

# **Business Plan**

**Emily's Coffee Shop  
29 Waapstan  
The Town, Quebec**



**ABORIGINAL**  
**ENTREPRENEUR**



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## Summary

Emily's Coffee Shop is a new business that proposes to open in The Town, Quebec. It will be owned by Emily Wapachee a member of the Cree First Nation of The Town.

Emily's Coffee Shop will be a new business that will sell coffee, donuts, soup and sandwiches similar to a Tim Horton's Franchise. Franchising was explored but at this time franchisers are looking for higher population basis for this industry.

The business will emphasize quality products at competitive prices and will promote the business through the usage of signs and flyers. The customer base will be mostly Cree. They will come from The Town and other communities during sports and cultural tournaments.

Emily Wapachee will work full time in the business and will employ an additional four full time positions. These persons will be aboriginal, and Emily and her husband Matthew Wapachee will perform all management functions including record keeping. Emily has worked in the fast food restaurant business and has also passed a forty week baking course. She presently does wedding cakes for the community.

Emily's Coffee Shop will be seeking funding for the amount of \$212,000.000. This will be raised by applying for grants from INAC and loans from the The Town Economic Development, and the Cree Business Center.

The total revenues in year one will be \$ 200,000.00 with a net profit of \$ 17,000.00. The ratios are comparable to industry standards and the community has demonstrated that it can support a business of this type.

## Description of Business and Industry

Emily's Coffee Shop will provide inexpensive, fast meals to office workers and members of the community. Donut shops are very popular with Cree people who like to get together in community type settings..

Customers will purchase from Emily's Coffee Shop because the business will provide speedy delivery, excellent customer service, and superior quality food.

## Business Description

Emily's Coffee Shop was chosen as a name because it describes the featured product of the business and also identifies the nature of the business.

The business will be owned by Emily Wapachee who is an aboriginal members of the Cree First

Nation of The Town. Emily is starting her first business and has never received funding from any aboriginal business program and the business has no close links to any existing business.

The mailing address of the business will be Emily's Coffee Shop, The Town, Quebec G0W 1C0. Phone (418) 923-3596.

The start up date of the business will be the fall of 2000.

### **The Industry**

The Donut/Coffee Shop industry continues its growth in Canada. The franchised units such as Dunkin Donuts and Tim Hortons are expecting to add over 400 Donut shops in the next year in Canada.

The main challenges of the Industry come from easily prepared meals that can be purchased in the conventional food stores. The convenience is equal to going out and the taste is roughly equal to prepared food from restaurants.

Food Service continues to lead other industries in total sales such as housing, automaking, and electronics. The food industry continues to gain a greater share of all food dollars spent in America, moving up to 45 percent versus 55 percent for retail food which represents a gain of 20 share points since 1960. As these figures show, there is room for entry into the restaurant marketplace.

The eateries that succeed are the ones that offer midpriced meals and are perceived by the customer as offering price value entrees.

The key factors to success in this industry are quality, cleanliness and perceived cleanliness of the facility, speed of service, and superior customer service (friendliness).

### **The Community**

The Town is the second largest community in the Region and it is readily accessible year round. Connected to the Québec highway system via the The Town urban centre 120 km. away, The Town has access to the north by way of the Route connecting to the Highway through NTown. The airport at The Town provides direct connections to Montreal and Québec City and the highway network provides easy access from the south.

Lake Mistassini and the surrounding lands are among the worlds most beautiful and pristine places. Its natural and cultural resources represent a vast array of attractions to tourists. The lands are mostly Reserves or Category I and II, meaning that the Cree exercise use and control over it. The Town is also one of the few Cree Communities with a well developed Tourism Strategic Plan.

## The Town Area Profile

### A. Location

The Town is the second largest Cree community with a population of around 2,400 Cree and 150 nonnatives. It is situated at the southern end of a lake. The The Town Community, its reserve and its category I and II lands are virtually surrounded by the large National Assinica Albanel / Mistassini and Wasconichi Wildlife Reserves. It is approximately 90 km from the Chibougamau municipality and 120 km from the airport with connections to Montreal, Quebec City, Nemaska and Waskaganish as well as to the rest of the region.

The Cree populations in all of the communities are growing and are forecasted to continue to exceed national averages for years to come. Also, the populations are youthful with over 55% under age 25. This represents a continuing demand for new housing and expanded infrastructure as new families are formed.

Community	1994	1996	% Increase
Chisasibi	2768	3075	11.09
Eastmain	459	589	28.32
The Town	2307	3193	38.40
Nemaska	456	487	6.80
Ouje-Bougoumou	489	489	data unavailable
Waskaganish	1423	1978	39.00
Waswanipi	961	1417	47.45
Wemindji	956	1149	20.19
Whapmagoostui	571	622	8.93
Totals	10390	12999	25.11

There are other positive economic development indicators. For example, recently it was announced that a year round road will be built connecting the James Bay Highway to Waskaganish. At present there is only a winter road which will be replaced with either a year round gravel road or possibly with a paved road. This will be a road of around 100 km and will provide considerable work opportunities over the next couple of years.

Entrepreneurship is also on the rise and there is now a steady stream of new business formation in the retail, service and tourism sectors.

## **B. Access and Transportation**

Access to and into the The Town area is available through a variety of methods. The community of The Town is accessible by highway 167, a class 2 gravel road to Chibougamau, 90 km away. This road continues to the Chalifour River and Albanel Lake, with secondary roads leading to Waconichi Lake and to other entrances to the Wildlife Reserves. From Chibougamau, the Route du Nord passes through the Assinica Reserve en route to Nemaska.

The Chibougamau airport is some 105 km distant and The Town has a facility to land float planes. There are various water and portage corridors and in the winter snowmobile trails provide access. Local operators include Air Creebec and other charter aircraft and helicopter services. Connections can be made using various taxi, mini bus and other large and small vehicles on a hire, charter or rental basis. More comprehensive services of this nature are available on a regional basis such as in Chibougamau and Chapais.

## **C. Accommodation and Hospitality Resources**

Accommodation available to travellers and tourist and to support Native Adventures includes motels, lodges, native camps, outfitter camps, tourist cabins, private homes, bed and breakfast, trappers' cabins and of course, camping and sleeping under the stars. There is one restaurant which does not feature native foods. However, many of the private accommodations offer meals on the American Plan and meals and native foods.

## **D. Public Services**

The Town is supplied with local and regional services. They include:

- Police (local) The community has the services of six full-time constables. Police equipment consists of two patrol vehicles and two snowmobiles with trailer.
- Search and Rescue Team. Local emergencies are done by the The Town Community Police and the The Town Public Safety & Fire Department.
- Firefighting. The The Town Fire Department has 1 Fire Chief, 1 Assistant, 14 Volunteer Fire Fighters, and one team trained for forest fires. The major equipment consists of 48 fire hydrants and 2 fire trucks.
- Hospital/Medical Station. The The Town Clinic is staffed by 5 nurses, 1 nurses aid, 1 interpreter, 1 full-time doctor, one full-time pharmacist, two full-time dentists, and a dental hygienist. Also, the clinic has two observation beds for emergency and 1 ambulance for emergency purposes.
- Water Treatment. Water is supplied to the community by a pumping station. Water samples are

collected for analysis on a weekly basis throughout the year.

- Electricity is provided by Québec Hydro through connection to the main power grid.
- Sewage Disposal. The sewage of the community is of a gravity type which leads into a lagoon.

### **E. Businesses, Retail and Services**

Like any other small community, The Town has a variety of local businesses, retailers and service companies to provide most necessities. These include, gas bars, grocery and convenience stores, post office, laundromat, cable service, Caisse Populaire, daycare, construction, etc. There are also arts and crafts outlets, outdoor equipment, gun and sports shops, and an outdoor equipment rental shop. There are plans in the works to develop a number of additional businesses, including ones to further support the tourism industry either directly or indirectly.

### **F. Special Events**

There are special events year round which contribute to the culture, lifestyle and economy of The Town.

- Goose Break, Last week in April to first week in May. Cree hunting season for geese.
- Local Softball Tournament, June.
- Wrestling, July 10,11, Wrestling troop from Montreal.
- Pow Wow, July 20-26, Cree Festival. Competition in activities such as canoeing. Also activities such as bingo, square dancing, concerts, etc.
- Invitational Softball Tournament, August 13-17.
- Walking Out Ceremonies, Spring, Summer, & Fall. Cree culture of letting their child out into the world.
- Moose Break, Last week of September-two first weeks of October. Cree hunting for moose.
- Christmas Tournament (local), December 27-31, Sports (hockey & broomball).
- Neoskwekau Invitational, January 23-26, Sports (hockey & broomball).
- Winter Carnival, March 16-22, Snowmobile & cross-country skiing races.

<b>Community</b>	<b>Households</b>	<b>Population</b>
The Town First Nation	456	2,600

The economy is made up of 5 main sectors, as follows:

1. Public Service
2. Tourism/Hospitality - Outfitters
3. Construction - Houses, infrastructure
4. Harvesting - Trapping furs



## 5. Private Sector - Micro businesses

The business has made application to the Cree First Nation of The Town for a Band Council Resolution of Support which is attached in the Appendix section.

### **The Project**

The objective of the project is to open a donut/coffee shop style restaurant that provides the best food in The Town. The business will provide meals, and drinks. The features that will distinguish Emily's Coffee Shop will be fast service, fresh, and tasty products at a reasonable price.

The business will be open 7 days a week 52 weeks a year. The hours of operation will be from 7:00 a.m. to 10:00 p.m.

**Objectives** The objective is to open a donut shop option in The Town that focuses on snacks, fast meals and coffee as the primary product for sale.

**Approach** The objectives will be carried out by building a Donut Shop close to the Band Office, the main employer in town.

**Financing** The project will be started with \$25,000.00 cash equity provided by the owner and \$187,000.00 to be sought from, The Town Economic Development, INAC and the Cree Business Centre.

**Timing** The construction will start in fall of 2002 and the business will start in January 2002.

### **Socio-Economic Benefits**

The benefit that the business will provide for the community will be the provision of another eating establishment which will allow the residents of The Town to have more choices.

The business will provide benefit to the family of Emily Wapachee because it will provide a middle to upper level income. It will also provide an ongoing source of income which can be saved to expand into a bigger and more lucrative business. The coffee shop will develop their business skills which will permit them to expand in the future.

The business will create five aboriginal full time equivalent jobs.

The surplus earning will be accumulated to save for the expansion of the business described in the long term plans.

### **The Applicant**

Jane Doe is a member of the Cree First Nation of The Town. . Her and her husband Matthew feel that with their experience and limited savings and equity that the cafeteria business is the best opportunity. This industry was also selected because it matches her passion for cooking and giving services. Their strengths are a strong work ethic, ability to make strong decisions, good cooking skills and an ability to organize work in an efficient manner.

## **Marketing**

### **Market Analysis**

#### **Market Size**

The local community profile lists 456 households in The Town. The basis for calculating the total available market will be extrapolated from the census data of The Town. The data source is the Family Expenditure publication.

The total expenditure per household is calculated in 1994 as \$1,114 for Food in Restaurants. An inflation factor of 3% has been calculated giving a 1999 estimate of \$1,253.

The total market of households times average household expenditure's equals \$571,368.00. This estimate is viewed to be extremely conservative since there has been no factoring in the tourist dollars from visitors to the community. These individuals also must purchase every meal from a restaurant and a fast food outlet would in many circumstances meet Their immediate needs. This figure also ignores the people who attend sports and cultural tournaments. A phone call to a cafeteria style restaurant in Waswanipi, Quebec indicated that the business had \$7,800.00 in sales during a weekend softball tournament. There are roughly 12 events in the community per year we estimate \$ 7,000.00 per event (65% of The Town estimate = \$ 84,000.00. We also estimate 3000 (estimate of tourism dept. The Town) tourists per summer x 20.00 per tourist = 60,000.00.

#### **Market Share**

There are two restaurant in the community.

Based upon an equal market share the calculation is  $(33.33\% \times \$571,368.00 = \$190,500.00)$

Based upon this calculation the estimated market share is projected to be \$190,500.00.

Events & Tourists \$144,000.00 x 33% market share projected at \$47,500.00

Total expected Market share \$ 238,000.00

#### **Location**

The location of the coffee shop will be on the main road into the community adjacent to the band office. This makes it a very convenient location as it is also adjacent to the two largest retail stores in the community.

### **Target Market**

#### **Best Market**

The best market will be Crees living on The Town who are employed by the main agencies in town. They will likely be over the age of 18 years.

#### **Secondary Market**

The secondary market will be non Cree residents such as teachers, nurses and doctors who reside in The Town as well as workers and visitors to the community.

#### **Other**

Every summer there are significant numbers of tourist who visit the community. There are also major sports events, tournaments, and religious camp meetings.

#### **Customers**

The typical customers are Crees employed by the band, School Board, Health Board, schools, offices, stores, and the self employed.

#### **Competition**

<b>Name</b>	<b>Prices</b>	<b>Delivery</b>	<b>Menu</b>	<b>Hours</b>
John's Restaurant	Higher	No	Fast Food	6am - 7pm
The Cafeteria	Higher	Yes	Fast Food	7am - 8pm

Emily's Coffee Shop will be the most convenient of the fast food operations as it will cater to a need already well established by their clients. Emily's Coffee Shop will constantly improve on service and quality and staff friendliness.

The customer will want to buy from Emily's Coffee Shop because the product will be tastier than they can make themselves.

#### **Strengths of the Product**

The strengths of the product will be price, quality, speed and customer service.

### **Weakness of Product**

The product is subject to price competition which will reduce the profitability of the business. However, since there is only two other restaurants in town this should not be a significant weakness.

This is a list of all the features of Emily's Coffee Shop: *Fast, convenient, courteous, friendly, excellent taste, and affordable prices.*

List of benefits for purchasing from Emily's Coffee Shop: *Customers will not have to cook, convenience.*

### **Price**

Emily's Coffee Shop will be cheaper because of the nature of donut shop food service and a requirement for less staff than a usual full service restaurant.

### **Credit**

Emily's Coffee Shop will place a sign that no credit will be granted. For Band Council meeting an invoice will be presented although this will be the only customer granted credit and payment will be expected within seven days.

### **Promotion**

Emily's Coffee Shop will have a large sign with the business name. Signs will be written to list prices. This will attract line of sight customers.

Flyers during non-tournament times will be delivered through the ad mail program of Canada Post.

### **Operations Plan**

#### **Description of Premises**

The location of the business will be on the main road of The Town.

This location and size of the business will be beneficial because it provides adequate floor space for the cooking equipment and adequate parking for the customers who are coming for pick up service. The building will be 40' x 48'. The building has been estimated to cost \$ 150,000.00.

#### **Production Plan**

The production process of the business will be composed of the following steps:

1. Purchase food, condiment packages, paper containers and napkins, soft drinks and coffee.
2. Receive supplies, verify quantities and quality. Pay supplier and store in appropriate spot.
3. The business will be seven days a week. The hours of operation will be from 7:00 a.m. to 10:00 p.m. It will be open year round.
4. Typical day will consist of preparation of food and purchase of supplies from 8:00 a.m. to 10:00 a.m.. Inspection of facility and equipment. Take cash from sake keeping and put into cash register. This period will also be when establishment is cleaned.

When customers come continue to replenish the food. Receive payment and make change if necessary. Clean tables. Continue this process until closing.

At 10:00 p.m. put up closed sign. Turn of cooking equipment, double-check gas connections and valves. Clean equipment, floor, and windows. Run Z total on cash register. Check total sales and compare to cash in register less the daily float. If there is an overage or shortage make a note. Turn of utilities and secure and lock building. Enter daily sales and enter shortage or overage into appropriate account. Prepare deposit slip and secure cash in lock box.

5. Periodically review sales of products and revise one product at a time.

### **Building Description**

The building will be 40' x 48' (1,920 sq. ft.). It will be connected to hydro and telephone. Security will be by a deadbolt lock, although no cash will be left in building.

### **Equipment & Building**

<b>Description</b>	<b>Value</b>
Equipment & Furnishings	\$52,000.00
Building	\$150,000.00
<b>Total</b>	<b>\$202,000.00</b>

The inventory required to prepare the food will be purchased from wholesalers in the region.

Servinor and Ben Deshais.

### **Environmental Considerations**

The business is typical to many other similar business and have never been cited as the types of businesses to negatively impact the environment. The location does not affect any historic features or affect any water course or sanctuary. Based upon the best analysis possible the business concludes that it will have no negative environmental impact.

### **Risk Assessment of Operations Plan**

There are two areas that pose a risk to the business. The first is that supplies can be difficult to deliver in the winter depending upon weather conditions. The business could run out of supplies.

The second aspect of risk is the risk of tainted food that affects all food preparation businesses.

The response to these threats are as follows: The business will order larger than usual amounts during the winter season. The tainted food threat will be countered by very strict adherence to food preparation and storage procedures. This will include installation of cleaning sinks and the availability of hot water with the appropriate soap.

### **Management Plan**

#### **Staffing Plan**

Jane Doe will be the owner of the coffee shop and will have four employees who will assist with food preparation, order taking and taking payment and making change.

Emily's role in the business will consist of the following responsibilities:

Organize work	Selling and Pricing
Management	Inventory management
Computer entry and entering Quickbooks	Cooking
Ordering supplies	Payroll and Bill Payment
Making bank deposits	Cleaning premises

The other employee will be responsible for food preparation and cleaning. Receive payment and make change as required. .

Emily & Matthew's personal resume is attached as an appendix.

### **Professional Services and Support**

Matthew & Jane Doe will perform accounting functions and will receive ongoing business advice from the Economic Development personnel of the First Nation.

# **Financial Plan**



### Sources of Financing

<b>Sources of Financing</b>			
Costs		Sources of Financing	
Building	\$150,000.00	Owners Contribution	\$25,000.00
Equipment Donut Shop	\$40,000.00	Economic Review Board Grant	\$15,000.00
Furnishings	\$12,000.00	DIAND Grant-Opportunity Fund	\$40,000.00
Inventory	\$3,000.00	Cree Business Centre Loan	\$117,000.00
Working Capital	\$5,000.00	Economic Review Board Loan	\$15,000.00
Office Equipment	\$2,000.00		
	\$212,000.00		\$212,000.00

### Cost Overruns

It is not expected that there will be any cost overruns, however if there are any small overruns this will be taken out of the working capital and replaced once the business is operational.

### Cash from Ongoing Operations

Cash from ongoing operations will be used for future expansion of the business to meet the five and ten year goals.

### Bridge Financing

The Eeyou Economic Group & The Town Economic Development will be approached for bridge financing for any government grants.

**Balance Sheet**  
**Emily's Coffee Shop**  
**Projected Balance Sheets**

	Start	Year 1	Year 2	Year 3
<b><u>Assets</u></b>				
<b>Current Assets</b>				
Cash in Bank	\$5,000	\$12,733	\$8,790	\$11,548
Term Deposit Equip.			\$20,000	\$30,000
Inventory	\$3,000	\$3,000	\$3,000	\$3,000
<b>Total Current Assets</b>	<b>\$8,000</b>	<b>\$15,733</b>	<b>\$31,790</b>	<b>\$44,548</b>
<b>Fixed Assets</b>				
Building	\$150,000	\$150,000	\$150,000	\$150,000
Equipment/Furnishings	\$54,000	\$54,000	\$54,000	\$54,000
Less Accumulated Depreciation		\$13,200	\$26,400	\$39,600
<b>Total Fixed Assets</b>	<b>\$204,000</b>	<b>\$190,800</b>	<b>\$177,600</b>	<b>\$164,400</b>
<b>Total Assets</b>	<b>\$212,000</b>	<b>\$206,533</b>	<b>\$209,390</b>	<b>\$208,948</b>
<b><u>Liabilities and Equity</u></b>				
<b>Current Liabilities</b>				
EEG Loan		\$20,037	\$21,593	\$23,269
Economic Review board		\$2,568	\$2,768	\$2,983
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$22,605</b>	<b>\$24,361</b>	<b>\$26,252</b>
<b>Long Term Liabilities</b>				
EEG Loan	\$117,000	\$76,925	\$53,775	\$28,830
Economic Review Board	\$15,000	\$9,863	\$6,894	\$3,696
<b>Total Long Term Liabilities</b>	<b>\$132,000</b>	<b>\$86,788</b>	<b>\$60,669</b>	<b>\$32,526</b>
<b>Total Liabilities</b>	<b>\$132,000</b>	<b>\$109,393</b>	<b>\$85,030</b>	<b>\$58,778</b>
<b>Equity</b>				
Opening Equity		\$80,000	\$97,140	\$124,360
Grants + Owners	\$80,000			
Retained Earning		\$17,140	\$27,220	\$25,810
<b>Closing Equity</b>	<b>\$80,000</b>	<b>\$97,140</b>	<b>\$124,360</b>	<b>\$150,170</b>
<b>Total Liabilities and Equity</b>	<b>\$212,000</b>	<b>\$206,533</b>	<b>\$209,390</b>	<b>\$208,948</b>

**Income Statement Year 1**  
for the period of January 1, 2001 to December 31, 2001

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
<b>Sales</b>	\$15,000	\$15,000	\$17,000	\$17,000	\$12,500	\$21,000	\$21,000	\$21,000	\$17,000	\$17,000	\$13,300	\$13,300	\$200,100
<b>Cost of Goods Sold</b>	\$4,500	\$4,500	\$5,100	\$5,100	\$3,750	\$6,300	\$6,300	\$6,300	\$5,100	\$5,100	\$3,990	\$3,990	\$60,030
<b>Gross Profit</b>	\$10,500	\$10,500	\$11,900	\$11,900	\$8,750	\$14,700	\$14,700	\$14,700	\$11,900	\$11,900	\$9,310	\$9,310	\$140,070
<b><u>Operating Costs</u></b>													
<b>Insurance</b>	\$2,000												\$2,000
<b>Promotion</b>	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
<b>Wages Owners</b>	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
<b>Wages Staff</b>	\$5,900	\$5,900	\$5,900	\$5,900	\$5,100	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$70,000
<b>Wrapping Supplies</b>	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
<b>Utilities</b>	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
<b>Telephone</b>	\$100	\$100	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$1,000
<b>Propane</b>	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
<b>Interest</b>	\$772	\$770	\$768	\$766	\$764	\$762	\$760	\$758	\$756	\$754	\$752	\$748	\$9,130
<b>Total Costs</b>	\$11,072	\$9,070	\$9,048	\$9,046	\$8,244	\$9,042	\$9,040	\$9,038	\$9,036	\$9,034	\$9,032	\$9,028	\$109,730
<b>Income</b>	(\$572)	\$1,430	\$2,852	\$2,854	\$506	\$5,658	\$5,660	\$5,662	\$2,864	\$2,866	\$278	\$282	\$30,340
<b>Minus Depreciation</b>	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
<b>Net Income</b>	(\$1,672)	\$330	\$1,752	\$1,754	(\$594)	\$4,558	\$4,560	\$4,562	\$1,764	\$1,766	(\$822)	(\$818)	\$17,140

### Emily's Coffee Shop Income Statements 3 Year

	Year 1	Year 2	Year 3
Coffee Sales	\$37,200.00	\$41,000.00	\$42,000.00
Donuts & Pastries	\$29,500.00	\$33,000.00	\$33,000.00
Cake Sales	\$16,600.00	\$20,000.00	\$19,000.00
Soup & Sandwich	\$73,400.00	\$80,000.00	\$84,000.00
Continental Breakfast	\$31,400.00	\$35,000.00	\$37,000.00
Other sales	\$12,000.00	\$14,000.00	\$14,000.00
Sales	\$200,100.00	\$223,000.00	\$229,000.00
Cost of Goods Sold	\$60,030.00	\$66,900.00	\$68,700.00
Gross Profit	\$140,070.00	\$156,100.00	\$160,300.00
Operating Costs:			
Insurance	\$2,000.00	\$2,000.00	\$2,000.00
Promotion	\$1,200.00	\$1,300.00	\$1,400.00
Wages Owners	\$18,000.00	\$20,000.00	\$22,000.00
Wages Staff	\$70,000.00	\$75,000.00	\$80,000.00
Wrapping Supplies	\$1,800.00	\$1,900.00	\$2,000.00
Utilities	\$3,000.00	\$3,100.00	\$3,200.00
Telephone	\$1,000.00	\$1,100.00	\$1,200.00
Propane	\$3,600.00	\$3,800.00	\$4,000.00
Interest	\$9,130.00	\$7,480.00	\$5,490.00
Total Operating Costs	\$109,730.00	\$115,680.00	\$121,290.00
Income	\$30,340.00	\$40,420.00	\$39,010.00
Minus Depreciation	\$13,200.00	\$13,200.00	\$13,200.00
Net Income	\$17,140.00	\$27,220.00	\$25,810.00

**Emily's Coffee Shop**  
**(Cash Flow) Sources and Application of Funds: Projected**

	<b>Start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Opening Balance		\$5,000	\$12,733	\$28,790
		<b>Cash In</b>		
Income		\$140,070	\$156,100	\$160,300
Owners Contribution	\$25,000			
INAC Grant	\$40,000			
Economic Review Board Grant	\$15,000			
Cree Business Centre	\$117,000			
Economic review Board Loan	\$15,000			
<b>Total Cash In:</b>	<b>\$212,000</b>	<b>\$140,070</b>	<b>\$156,100</b>	<b>\$160,300</b>
		<b>Cash out</b>		
Expenses		\$109,730	\$115,680	\$121,290
Inventory	\$3,000			
Building	\$150,000			
Equipment/Furnishings	\$54,000			
Loan Pmt Principle		\$22,607	\$24,363	\$26,252
Line of credit				
<b>Total Cash Out</b>	<b>\$207,000</b>	<b>\$132,337</b>	<b>\$140,043</b>	<b>\$147,542</b>
Closing balance	\$5,000	\$12,733	\$28,790	\$41,548

**Notes to Financial Statements:****Balance Sheet**Current Assets

Cash - Starting balance comes from Line of Credit and is accumulated in following years through depreciation account and net profit.

Inventory - Basic Inventory required for the cafeteria. Inventories will be purchased on a bi-weekly basis.

Fixed Assets

Building - These statements are dependant upon financing to be established by October 2002. The weather after this date will be unpredictable.

Depreciation - is calculated on a life cycle. Building over 25yrs = \$6,000.00 per year. Equipment Donut Shop over 8 years = \$3750.00, Furnishings over 5years = \$3,000.00 and Office Equipment over 5years = \$450.00 per year.

Line of Credit - Established through the Caisse Populaire.

Long Term Loans

Please see amortization schedule for EEC Loan.

**Income Statement**

Sales - Please see marketing strategy for rational on sales volume expected.

Cost of Goods Sold - Estimated at industry average of 30%.

Promotion - Flyers to announce specials of the week.

Wages Staff - 1 morning person x 3hrs. 2 lunch time x 3hrs = 6hrs....2 supper time 3hrs = 6hrs part-time 5hrs = 21 hours in total at 8.88 per hour 160.00 per day = 61,000.00 a year plus 9,000.00 in benefits. Two owner is covered by owners wages..

Wrapping Supplies - For takeout

Utilities - Heating and electrical costs for the building based on similar building in the community.

Telephone - Estimate for ordering supplies.

Propane - For cooking equipment in the cafeteria. Estimated on consumption of a previous similar type operation

## Current Ratio

Current Assets	194102	=	8.59
Current Liabilities	22605		

Comments: The current ratio is used to measure liquidity or ability to meet short-term debts without difficulty. The rule of thumb is that there be \$2.00 or more of current assets for each dollar of current liabilities. If this ratio is too high it may be that there is too much money tied up in working capital that is not earning a profit.

## Quick Ratio

Cash +Rec	12733	=	0.56
Current Liabilities	22605		

Comments: Since there are some not very liquid assets included in the calculation of the current ratio, lenders frequently like to calculate the quick or acid test ratio. The acid test ratio has its numerator on the cash and accounts receivable. Lenders under normal circumstances, like to see this ratio at 1 to 1 or higher.

## Total Liabilities to Total Equity Ratio

Total Liabilities	206533	=	2.13
Total Owner's Equity	97140		

Comments: The total assets of a business can be financed by either liabilities(debt) or equity. The total liabilities to total equity ratio illustrates the relationship between these two forms of financing. This ratio shows that for every \$1.00 of equity the lenders have lent \$2.13. While creditors prefer not to have the debt to equity ratio too high, you will often find it more profitable to have it as high as possible. A high debt to equity ratio is known as having high leverage.

## Return on Assets

Profit Before Interest	26270	=	0.13
Total Assets	206533		

Comments: Lenders like to calculate the return on assets. This result can then be compared with current interest rates on borrowed money.

## Net Profit to Assets

Net Profit	17,140		0.08
Total Assets	206533		

# **Appendix**