flow From Financings						
Debt Financing - Received	80,000	-	-			
Debt Financing - Payments		(80,000)	-			
Equity Financing - Received	120,000	-	-			
Equity Financing - Payments		-	(200,000)	(150,000)	(150,000)	(150,000)
Subtotal	200,000	(80,000)	(200,000)	(150,000)	(150,000)	(150,000)
Net Cash Flow Before Reserves & Owners' Distributions						
	27,495	92,983	102,909	161,996	171,356	180,997
Required Reserves						
Owners' Distributions			(120,000)	(150,000)	(150,000)	(150,000)
Net Cash Flow						
	\$ 27,495	\$ 92,983	\$ (17,091)	\$ 11,996	\$ 21,356	\$ 30,997
Beginning Cash Balance						
	-	27,495	120,478	103,387	115,383	136,739
Ending Cash Balance						
	\$ 27,495	\$ 120,478	\$ 103,387	\$ 115,383	\$ 136,739	\$ 167,736

Appendix B.2

Income Statement- 5 Years

Aloha Bowls					
Income Statement					
Year					
	Year	Year	Year	Year	Year
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Revenues	\$ 700,275	\$ 1,020,600	\$ 1,051,218	\$ 1,082,755	\$ 1,115,237
Cost of Sales	214,450	313,200	322,596	332,274	342,242
Gross Margin	<u>\$ 485,825</u>	<u>\$ 707,400</u>	<u>\$ 728,622</u>	<u>\$ 750,481</u>	<u>\$ 772,995</u>
Operating Expenses					
Controllable Expenses					
Payroll	134,316	214,316	220,745	227,368	234,189
Employee Benefits	26,863	42,863	44,149	45,474	46,838
Supplies	12,000	12,000	12,360	12,731	13,113
Maintenance	42,000	42,000	43,260	44,558	45,895
Other Operating Costs	24,000	24,000	24,720	25,462	26,225
Advertising and Promotion	14,400	14,400	14,832	15,277	15,735
Professional Services	2,400	2,400	2,472	2,546	2,623
subtotal	<u>\$ 255,979</u>	<u>\$ 351,979</u>	<u>\$ 362,539</u>	<u>\$ 373,415</u>	<u>\$ 384,617</u>
Occupancy Costs					
Monthly Rent	49,992	49,992	51,492	53,037	54,628
Property Insurance	2,520	2,520	2,596	2,673	2,754
subtotal	<u>\$ 52,512</u>	<u>\$ 52,512</u>	<u>\$ 54,087</u>	<u>\$ 55,710</u>	<u>\$ 57,381</u>
Total Operating Expenses	<u>\$ 308,491</u>	<u>\$ 404,491</u>	<u>\$ 416,626</u>	<u>\$ 429,125</u>	<u>\$ 441,998</u>
Operating Income	<u>\$ 177,334</u>	<u>\$ 302,909</u>	<u>\$ 311,996</u>	<u>\$ 321,356</u>	<u>\$ 330,997</u>
Interest	4,351	-			
Depreciation	-	-			
subtotal	<u>4,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income Before Taxes	<u>\$ 172,983</u>	<u>\$ 302,909</u>	<u>\$ 311,996</u>	<u>\$ 321,356</u>	<u>\$ 330,997</u>
Income Taxes					
Net Income	<u><u>\$ 172,983</u></u>	<u><u>\$ 302,909</u></u>	<u><u>\$ 311,996</u></u>	<u><u>\$ 321,356</u></u>	<u><u>\$ 330,997</u></u>

Appendix C.1b Cash Flows – 2nd 12 months

Alpha Bowls Cash Flows Month to Month Year 2												
	Month 1A	Month 1B	Month 1C	Month 1D	Month 1E	Month 1F	Month 1G	Month 1H	Month 1I	Month 1J	Month 1K	Year Total A
Cash Flow From Operations												
Net Income	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 302,909
Add(Subtract)												
Depreciation												
Other non-cash items												
Subtotal	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	302,909
Cash Flow From Investing												
Initial Start Up Costs												
Other Investments												
Other Capital Expenditures												
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow From Financings												
Debt Financing - Received												
Debt Financing - Payments												
Equity Financing - Received												
Equity Financing - Payments												
Subtotal	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(200,000)
Net Cash Flow Before Reserves & Owners' Distributions	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	25,242	102,909
Required Reserves												
Owners' Distributions												
Net Cash Flow	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	\$ 25,242	(120,000)
Beginning Cash Balance	120,478	145,721	170,963	196,205	221,448	246,690	151,933	177,175	202,417	227,660	252,902	120,478
Ending Cash Balance	\$ 145,721	\$ 170,963	\$ 196,205	\$ 221,448	\$ 246,690	\$ 151,933	\$ 177,175	\$ 202,417	\$ 227,660	\$ 252,902	\$ 278,145	\$ 103,387

Appendix C.2a Income Statement – 1st 12 months

Alpha Bowls Income Statement First 12 Months													
	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Year Total	
	1	2	3	4	5	6	7	8	9	10	11	12	1
Revenues	\$ 29,025	\$ 31,550	\$ 39,213	\$ 41,750	\$ 48,963	\$ 56,000	\$ 63,525	\$ 69,225	\$ 75,925	\$ 76,375	\$ 83,675	\$ 85,050	\$ 700,275
Cost of Sales	9,075	9,775	12,138	12,850	14,875	17,000	19,325	21,075	23,150	23,400	25,688	26,100	214,450
Gross Margin	\$ 19,950	\$ 21,775	\$ 27,075	\$ 28,900	\$ 34,088	\$ 39,000	\$ 44,200	\$ 48,150	\$ 52,775	\$ 52,975	\$ 57,987	\$ 58,950	\$ 485,825
Operating Expenses													
Controllable Expenses													
Payroll	11,193	11,193	11,193	11,193	11,193	11,193	11,193	11,193	11,193	11,193	11,193	11,193	134,316
Employee Benefits	2,239	2,239	2,239	2,239	2,239	2,239	2,239	2,239	2,239	2,239	2,239	2,239	26,863
Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Maintenance	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Other Operating Costs	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Advertising and Promotions	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Professional Services	200	200	200	200	200	200	200	200	200	200	200	200	2,400
subtotal	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 21,332	\$ 255,979
Occupancy Costs													
Monthly Rent	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	49,992
Property Insurance	210	210	210	210	210	210	210	210	210	210	210	210	2,520
subtotal	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 4,376	\$ 52,512
Total Operating Expenses	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 25,708	\$ 308,491
Operating Income	\$ (5,758)	\$ (3,933)	\$ 1,367	\$ 3,192	\$ 8,380	\$ 13,292	\$ 18,492	\$ 22,442	\$ 27,067	\$ 27,267	\$ 32,280	\$ 33,242	\$ 177,334
Interest	383	380	376	372	368	365	361	357	353	349	345	341	4351
Depreciation	383	380	376	372	368	365	361	357	353	349	345	341	4351
subtotal	\$ (6,141)	\$ (4,312)	\$ 992	\$ 2,820	\$ 8,012	\$ 12,928	\$ 18,132	\$ 22,085	\$ 26,714	\$ 26,918	\$ 31,835	\$ 32,901	\$ 172,983
Income Before Taxes	\$ (6,141)	\$ (4,312)	\$ 992	\$ 2,820	\$ 8,012	\$ 12,928	\$ 18,132	\$ 22,085	\$ 26,714	\$ 26,918	\$ 31,835	\$ 32,901	\$ 172,983
Income Taxes													
Net Income	\$ (6,141)	\$ (4,312)	\$ 992	\$ 2,820	\$ 8,012	\$ 12,928	\$ 18,132	\$ 22,085	\$ 26,714	\$ 26,918	\$ 31,835	\$ 32,901	\$ 172,983

Appendix D.1
Gross Margin – First 2 Years

Aloha Bowls
Gross Margin
Two Years

	Year	Year	
	<u>1</u>	<u>2</u>	
No. of Bowls Sold			
Seafood	29,000	43,200	
Meat	29,600	43,200	
Salads/Vegetables	15,700	21,600	
total	74,300	108,000	
Revenues			
Bowls	\$ 533,100	\$ 777,600	
Drinks	167,175	243,000	
total	\$ 700,275	\$ 1,020,600	
Cost of Sales			
Bowls	\$ 177,300	\$ 259,200	
Drinks	37,150	54,000	
total	\$ 214,450	\$ 313,200	
Gross Margin			
Bowls	\$ 355,800	\$ 518,400	
Drinks	130,025	189,000	
total	\$ 485,825	\$ 707,400	
Gross Margin %			
Bowls	67%	67%	
Drinks	78%	78%	
total	69%	69%	

Appendix D.2a

Gross Margin Monthly – 1st 12 Months

		Alpha Bowls Gross Margin First 12 Months													
		Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Year 1
		1	2	3	4	5	6	7	8	9	10	11	12	Total	
No. of Bowls Sold															
Seafood		1,500	1,500	1,750	1,800	1,900	2,000	2,500	2,700	3,000	3,200	3,550	3,600	3,600	29,000
Meat		1,200	1,300	1,750	1,800	2,000	2,500	2,600	2,900	3,200	3,200	3,550	3,600	3,600	29,600
Salads/Vegetables		300	500	600	800	1,350	1,500	1,700	1,800	1,900	1,700	1,750	1,800	1,800	15,700
total		3,000	3,300	4,100	4,400	5,250	6,000	6,800	7,400	8,100	8,100	8,850	9,000	9,000	74,300
Revenues															
Bowls		\$ 22,275	\$ 24,125	\$ 29,988	\$ 31,850	\$ 37,150	\$ 42,500	\$ 48,225	\$ 52,575	\$ 57,700	\$ 58,150	\$ 63,763	\$ 64,800	\$ 64,800	\$ 533,100
Drinks		6,750	7,425	9,225	9,900	11,813	13,500	15,300	16,650	18,225	18,225	19,913	20,250	20,250	167,175
total		\$ 29,025	\$ 31,550	\$ 39,213	\$ 41,750	\$ 48,963	\$ 56,000	\$ 63,525	\$ 69,225	\$ 75,925	\$ 76,375	\$ 83,675	\$ 85,050	\$ 85,050	\$ 700,275
Cost of Sales															
Bowls		\$ 7,575	\$ 8,125	\$ 10,088	\$ 10,650	\$ 12,250	\$ 14,000	\$ 15,925	\$ 17,375	\$ 19,100	\$ 19,350	\$ 21,263	\$ 21,600	\$ 21,600	\$ 177,300
Drinks		1,500	1,650	2,050	2,200	2,625	3,000	3,400	3,700	4,050	4,050	4,425	4,500	4,500	37,150
total		\$ 9,075	\$ 9,775	\$ 12,138	\$ 12,850	\$ 14,875	\$ 17,000	\$ 19,325	\$ 21,075	\$ 23,150	\$ 23,400	\$ 25,688	\$ 26,100	\$ 26,100	\$ 214,450
Gross Margin															
Bowls		\$ 14,700	\$ 16,000	\$ 19,900	\$ 21,200	\$ 24,900	\$ 28,500	\$ 32,300	\$ 35,200	\$ 38,600	\$ 38,800	\$ 42,500	\$ 43,200	\$ 43,200	\$ 355,800
Drinks		5,250	5,775	7,175	7,700	9,188	10,500	11,900	12,950	14,175	14,175	15,488	15,750	15,750	130,025
total		\$ 19,950	\$ 21,775	\$ 27,075	\$ 28,900	\$ 34,088	\$ 39,000	\$ 44,200	\$ 48,150	\$ 52,775	\$ 52,975	\$ 57,988	\$ 58,950	\$ 58,950	\$ 485,825
Gross Margin %															
Bowls		66%	66%	66%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%
Drinks		78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%
total		69%	69%	69%	69%	70%	70%	70%	70%	70%	69%	69%	69%	69%	69%

Appendix D.3.a

First 12 Months of Revenues and Cost of Goods Sold

Alpha Bowls Gross Margin Detail First 12 Months													
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
Revenues													
Seafood													
No. of Bowls	1,500	1,500	1,750	1,800	1,900	2,000	2,500	2,700	3,000	3,200	3,550	3,600	29,000
Avg. Sales per Bowls	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Total Gross Sales	11,625	11,625	13,563	13,950	14,725	15,500	19,375	20,925	23,250	24,800	27,513	27,900	224,750
Meats													
No. of Bowls	1,200	1,300	1,750	1,800	2,000	2,500	2,600	2,900	3,200	3,200	3,550	3,600	29,600
Avg. Sales per Bowls	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Total Gross Sales	9,000	9,750	13,125	13,500	15,000	18,750	19,500	21,750	24,000	24,000	26,625	27,000	222,000
Salads/Vegetables													
No. of Bowls	300	500	600	800	1,350	1,500	1,700	1,800	1,900	1,700	1,750	1,800	15,700
Avg. Sales per Bowls	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Total Gross Sales	1,650	2,750	3,300	4,400	7,425	8,250	9,350	9,900	10,450	9,350	9,625	9,900	86,350
Beverages													
No. of Drinks	3,000	3,300	4,100	4,400	5,250	6,000	6,800	7,400	8,100	8,100	8,850	9,000	74,300
Avg. Sales per Drink	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Total Gross Sales	6,750	7,425	9,225	9,900	11,813	13,500	15,300	16,650	18,225	18,225	19,913	20,250	167,175
Total Gross Sales	\$ 29,025	\$ 31,550	\$ 39,213	\$ 41,750	\$ 48,963	\$ 56,000	\$ 63,525	\$ 69,225	\$ 75,925	\$ 76,375	\$ 83,675	\$ 85,050	\$ 700,275

Alpha Bowls Gross Margin Detail First 12 Months													
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
Costs of Goods Sold													
Seafood													
No. of Bowls	1,500	1,500	1,750	1,800	1,900	2,000	2,500	2,700	3,000	3,200	3,550	3,600	29,000
Avg. Sales per Bowls	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Total Costs	4,125	4,125	4,813	4,950	5,225	5,500	6,875	7,425	8,250	8,800	9,763	9,900	79,750
Meats													
No. of Bowls	1,200	1,300	1,750	1,800	2,000	2,500	2,600	2,900	3,200	3,200	3,550	3,600	29,600
Avg. Sales per Bowls	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total Costs	3,000	3,250	4,375	4,500	5,000	6,250	6,500	7,250	8,000	8,000	8,875	9,000	74,000
Salads/Vegetables													
No. of Bowls	300	500	600	800	1,350	1,500	1,700	1,800	1,900	1,700	1,750	1,800	15,700
Avg. Sales per Bowls	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total Costs	450	750	900	1,200	2,025	2,250	2,550	2,700	2,850	2,550	2,625	2,700	23,550
Beverages													
No. of Drinks	3,000	3,300	4,100	4,400	5,250	6,000	6,800	7,400	8,100	8,100	8,850	9,000	74,300
Avg. Sales per Drink	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Total Costs	1,500	1,650	2,050	2,200	2,625	3,000	3,400	3,700	4,050	4,050	4,425	4,500	37,150
Costs of Goods Sold	\$ 9,075	\$ 9,775	\$ 12,138	\$ 12,850	\$ 14,875	\$ 17,000	\$ 19,325	\$ 21,075	\$ 23,150	\$ 23,400	\$ 25,688	\$ 26,100	\$ 214,450

Appendix D.3.b

Gross Margin Detail Schedule

**Alpha Bowls
Gross Margin Detail
First 12 Months**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
Gross Margins													
Seafood													
Seafood Percentage	7,500	7,500	8,750	9,000	9,500	10,000	12,500	13,500	15,000	16,000	17,750	18,000	145,000
	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Meats													
Meat Percentage	6,000	6,500	8,750	9,000	10,000	12,500	13,000	14,500	16,000	16,000	17,750	18,000	148,000
	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%
Salads/Vegetables													
Salads/Vegetables Perc	1,200	2,000	2,400	3,200	5,400	6,000	6,800	7,200	7,600	6,800	7,000	7,200	62,800
	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%
Beverages													
Beverage Percentage	5,250	5,775	7,175	7,700	9,188	10,500	11,900	12,950	14,175	14,175	15,488	15,750	130,025
	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%
Total Gross Margins	\$ 19,950	\$ 21,775	\$ 27,075	\$ 28,900	\$ 34,088	\$ 39,000	\$ 44,200	\$ 48,150	\$ 52,775	\$ 52,975	\$ 57,988	\$ 58,950	485,825
Total Percentage	69%	69%	69%	69%	70%	70%	70%	70%	70%	69%	69%	69%	69%

Appendix E

Aloha Bowls Initial Start-up Costs

	Year 0
Real Estate Costs	
Tenant Deposit	\$ 4,166
Site Improvement Costs	80,000
subtotal	\$ 84,166
Operating Assests	
Restaurant Equipment	\$ 61,370
Restaurant Furnishings	10,000
subtotal	\$ 71,370
Office Equipment & Supplies	
Desktop (Dell)	\$ 299
Desk	171
File Cabinet	179
Office Supplies	
subtotal	\$ 649
Promotional Costs	
Grand Opening Promotions	\$ 5,000
subtotal	\$ 5,000
Professional Services	
Legal /Accounting	\$ 5,000
subtotal	\$ 5,000
Licenses & Fees	
Permit Applications (per 2 years) \$	100
Building Plan Review	200
LLC Registration	100
GE Tax License fee	20
subtotal	\$ 420
Technology Costs	
Registers	2,700
Point of Sale Software	1,500
Printers	500
Lines	700
Other	500
subtotal	5,900
subtotal - start up costs	\$ 172,505
Cash Reserves	
total - startup costs and reserves	\$ 172,505

Appendix F

Sources of Funding

Aloha Bowls Sources of Funds

	Year <u>0</u>
Debt	
Personal loans	
Family loans	
Friend loans	
Bank loans	\$ 80,000
SBS loans	
Other loans	
subtotal	\$ 80,000
 Equity	
Principals	\$ 20,000
Family	
Friends	\$ 20,000
Angel	\$ 80,000
Venture Capital	
Other	
subtotal	\$ 120,000
Total Sources of Funds	\$ 200,000

Appendix G

Payroll Schedules

Aloha Bowls Payroll Year 1

	<u>workers</u>	<u>Hourly Rate</u>	<u>Hours/ Week</u>	<u>Weekly Pay</u>	<u>52 Weeks</u>	<u>Year 1</u>	<u>Monthly</u>
Management							
Manager	1					\$ -	\$ -
Manager	1					\$ -	\$ -
	<u>2</u>					<u>\$ -</u>	<u>\$ -</u>
Employees							
Cooks	4	\$ 7.75	42	\$ 1,302.00	52	\$ 67,704.00	\$ 5,642.00
Cashier	2	\$ 7.75	42	\$ 651.00	52	\$ 33,852.00	\$ 2,821.00
Servers	2	\$ 7.50	42	\$ 630.00	52	\$ 32,760.00	\$ 2,730.00
subtotal	<u>8</u>			<u>\$ 2,583.00</u>		<u>\$ 134,316.00</u>	<u>\$ 11,193.00</u>
Total	<u>10</u>					<u>\$ 134,316.00</u>	<u>\$ 11,193.00</u>

Note: First year's payroll only includes employee payroll and doesn't include salaries of managers as principals will take no salary in first year.

Aloha Bowls Payroll Year 2

	<u>workers</u>	<u>Hourly Rate</u>	<u>Hours/ Week</u>	<u>Weekly Pay</u>	<u>52 Weeks</u>	<u>Year 1</u>	<u>Monthly</u>
Management							
Manager	1					\$ 40,000.00	\$ 3,333.33
Manager	1					\$ 40,000.00	\$ 3,333.33
	<u>2</u>					<u>\$ 80,000.00</u>	<u>\$ 6,666.67</u>
Employees							
Cooks	4	\$ 7.75	42	\$ 1,302.00	52	\$ 67,704.00	\$ 5,642.00
Cashier	2	\$ 7.75	42	\$ 651.00	52	\$ 33,852.00	\$ 2,821.00
Servers	2	\$ 7.50	42	\$ 630.00	52	\$ 32,760.00	\$ 2,730.00
subtotal	<u>8</u>			<u>\$ 2,583.00</u>		<u>\$ 134,316.00</u>	<u>\$ 11,193.00</u>
Loan							
Total	<u>10</u>					<u>\$ 214,316.00</u>	<u>\$ 17,859.67</u>

Appendix H

Amortization Schedules

Aloha Bowls Loan Amortization 7 Year Amortization

				\$ 80,000 amt			
				5.75% int rate			
	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>			
0				80,000			
1	1,159	383	776	79,224			
2	1,159	380	780	78,445			
3	1,159	376	783	77,661			
4	1,159	372	787	76,874			
5	1,159	368	791	76,084			
6	1,159	365	795	75,289			
7	1,159	361	798	74,491			
8	1,159	357	802	73,689			
9	1,159	353	806	72,883			
10	1,159	349	810	72,073			
11	1,159	345	814	71,259			
12	1,159	341	818	70,441	4,351	9,559	Yr 1

Appendix I
Equipment Cost detail

Aloha Bowls
Equipment Costs

Equipment	
Rice Cookers	\$ 360.00
Freezer	3,449.00
Grill	2,531.00
Oven	5,877.00
Hood	2,820.00
Warmers	1,500.00
Chillers	540.00
Grease Trap	30,000.00
Knife set	150.00
Kitchen utensils	500.00
deep fryer	850.00
cooler merchandiser	2,074.00
prep table	4,293.00
concession condiment bar	627.00
fast food warmers	799.00
other equipment	<u>5,000.00</u>
subtotal	<u>\$ 61,370.00</u>
 Furniture & Fixtures	
Furniture Table	\$ 1,156.00
Furniture Booth	1,960.00
Trash Cabinet	1,995.00
Other items	<u>4,889.00</u>
subtotal	<u>\$ 10,000.00</u>
	 \$ 71,370.00