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Business Plan: The Coffee Project

Lauren Porter

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The COFFEE Project

Business Plan: The Coffee Project

By

Lauren T. Porter

Advisor: Dr. John Cole

**An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of
Science in Business Administration in Accounting**

**Sam M. Walton College of Business
University of Arkansas
Fayetteville, Arkansas**

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Executive Summary

The Coffee Project will be a specialty coffee shop in downtown Bartlesville, OK offering direct-trade coffee, tea, simple meals, and TCP merchandise. The shop will offer the standard specialty coffee drinks like cappuccinos, lattes, macchiatos and cortados, as well as shots of flavors and a selection of milk alternatives. In achieving its mission to provide great specialty coffee with a cause to Bartlesville, a portion of the profits from every food or drink purchase at The Coffee Project will be donated to local and regional charity organizations of the customers' choosing. All net profits from TCP merchandise will also be donated to charity. Our goal is to bring change to the area while spurring people to get involved in helping others.

The Coffee Project will be located in the heartbeat of Bartlesville, its Retail and Restaurant District. The 20 shops downtown work together to draw in crowds from the surrounding areas and create a unique shopping and dining experience. Of the 20,000 coffee shops in the United States, 55% are specialty coffee shops, which are gearing towards the hip, modern interiors that the millennial population especially craves. With plenty of seating and a modern, industrial-style interior in its 966 square-foot retail space, The Coffee Project will appeal to the audience of caffeine-lovers who enjoy the social aspect of grabbing coffee in a unique atmosphere.

The target market for The Coffee Project will be the 4,500 working professionals downtown and the 1,000 college students at the two local universities. Employment has increased in Bartlesville for the highly specialized energy sector some 3.5% in the last four years. The downtown area is home to several of the city's largest employers, including Phillips 66, ConocoPhillips, and Schlumberger. Enrollment for Rogers State University downtown has experienced double-digit enrollment increases during several recent semesters.

The millennial population ages 18-36 comprises a large portion of The Coffee Project's target market. Millennials are more active on social media and are more likely than their elders to seek out a modern coffee shop to spend time in after school or during work breaks. The Coffee Project will hire a social media manager to promote the business via Instagram and Facebook, in order to reach a large segment of our target market. Promotions on social media will focus on the quality products offered in The Coffee Project, as well as on its mission to giving back to the community. An understanding of The Coffee Project's mission will enhance the attractiveness of the business and allow it to appeal to a wider audience.

The Coffee Project will source its coffee from roasters that use a direct-trade model and provide ethically-sourced coffees. This model ensures appropriate compensation to the farmers at origin. The Coffee Project's pricing will be comparable to its main competitor, Jude's Health and Java House, while maintaining a 75% gross margin. Our competitive advantage will be our ability to donate to charity organizations, as well as our high-quality roaster lineup.

The Coffee Project will fund its startup business with a capital investment totaling \$50,000. This initial investment will cover all startup costs and equipment, as well as cover any cash flow deficits during its startup phase. Revenue is expected to reach \$195,000 in year one, with an annual projected growth rate of 7.5%. Net profits are expected to reach \$55,000 in the first year and grow 7.5% to \$73,000 in the fifth year. Our goal is to work up to donating a maximum of 50% of net profits to charity, starting with 10% in the first year. Charity donations will grow from \$5,500 in year one to nearly \$40,000 in year five.

Information on Business

A. Type of Business and Products

The Coffee Project will offer specialty coffees from roasteries in the region that operate with a direct trade model. The shop will offer the standard specialty coffee drinks like cappuccinos, lattes, macchiatos and cortados, as well as shots of flavors and a selection of milk alternatives. 10% of net profits from coffee and food items will be donated to local and regional charity organizations. Our goal is to work up to donating 50% of net profits.

The Coffee Project will source coffee from roasteries in the region that utilize a Direct Trade model to directly source coffee beans from the farms. This business model ensures the coffee farmers benefit appropriately from harvesting their crop. When customers purchase a direct-trade coffee from The Coffee Project, part of their money will go directly back to the farms our suppliers source from and the workers who make the coffee possible. This type of business transaction is much more direct and transparent than many “Fair Trade” coffees out there. Customers will have the benefit of knowing that their purchase at The Coffee Project helps care for the harvest and support its harvester, from sprout to mug. Below is a menu of The Coffee Project’s tentative drink offerings.

Our food menu will consist of bread, baked goods, and simple meals from local farms

Drink Menu						
Coffee	12 oz	16 oz	20 oz	Seasonal Drinks	12 oz	16 oz 20 oz
Single-Origin Drip	\$2.00	\$3.00	\$3.75	(Average price)	\$4.25	\$4.50 \$5.00
Pourover			\$5.00			
Cold Brew		\$3.75	\$4.25			
French Press			\$4.50			
Nitro (on tap)		\$3.75	\$4.25			
Espresso				Extras		
Espresso	\$3.25			Add Espresso Shot		\$0.85
Americano	\$3.25	\$3.75	\$4.25	Sub Non-Dairy Milk		\$0.65
Cappuccino		\$3.75		Add Flavor Shot		\$0.55
Latte	\$3.75	\$4.25	\$5.00			
Mocha	\$3.75	\$4.25	\$5.00			
Macchiato	\$3.50	\$3.75	\$4.25			
Tea						
Loose Leaf Tea			\$4.00			
Chai Tea Latte		\$4.35	\$4.85			
London Fog		\$4.35	\$4.85			
Caffeine-free				Data		
Seasonal Lemonade		\$3.00		Average drink cost		\$4.00
Mexican Sipping Chocolate		\$3.00				
Milk & Honey		\$3.00				

and bakeries.

The Coffee Project will also sell merchandise in the form of t-shirts, coffee mugs, and decal stickers. After breaking even on these sales, all net profits will be donated to charity organizations. This is our way of giving back to the community, and each customer will have a direct part in it.

Fig. 1: Menu currently being finalized

B. Target Market

The main customer of The Coffee Project will be people ages 18-45 who are part of the 4,500 working professionals downtown or the 1,000 college students in Bartlesville. Our target market of higher-educated people is interested in helping others in a tangible way through their affinity for specialty coffee drinks. According to the Specialty Coffee Association, the U.S. market share of specialty coffee has grown 19% in just seven years and is expected to double by the year 2050 (scaa.org). We intend to capture the attention of the roughly 18,000 millennials in Bartlesville who would look for more than just a caffeine fix.

C. Community Involvement

The Coffee Project's "project" is to give back to the community by way of donations and sponsoring community events that align with our core values. The Coffee Project will support local artisans by featuring different local artists' pieces in the shop, which will be made available for sale. A portion of every purchase at The Coffee Project will be donated to local and regional charity organizations of the customers' choosing. Each month, customers will be encouraged to vote for their favorite charity organization from a drop-down list on a Google Form. The Coffee Project's management will collectively decide which organization receives that period's donations, taking into account customer votes and current events in the area. For each year of business, The Coffee Project will increase its donations an extra 10% of all net profits, to a maximum of 50% of net profits donated.

D. Location

The Coffee Project's location will be in a rented retail space in the heart of downtown Bartlesville's Restaurant and Retail District. The 966 square foot shop features a historic storefront with natural light, brick walls, and high ceilings (LoopNet.com). With plenty of seating designed for both conversation and seclusion, The Coffee Project is a place for anyone to work or relax and enjoy a well prepared and tasteful drink. Below is the interior floor plan for The Coffee Project.

The local cafes and diners in Bartlesville outdate the city and separate it from the modern small businesses that are abundant in Tulsa. The Coffee Project will contrast the old-fashioned Bartlesville business interiors to bring a much-needed, modern and industrial-style interior to the area.

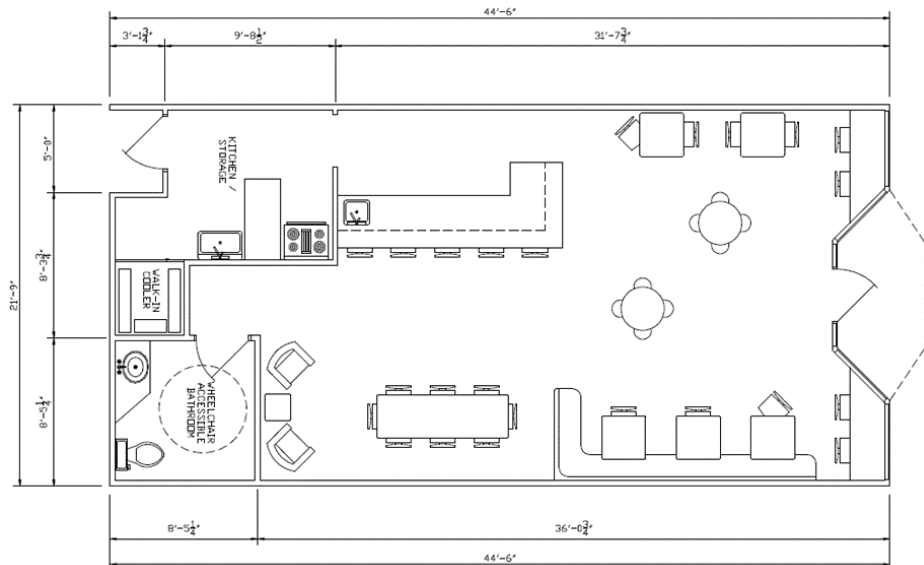




Fig. 2: Map of location relative to office buildings and university

The Coffee Project’s location is within walking distance from the large office buildings of Phillips 66, ConocoPhillips, and Schlumberger Oilfield Services. These three businesses alone employ over 4,000 people in total, which provides an excellent potential repeat customer base. The average salary of \$75,000 for workers in the energy sector are significantly higher than the city

average of just over \$50,000 (bdaok.org).

Rogers State University, Oklahoma’s fastest growing university, has a branch campus downtown that enrolls more than 550 students in the Reda Building (city-data.com). Additionally, the local Oklahoma Wesleyan University is located just three and a half miles from downtown Bartlesville and enrolls approximately 1,500 students annually. The Coffee Project’s location downtown will be convenient for college students looking for a place to study, work in groups, or just hang out.

E. Personnel

Lauren Porter will be the owner and accountant of The Coffee Project. She has a degree in Accounting from the University of Arkansas and has gained much knowledge from the top-tier Walton College of Business and major hub for entrepreneurial learning.

The Coffee Project will have one accountant/general manager and one additional manager with operational and retail level duties. Four baristas will be hired for day-to-day transactions and the preparing drinks and food. The Coffee Project will hire a social media manager to run all social media sites and marketing promotions. Below is a chart of general duties for each position.



F. Accounting

Sources of revenue will come from coffee drink and food sales within the coffee shop. The Coffee Project will partner with City Church in Bartlesville to provide drip coffee at the 9:30 and 11 a.m. Sunday morning services. The Coffee Project will also sell merchandise in the form of t-shirts, coffee mugs, and decal stickers. All profits from TCP merchandise will be donated to charity.

Most sales will be generated from mid-day lunch traffic and after 3pm when many college students are studying, and workers are on break or off work. The Coffee Project will use monthly accrual-based accounting, and financial records will be managed through POS and transferred to QuickBooks. Product costs will include roasted whole coffee beans, which will be ordered each month, and food inventory which will be supplied weekly.

Market Analysis

A. Environment

The city of Bartlesville is home to 36,000 residents and is located just forty-five miles north of Tulsa. Bartlesville has a high quality of life, with median income ranging from \$50,000 in smaller neighborhoods to \$90,000 in larger suburbs (datausa.io). For the population of residents 25 and older, 30.8% have a bachelor’s degree, and 9.9% have a graduate or professional degree.

Bartlesville is home to several corporate offices such as Phillips 66, ConocoPhillips, Schlumberger Oilfield Services, Siemens Automation, and Walmart Logistics, due to its central location to major regional markets. There is a large and diverse employment base of over 5,000 employees working in the energy industry in Bartlesville, and this number continues to expand.

In just two years, between 2011 and 2013, 33 new businesses opened in downtown Bartlesville, bringing an influx of 121 new jobs (Summers, 2013). In that same time, 54 renovations were completed downtown with more projects underway, such as the restoration of the Noble Lofts retail spaces. Since 2013, the downtown area has seen many small business success stories, such as the wildly popular Hideaway Pizza, The Painted Horse, Rolling Pin Bakery, and Frank and Lola's.

B. Trade area

The Coffee Project will be located in downtown Bartlesville's Retail and Restaurant District trade area. There are over 20 thriving shops that serve a regular population base of over 70,000 people from the draw of customers to the area from neighboring cities and counties (Bartlesville Today, 2018). Also, within this trade area downtown lies the corporate offices of Phillips 66, ConocoPhillips, and Schlumberger, a brand-new Hilton Garden Inn hotel, and the Bartlesville Community Center. Bartlesville residents enjoy countless community events located downtown, including the Bartlesville Symphony Orchestra, Civic Ballet, Choral Society, and Theatre Bartlesville. The world class music festival OK Mozart brings internationally recognized musicians and artists to the area every year, along with spectators and media attention from all over the world (May, 2010).

Downtown businesses work together to bring shoppers to the district. With events such as Third Thursday, participating stores stay open later and provide door prizes to draw in crowds. Downtown Director Chris Wilson remarked, "There's room for the entrepreneur here" (Summers, 2013). There have been massive amounts of private investment dollars, well over \$5 million, going into downtown building improvements, paving the way for even more shops to open and thrive (Bartlesville Today, 2018).

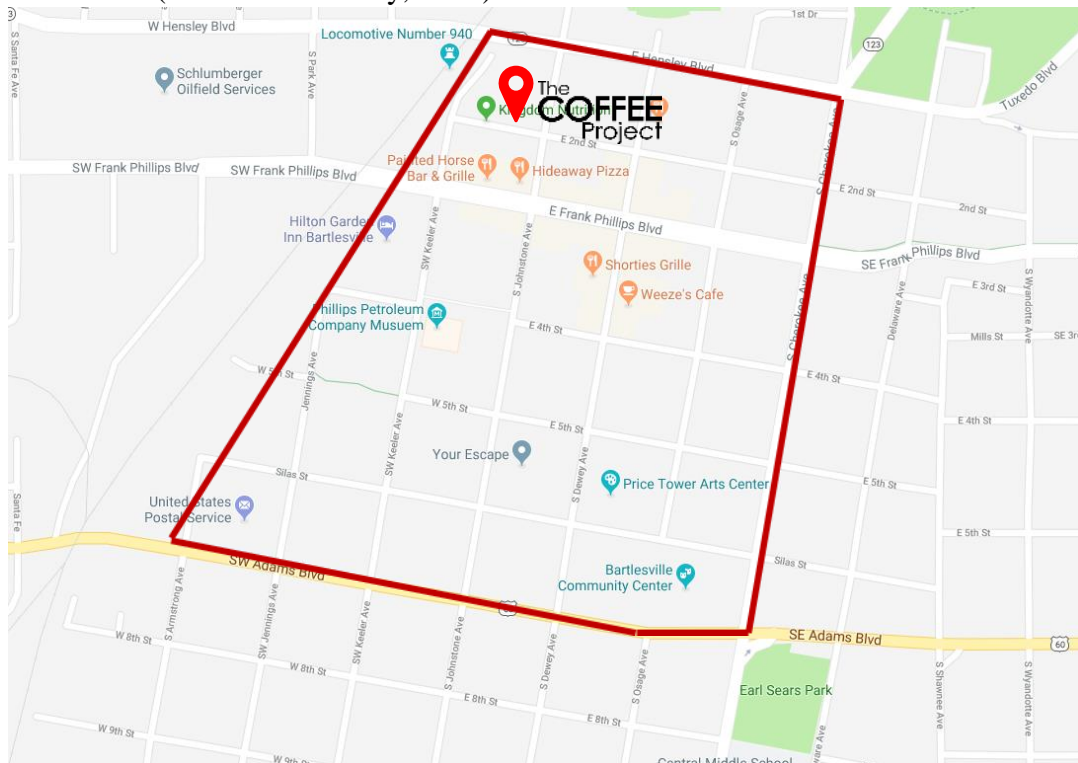


Fig. 3: Map of Retail and Restaurant District

C. Demand

The Coffee Project will be the only coffee shop within walking distance of the downtown business offices, and several employees of Phillips 66 and ConocoPhillips have indicated that they would frequent a local coffee shop over driving to Starbucks on breaks in their work day. Owners of small businesses in the area, like Amanda from Indulge Salon and Day Spa “pick up Starbucks on [their] way in to work, but [they] would love to have a coffee shop downtown to walk to and grab coffee their instead”.

According to a survey from Bankrate, the average millennial, ages 18-36, eats out at least three times per week. The average monthly expenditure for millennials was \$140 in 2017, and according to City Data in 2016, Bartlesville residents in the trade area spent an average of \$130 eating out per month. For all Bartlesville residents, an average of at least one meal per week was prepared away from home in places such as restaurants, fast food places, or food stands (city-data.com).

A larger percentage of college students and the younger millennial population buys coffee more than two times in a week (54%), than their elders (41%) (Ward, 2018). With plenty of seating and a unique and buzzed atmosphere, college students and millennials will benefit from The Coffee Project’s proximity to the university, late business hours, and free WiFi access. The Coffee Project seeks to satisfy demand for a reprieve from a busy schedule; a place to sit, sip, and savor.

D. Competition

Jude’s Java is The Coffee Project’s main competitor which sells coffee sourced locally from Heartland Roasters and Cirque Coffee, as well as nationally from Herkimer Coffee. Daylight Donuts and Sal’s Sunrise Donuts in Bartlesville both sell their own coffee blends and are indirect competitors with The Coffee Project. Indirect competition will also include at-home brew methods such as traditional coffee makers, Keurig machines, Aeropress, and French Press.

Due to the convenience of the Starbucks, Chick-fil-A, and McDonald’s drive-thru service and their early hours, these franchises will likely continue to dominate the market for working professionals who buy coffee on their commute in to work.

E. Competitive Advantage

The Coffee Project’s competitive advantage ranges from its high-quality roaster lineup to its community involvement. Jude’s Java has developed a great consumer base amongst Bartlesville residents who prefer a more personal coffee experience. However, Jude’s Java doubles as a café and a health grocer, making it not an ideal place to stay longer than it takes to shop or eat a small meal.

By offering many seating options and an enticing and welcoming atmosphere, The Coffee Project will have more benefits to the consumers in terms of convenience and availability. Below is a competitive analysis for The Coffee Project’s most important competitors.

F. Competitive Analysis

<i>Factor</i>	The Coffee Project	Strength	Weakness	Starbucks	Jude's Health & Java House
<i>Products/ Services</i>	Specialty coffee, locally-sourced food items, TCP merchandise; charity donations	High quality coffee, supports local farms and bakery; all TCP merchandise profits to charity	Important learning curve to find inventory turnover in new shop; which charities to donate to	Specialty coffee, wide range of food and drink menu items, mass merchandise	Coffee, health groceries, lunch and dinner food items
<i>Price Range</i>	\$2.00 - \$5.50	Higher prices directly support farmers and charity organizations	Makes TCP less appealing to low income-earners	\$2 - \$5.15	\$2 - \$4.89
<i>Business Model</i>	Gives back to community, above-fair trade, supports local artists and vendors	Residents drawn to supporting community, mission in line with local values	May not appeal to people just looking for quick caffeine fix	Pay coffee farmers bare minimum, mass-produced merchandise, quick drive-thru service	Wide business focus; present at local events, family-friendly atmosphere
<i>Trade Area</i>	Downtown Bartlesville Retail and Restaurant District	Proximity to several small businesses, large corporate offices, local university	Distance from interstate and passersby	Uptown Bartlesville standalone building, corner of interstate and main city road	Uptown Bartlesville strip mall, close to suburb areas

G. Projections

Pro forma financial statements can be found in the appendix.

Marketing Strategy

A. Sales Strategy

According to the National Coffee Association's 2017 National Coffee Drinking Trends (NCDT) key findings, 41% of adults age 18 and over were drinking specialty coffee day. This was a significant leap of 10% from daily drinkers in 2016, and it is rising. It is important to note that the NCDT results are based on consumers' perception of what specialty coffee is. The

Coffee Project seeks to offer fresh and unique specialty coffee beverages to the population of over 4,500 employees downtown and 1,000 colleges students who drink coffee daily.

The Coffee Project's roaster* and food lineup:

Coffee and Espresso:

- Topeca Coffee (Tulsa)
- Fairfellow Coffee (Tulsa)
- The Coffee Ethic (Springfield)
- Eurasia Coffee and Tea (Springfield)

*These roasteries offer direct-trade, ethically-sourced coffees.

Food:

- Bakeshop Tulsa- bread, baked goods
- Grassroots Tulsa- simple meals
- Lomah Dairy- select dairy products

B. Pricing

Pricing for The Coffee Project will be comparable to Jude's Java and higher than Starbucks. Our goal is to maintain a 75% gross margin on coffee and food. Maintaining low materials costs and a high gross margin will allow The Coffee Project to donate more to charity organizations.

The Coffee Project will purchase coffee from roasteries at current specialty coffee wholesale prices, about \$6.50 per pound of coffee, and after complying with SCAA brewing guidelines and measurements, each pound of coffee generates just over \$40 per pound. Specialty coffee suppliers provide higher-than-average compensation for coffee beans that are of the highest quality, in order to reward the farmer for harvesting his crop. The higher bean quality warrants the extra price the buyer pays per pound, and ultimately the consumer pays per drink. Given estimated monthly fixed costs of \$3,000 and an average drink price of \$4, break-even sales per month total 1,000 sales or \$5,000.

Food costs will be maintained under 35%. The average meal at The Coffee Project will sell for \$7.50, and bread and baked goods will average at \$4 per item. These prices are comparable to competitors' food menus. The Coffee Project will have the added benefit to the customer of sourcing our food from local farms and bakeries.

All TCP merchandise, including t-shirts, mugs, and stickers, will maintain an 80% gross profit margin and all profits from those products will go to charity.

C. Promotion

The Coffee Project will manage promotions largely through social media and word of mouth. Our social media manager will create posts on Instagram aimed at the millennial demographic, as well as Facebook to spread awareness. These social media sites reach a large portion of our target market and are free tools to use. Word of mouth will also be key in building anticipation before the shop opens and spreading awareness to our target market that is not active on social media.

Customers will receive a discount on their food or drink purchase for “checking in” to The Coffee Project on Facebook or following us on Instagram. Loyalty cards will also be utilized to encourage repeat customers by offering a discount after several purchases at The Coffee Project. As our way of expressing gratitude to them, teachers will always receive a 15% discount on their drink or food purchase.

The Coffee Project will develop its messaging for the Bartlesville culture through its conservative values and a desire to build relationships with our customers. Throughout the year, The Coffee Project plans to get involved in community events like charity fun-runs and citywide activities to promote its image of being present in the community and supporting people doing great things.

The Coffee Project will take suggestions from customers and follow up on repeat customers in the shop to find ways to make their experience better. Through quality products and a friendly attitude, customers will feel confident and motivated to become repeat customers, as well as recommend The Coffee Project to their network of family, friends, and colleagues.

Funding Requirements

The Coffee Project’s total startup costs are estimated to be \$50,000. The business will be funded by a personal investment in the amount of \$30,000, as well as a \$10,000 gift from Troy Porter and a \$10,000 commercial business loan from Truity Credit Union. The loan will be paid off over a 4-year period. This initial investment will provide enough working capital to purchase all equipment and beginning inventory, as well as cover any cash flow deficits during the startup phase. The Coffee Project will operate in a rented facility to keep capital investments low. Below is list of all startup costs that will be covered with the \$50,000.

Total Startup Requirements \$50,000.00						
Sources of Funding						
Planned Investment						
Troy Porter	\$10,000.00					
Lauren Porter	\$30,000.00					
Truity bank loan	\$10,000.00					
Total	\$50,000.00					
Uses of Funding		Depreciation			Startup-only Expenses	
Asset Purchases		Useful Life	Salvage value	Monthly Dep Exp	Legal	\$1,000.00
Coffee Equipment:					marketing	\$500.00
Coffee roaster	\$9,500.00				insurance	\$1,500.00
epsresso machine	\$7,000.00				rent	\$750.00
coffee maker	\$1,500.00				utility deposits	\$2,000.00
coffee grinder	\$800.00				other	\$1,000.00
Total Coffee Equipment	\$18,800.00	7	\$ -	\$223.81	Total	\$6,750.00
Food Service Equipment	\$5,500.00	10	\$ -	\$45.83		
Storage Equipment	\$2,000.00					
Office Equipment:						
Furniture	\$5,000.00	10	\$ -	\$41.67		
other supplies	\$950.00					
Total Office Equip and Supplies	\$5,950.00					
Startup Inventory	\$3,000.00					
Required Starting Cash Balance	\$8,000.00					
other						
Total Asset Purchases	\$43,250.00	Total Monthly Depreciation		\$311.31		

Appendix

A. Pro forma Income Statement

The Coffee Project												
Pro forma Monthly Income Statement												
For the First Year												
Month:	1	2	3	4	5	6	7	8	9	10	11	12
Revenue												
Coffee Sales Units	1,875	1,969	2,067	2,171	2,279	2,393	2,584	2,791	3,015	3,256	3,516	3,797
Price per drink	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Coffee Revenue	\$ 7,500.00	\$ 7,875.00	\$ 8,268.75	\$ 8,682.19	\$ 9,116.30	\$ 9,572.11	\$ 10,337.88	\$ 11,164.91	\$ 12,058.10	\$ 13,022.75	\$ 14,064.57	\$ 15,189.74
Food Sales Units	530	557	584	614	644	676	731	789	852	920	994	1,073
Avg price per food item	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
Food Revenue	\$ 3,710.00	\$ 3,895.50	\$ 4,090.28	\$ 4,294.79	\$ 4,509.53	\$ 4,735.00	\$ 5,113.80	\$ 5,522.91	\$ 5,964.74	\$ 6,441.92	\$ 6,957.28	\$ 7,513.86
Merchandise Sales	\$ 400	\$ 408	\$ 415	\$ 423	\$ 431	\$ 439	\$ 448	\$ 456	\$ 465	\$ 474	\$ 483	\$ 492
Total Revenue	\$ 11,610.00	\$ 12,178.10	\$ 12,774.37	\$ 13,400.21	\$ 14,057.10	\$ 14,746.59	\$ 15,899.51	\$ 17,144.15	\$ 18,487.85	\$ 19,938.51	\$ 21,504.69	\$ 23,195.61
Expense												
Cost of Goods Sold												
Coffee Purchases	\$ 1,875.00	\$ 1,968.75	\$ 2,067.19	\$ 2,170.55	\$ 2,279.07	\$ 2,393.03	\$ 2,584.47	\$ 2,791.23	\$ 3,014.53	\$ 3,255.69	\$ 3,516.14	\$ 3,797.43
Food Purchases	\$ 927.50	\$ 973.88	\$ 1,022.57	\$ 1,073.70	\$ 1,127.38	\$ 1,183.75	\$ 1,278.45	\$ 1,380.73	\$ 1,491.19	\$ 1,610.48	\$ 1,739.32	\$ 1,878.46
Retail Purchases	\$ 100.00	\$ 101.90	\$ 103.84	\$ 105.81	\$ 107.82	\$ 109.87	\$ 111.96	\$ 114.08	\$ 116.25	\$ 118.46	\$ 120.71	\$ 123.00
Total Cost of Goods Sold	\$ 2,902.50	\$ 3,044.53	\$ 3,193.59	\$ 3,350.05	\$ 3,514.28	\$ 3,686.65	\$ 3,974.88	\$ 4,286.04	\$ 4,621.96	\$ 4,984.63	\$ 5,376.17	\$ 5,798.90
Gross Margin	\$ 8,707.50	\$ 9,133.58	\$ 9,580.78	\$ 10,050.16	\$ 10,542.83	\$ 11,059.94	\$ 11,924.63	\$ 12,858.11	\$ 13,865.88	\$ 14,953.88	\$ 16,128.51	\$ 17,396.71
Gross Margin %	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Operating Expenses												
Insurance	\$ 1,500.00											
Maintenance												
Supplies	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Rent	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00
Utilities/Telephone	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
Other	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Payroll	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00
Payroll Taxes	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75	\$ 420.75
Depreciation Expense	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31	\$ 311.31
Total Operating Expenses	\$ 8,957.06	\$ 7,457.06	\$ 7,457.06	\$ 7,457.06	\$ 7,457.06	\$ 7,457.06	\$ 7,532.06	\$ 7,532.06	\$ 7,532.06	\$ 7,532.06	\$ 7,532.06	\$ 7,532.06
Profit before interest&taxes	\$ (249.56)	\$ 1,676.52	\$ 2,123.72	\$ 2,593.10	\$ 3,085.77	\$ 3,602.88	\$ 4,392.57	\$ 5,326.05	\$ 6,333.83	\$ 7,421.82	\$ 8,596.46	\$ 9,864.65
Income taxes Incurred												
Loan Interest Expense	\$ 54.17	\$ 53.18	\$ 52.18	\$ 51.18	\$ 50.17	\$ 49.16	\$ 48.14	\$ 47.11	\$ 46.09	\$ 45.05	\$ 44.01	\$ 42.96
Net Profit	\$ (195.39)	\$ 1,623.34	\$ 2,071.54	\$ 2,541.92	\$ 3,035.60	\$ 3,553.72	\$ 4,344.43	\$ 5,278.94	\$ 6,287.74	\$ 7,376.77	\$ 8,552.45	\$ 9,821.68

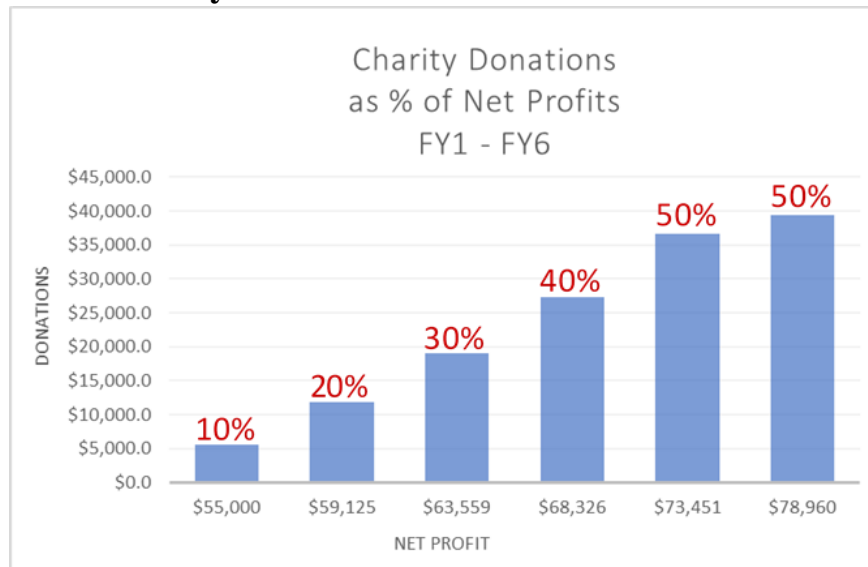
B. Pro forma Cash Budget

The Coffee Project													
Pro forma Cash Budget													
For the First Year													
Month:	0	1	2	3	4	5	6	7	8	9	10	11	12
Beginning Cash Balance		\$ 8,000	\$ 10,831	\$ 13,032	\$ 15,678	\$ 18,791	\$ 22,395	\$ 26,514	\$ 31,401	\$ 37,218	\$ 44,037	\$ 51,938	\$ 61,009
Cash Receipts													
Cash Sales		\$ 11,610	\$ 12,178	\$ 12,774	\$ 13,400	\$ 14,057	\$ 14,747	\$ 15,900	\$ 17,144	\$ 18,488	\$ 19,939	\$ 21,505	\$ 23,196
Total Available Cash		\$ 11,610	\$ 12,178	\$ 12,774	\$ 13,400	\$ 14,057	\$ 14,747	\$ 15,900	\$ 17,144	\$ 18,488	\$ 19,939	\$ 21,505	\$ 23,196
Cash Disbursements													
Cash Spending		\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
Payments to Suppliers		\$ 2,903	\$ 3,045	\$ 3,194	\$ 3,350	\$ 3,514	\$ 3,687	\$ 3,975	\$ 4,286	\$ 4,622	\$ 4,985	\$ 5,376	\$ 5,799
Bill Payments		\$ 2,725	\$ 1,225	\$ 1,225	\$ 1,225	\$ 1,225	\$ 1,225	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300
Loan Principal Expense		\$ 183	\$ 184	\$ 185	\$ 186	\$ 187	\$ 188	\$ 189	\$ 190	\$ 191	\$ 192	\$ 193	\$ 194
Startup Capital Purchases	\$ 26,300												
Change in inventory		\$ 2,531	\$ (23)	\$ (25)	\$ (26)	\$ (27)	\$ (28)	\$ (48)	\$ (52)	\$ (56)	\$ (60)	\$ (65)	\$ (70)
Total Cash Disbursements	\$ 26,300	\$ 8,779	\$ 9,977	\$ 10,128	\$ 10,287	\$ 10,453	\$ 10,628	\$ 11,012	\$ 11,328	\$ 11,669	\$ 12,037	\$ 12,434	\$ 12,863
Net Cash Flow	\$(26,300)	\$ 2,831	\$ 2,201	\$ 2,646	\$ 3,113	\$ 3,604	\$ 4,118	\$ 4,888	\$ 5,816	\$ 6,819	\$ 7,901	\$ 9,070	\$ 10,332
Ending Cash Balance	\$(26,300)	\$ 10,831	\$ 13,032	\$ 15,678	\$ 18,791	\$ 22,395	\$ 26,514	\$ 31,401	\$ 37,218	\$ 44,037	\$ 51,938	\$ 61,009	\$ 71,341

C. Pro forma Balance Sheet

The Coffee Project													
Pro forma Balance Sheet													
June 1, 2020													
Month:	0	1	2	3	4	5	6	7	8	9	10	11	12
Assets													
Current Assets:													
Cash	\$ 8,000	\$ 10,831	\$ 13,032	\$ 15,678	\$ 18,791	\$ 22,395	\$ 26,514	\$ 31,401	\$ 37,218	\$ 44,037	\$ 51,938	\$ 61,009	\$ 71,341
Inventory	\$ 3,000	\$ 2,903	\$ 3,045	\$ 3,194	\$ 3,350	\$ 3,514	\$ 3,687	\$ 3,975	\$ 4,286	\$ 4,622	\$ 4,985	\$ 5,376	\$ 5,799
Total Current Assets	\$ 11,000	\$ 13,733	\$ 16,076	\$ 18,872	\$ 22,142	\$ 25,909	\$ 30,200	\$ 35,376	\$ 41,504	\$ 48,659	\$ 56,923	\$ 66,385	\$ 77,140
Long-Term Assets:													
Furniture	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Equipment	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300	\$ 26,300
Less: Accumulated Depreciation	\$ -	\$ (311)	\$ (623)	\$ (934)	\$ (1,245)	\$ (1,557)	\$ (1,868)	\$ (2,179)	\$ (2,490)	\$ (2,802)	\$ (3,113)	\$ (3,424)	\$ (3,736)
Total Long-Term Assets	\$ 31,300	\$ 30,989	\$ 30,677	\$ 30,366	\$ 30,055	\$ 29,743	\$ 29,432	\$ 29,121	\$ 28,810	\$ 28,498	\$ 28,187	\$ 27,876	\$ 27,564
Total Assets	\$ 42,300	\$ 44,722	\$ 46,754	\$ 49,238	\$ 52,196	\$ 55,653	\$ 59,632	\$ 64,497	\$ 70,313	\$ 77,157	\$ 85,110	\$ 94,260	\$ 104,704
Liabilities													
Current Liabilities:													
Accounts Payable	\$ -	\$ 8,225	\$ 6,725	\$ 6,725	\$ 6,725	\$ 6,725	\$ 6,725	\$ 6,800	\$ 6,800	\$ 6,800	\$ 6,800	\$ 6,800	\$ 6,800
Payroll Tax	\$ -	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421	\$ 421
Current portion of long term debt	\$ -	\$ 183	\$ 184	\$ 185	\$ 186	\$ 187	\$ 188	\$ 189	\$ 190	\$ 191	\$ 192	\$ 193	\$ 194
Loan Interest Payable	\$ -	\$ 54	\$ 53	\$ 52	\$ 51	\$ 50	\$ 49	\$ 48	\$ 47	\$ 46	\$ 45	\$ 44	\$ 43
Total Current Liabilities	\$ -	\$ 8,883	\$ 7,383	\$ 7,383	\$ 7,383	\$ 7,383	\$ 7,383	\$ 7,458	\$ 7,458	\$ 7,458	\$ 7,458	\$ 7,458	\$ 7,458
Long-Term Liabilities:													
Bank Loan	\$ 10,000	\$ 9,817	\$ 9,633	\$ 9,448	\$ 9,262	\$ 9,075	\$ 8,887	\$ 8,698	\$ 8,508	\$ 8,317	\$ 8,125	\$ 7,932	\$ 7,738
Total Long-Term Liabilities	\$ 10,000	\$ 9,817	\$ 9,633	\$ 9,448	\$ 9,262	\$ 9,075	\$ 8,887	\$ 8,698	\$ 8,508	\$ 8,317	\$ 8,125	\$ 7,932	\$ 7,738
Total Liabilities	\$ 10,000	\$ 18,700	\$ 17,016	\$ 16,831	\$ 16,645	\$ 16,458	\$ 16,270	\$ 16,156	\$ 15,966	\$ 15,775	\$ 15,583	\$ 15,390	\$ 15,195
Owner's Equity:													
Paid-in Capital	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Retained Earnings	\$ 2,300	\$ (3,978)	\$ (262)	\$ 2,407	\$ 5,551	\$ 9,195	\$ 13,362	\$ 18,341	\$ 24,347	\$ 31,382	\$ 39,527	\$ 48,871	\$ 59,508
Less: Owner's Draw	\$ -	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,500)	\$ (3,500)	\$ (3,500)	\$ (3,500)	\$ (3,500)	\$ (3,500)
Total Owner's Equity	\$ 32,300	\$ 23,022	\$ 26,738	\$ 29,407	\$ 32,551	\$ 36,195	\$ 40,362	\$ 44,841	\$ 50,847	\$ 57,882	\$ 66,027	\$ 75,371	\$ 86,008
Total Liabilities and Owner's Equity	\$ 42,300	\$ 41,722	\$ 43,754	\$ 46,238	\$ 49,196	\$ 52,653	\$ 56,632	\$ 60,997	\$ 66,813	\$ 73,657	\$ 81,610	\$ 90,760	\$ 101,204
Net Worth	\$ 32,300	\$ 26,022	\$ 29,738	\$ 32,407	\$ 35,551	\$ 39,195	\$ 43,362	\$ 48,341	\$ 54,347	\$ 61,382	\$ 69,527	\$ 78,871	\$ 89,508

D. Charity Donations as a % of Net Profits



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