

Auntie's Bakery & Catering



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About this Document

This is a CLEAN sample business plan for a new business.
The origin of this was a Futurpreneur sample business plan which has been substantially altered and annotated for teaching purposes.

An ANNOTATED version of this business plan is in another file,
part of the same JEDI Indigenous Entrepreneur Toolkit.

Auntie's Bakery & Catering

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1.0 Executive Summary

Company Profile Summary

Auntie's Bakery recognizes that cupcake stores have started to saturate large urban centres and that opening locations in suburban and less populated cities is the next wave of growth. Fredericton's tourism focused BIA and growing population makes it ideal for an Auntie's Bakery location.

Auntie's Bakery is a franchise that specializes in gourmet cupcakes and tarts baked fresh daily. Auntie's Bakery is owned and operated by Willow Birch, a graduate of the NBCC Culinary Arts Management program, and a baking enthusiast. The business will be located at 5012 Main Street in the already high trafficked downtown core.

Market Research Driven Products

The bakery industry continues to see growth across Canada. While some analysts report that the "cupcake bubble" is going to burst in the United States market, the Canadian market remains unaffected. Cupcakes have become a more mainstream purchase for special events and impulse purchases. In addition, Auntie's Bakery will provide individual tarts, which has been reported by foodies as "the next cupcake". Auntie's Bakery targets individuals, couples, and families seeking out an affordable indulgence that's convenient. Auntie's Bakery will focus on customers who value fresh products made of whole ingredients provided by local businesses.

Marketing & Sales Summary

Auntie's Bakery will focus on being an active member of the community, creating authentic relationships with customers and local businesses. Auntie's Bakery will launch with a grand opening party to build these relationships and create awareness of the store's location. Since Auntie's Bakery target market is making impulse purchases, it is important that Auntie's Bakery brand consistently appears at events in the community. Auntie's Bakery will further support this with direct mail campaigns that include promotional offers.

Finance Summary

Auntie's Bakery in Fredericton is targeting sales of \$138,000 in their first year with expenses of \$80,000. Auntie's Bakery requires \$67,800 for start-up expenses, this includes the required cash reserve needed to meet the franchisee application requirements. Auntie's Bakery owner will invest \$30,000 into the business and will apply for \$14,000 from local community funding. The remaining \$35,000 will be from a loan request through Futurpreneur Canada and the Business Development Bank's start-up programs.

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2.0 Company Profile

Business Overview

Auntie's Bakery is a bakery franchise dedicated to making delicious wholesome cupcakes and tarts baked fresh daily using whole food local ingredients. It has a strong marketing campaign as "The Original Maritime Bakery". Auntie's Bakery also provides customized catering services for small to medium size events. Auntie's Bakery was established on 15/01/2014.

Auntie's Bakery is a premium peanut-free bakery providing delicious and beautiful desserts baked fresh daily to indulge the sweet tooth in everyone.

Company History

Auntie's Bakery is a well-known Franchise bakery located throughout New Brunswick, Nova Scotia, and PEI with an established corporate marketing campaign as "The Original Maritime Bakery". Auntie's Bakery's original location opened in Moncton in 1975 by Annabelle Watson, way ahead of the cupcake trend that hit in the 21st century. Although having a long history of being in business, Auntie's Bakery has a very thorough franchise application and approval process and therefore there are only 12 franchisees currently in operation.

Willow Birch has submitted her pre-application request to Auntie's Bakery Confectionery Inc. to open a franchise in Fredericton and met with a franchising representative to discuss the start-up requirements, franchisee fees and approval process. Ms. Birch has received conditional approval for locating her franchise in Fredericton, subject to successful completion of the franchisee application form. Ms. Birch is in negotiations for the commercial lease of a location at 5012 - 49 St, Fredericton, New Brunswick.

Location

Auntie's Bakery will be a storefront. Auntie's Bakery will be located at 5012 Main Street, Fredericton, New Brunswick. This location was previously a coffee shop and therefore only modest renovations are required to accommodate a commercial kitchen. Auntie's Bakery will focus on selling cupcakes and tarts in the downtown core, capitalizing on the high foot traffic in the area anchored by the library. Auntie's Bakery will look into partnering with the local library and Fredericton Community Theatre to offer birthday party packages.



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Auntie's Bakery & Catering

Legal Structure

Auntie's Bakery is a sole proprietorship. Auntie's Bakery will open as a sole proprietorship, which complies with Auntie's Bakery franchise restrictions while also reducing start-up costs.

Vision & Mission

To become a flagship Auntie's Bakery franchise location, known for quality cupcakes and tarts, and outstanding customer service.

Auntie's Bakery provides delicious fresh cupcakes and tarts made with local wholesome ingredients for consumers to indulge their sweet tooth.

Professional Advisors

Auntie's Bakery will rely on the training and brand marketing services provided by Auntie's Bakery Confectionery Inc. the head office of the franchise chain.

Goals & Objectives

Steady sales of 200 cupcakes/tarts per week after two months

10 custom cake order in first year

Franchisee of the Year award for outstanding customer satisfaction after two years

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3.0 Products & Services

Auntie's Bakery is a product and service business. Auntie's Bakery product offering is divided into two main categories: cupcakes and tarts. Auntie's Bakery also offers custom cake creation and event catering services on a by-request basis.

Auntie's Bakery Cupcake Menu

We'll have eight flavours:

- Vanilla Bean Cake with Vanilla Buttercream Frosting
- Chocolate Cake with Chocolate Buttercream Frosting
- Red Velvet Cake with Cream Cheese Icing
- Carrot Cake with Cream Cheese Icing
- Banana Cake with Chocolate Buttercream Frosting
- Angel Food Cake with Lemon Buttercream Frosting
- Chocolate Cake with Cream Cheese Icing with Caramel Sauce and Rock Salt
- Vanilla Bean Cake with Chocolate Mint Buttercream Frosting and Cookie crumbs



Auntie's Bakery Tart Menu

Our 3-inch tarts include:

- Vanilla Custard Tart
- Butter Tart
- Chocolate Custard Tart
- Lemon Bakewell Tart
- Seasonal Fruit Tart

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4.0 Market Research

Industry Profile & Outlook

Auntie's Bakery operates primarily in the bakery industry.

The bakery market in Canada is highly fragmented with many companies and products. There are a few large companies such as Weston, Kellogg, Maple Leaf Foods, etc. that have significant market share, but no one company controls the market. In fact, artisanal bakery products make up 29.5% of the market according to Agriculture and Agri-Food Canada (<http://www.ats-sea.agr.gc.ca/can/6333-eng.htm>). If looking specifically at the cupcake market, there are a few brands building market share, such as Cupcakes, Cupcake Girls and Auntie's Bakery, but they have yet to expand nationally and instead are building traction in regional markets.

The bakery industry has many barriers to entry, primarily with regards to operations. Securing permits and licences can be difficult with different requirements at the municipal, provincial and federal levels. In addition, inventory management of perishable ingredients is a delicate balance to ensure the minimal amount of waste. Auntie's Bakery franchisor provides training and guidance for estimating ingredient purchase, predicting inventory spikes, and managing product production.

Auntie's Bakery also represents the increasing popularity of bakery franchises specializing in cupcakes. Consider brands like Crumbs and Magnolia's in the United States, where consumers drive to their locations for the novelty of having one of *their* cupcakes. Auntie's Bakery provides the same cache in the Canadian market, without having the 'big business' feel of having a location on every corner. Still, with the 'buy local' trend, Auntie's Bakery will need to develop strong relationships with the local community and business owners in order to be viewed as a sole proprietor and not a large corporation.

The gourmet cupcake segment of the bakery industry has seen exponential growth over the last decade, made popular through an appearance on *Sex in the City*. Although growth has slowed, the Canadian market is still going strong. Cupcakes, a Vancouver based gourmet bakery, reported that year-to-date sales were up by 24% from that same time last year in a statement to the *Globe and Mail* (<http://www.theglobeandmail.com/life/food-and-wine/food-trends/sweet-news-for-canadian-cupcake-lovers/article11510344/>). And they're not alone. Yummy Stuff Bakery in Toronto also reports that cupcakes are still their number one seller, with 50 to 60 percent of Yummy Stuff's pre-ordered business coming from cupcakes and impulse purchases. (<http://www.theglobeandmail.com/life/food-and-wine/food-trends/sweet-news-for-canadian-cu>

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[pcake-lovers/article11510344/](http://www.pcake-lovers.com/article11510344/)). The price point of cupcakes and other single serve desserts provide mass appeal, as they are an “affordable indulgence”. It is for this reason a location with high foot traffic is essential for an Auntie's Bakery franchise to cater to impulse purchases. Cupcakes also provide an alternative to cakes for special events that are more convenient and easier to serve while still providing an upscale dessert to mark the occasion.

Although many analysts have been calling for the cupcake trend bubble to burst, sales numbers continue to grow. All major Canadian cities have at least one cupcake specialty shop. Lori Joyce, co-owner of The Cupcake Girls, says “shifting taste trends won't affect her business”. She notes in an article in MacLean's magazine, that the suburbs are the next big growth frontier. (<http://www.macleans.ca/society/life/cupcake-gridlock/>). She goes on to note that 85% of customers go to their Victoria store, buy six-packs and shop at Wal-Mart. Auntie's Bakery looks to capitalize on a similar market by opening in Fredericton. It's bringing its well-known and wholesome brand to everyone.

Local Market

In the Fredericton area there are currently only two independent bakeries providing gourmet cupcakes and cakes. However, there are several large mixed merchandise stores on the outskirts of town, including Real Canadian Superstore, Sobeys, and Wal-Mart that sell pre-packaged cupcakes. There are also an unknown number of home bakers in the area selling online and baking in unlicensed home kitchens.

Fredericton's census metropolitan area (CMA) has a population of 108,000 has seen a 3.3% growth from 2016 to 2021 according to Statistics Canada. The population increase is important since it's been concentrated in the 0 – 14 year old and 15 – 64 age groups, which align with Auntie's Bakery target market.

Auntie's Bakery will be the only bakery in Fredericton that will target local foot traffic, composed of youth 0 – 14 and their parents who are visiting the local library for after school programming. Auntie's Bakery location will help to promote impulse purchases for dessert as well as convenient options for celebrating birthdays, baptisms, graduations, and life's other special events.

Auntie's Bakery & Catering

Key Competitors / SWOT Analysis

Cupcake Girls

Strengths

- Established part of the local community
- Go to destination for custom cake orders for special events

Weaknesses

- Doesn't have the cache of Auntie's Bakery brand

Opportunities

- Could decide to expand into the west side of Fredericton

Threats

- Auntie's Bakery could start focusing marketing efforts on custom cake orders

Auntie's Bakery

Strengths

- Well-known brand throughout the Maritimes that started in New Brunswick
- Reputation of high quality cupcakes and tarts

Weaknesses

- Not familiar with the local market
- No established relationships with suppliers for sourcing local ingredients

Opportunities

- Partnerships with local youth focused programming to provide entertainment packages

Threats

- Cupcake Girls could start discounting cupcakes to increase sales volume

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Target Market

Auntie's Bakery is focused on selling to Consumers (B2C).

Target Market profile for Auntie's Bakery:

- Single, married or common-law woman with or without children (demographics)
- Household income: \$30,000 - \$150,000 (demographics)
- Consumers who are the primary grocery purchaser (behaviour)
- Consumers who are looking for convenient and beautiful desserts to celebrate special occasions (behaviour)
- Consumers desiring an indulgence without the purchase guilt (psychographic)
- Consumers looking to support revitalization of downtown Fredericton (scope)

Keys to Success

Since Auntie's Bakery is an established brand with guaranteed marketing from the corporate office for the launch of the Fredericton franchise, product quality will be critical to success. It will be the quality that will encourage people to come back and tell others about their experience. Auntie's Bakery will work to establish a reliable supplier network for quality local ingredients to produce Auntie's Bakery signature line of cupcakes and tarts. Auntie's Bakery will also need to keep costs low due to the small margins the industry works within.

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Auntie's Bakery & Catering

5.0 Strategy and Implementation

Sales & Marketing Strategy

Pricing Strategy

- Prices range from the low end of \$2.50/cupcake or tart to \$4.75/cupcake or tart.
- Competition: \$2.75/cupcake
- Auntie's Bakery: \$3.00/cupcake when sold individually
- Auntie's Bakery: \$2.75/cupcake when sold as a dozen
- Pricing is determined as part of the Franchise agreement and cannot be altered by the individual franchisee. The price point reflects the reputation of Auntie's Bakery cupcakes and tarts in the market.

Marketing Strategy

Networking with local community

Creating hype and excitement about the opening of an Auntie's Bakery location will be critical to capturing the sale volume needed for the business to succeed. With Valentine's Day following shortly after the store's opening, Auntie's Bakery will host a Grand Opening Party in January. It will be a "Beat the Winter Blues" themed event providing an opportunity for Auntie's Bakery owner Ms. Birch to engage with local businesses, artists and the community at large. Auntie's Bakery's key strategy is to create a positive celebration atmosphere for consumers to associate with the Auntie's Bakery brand in hopes of purchasing cupcakes or tarts for their own special events. To increase awareness of the event, Auntie's Bakery will send out a postcard direct mail campaign announcing the event.

Postcards

A secondary strategy will be to deliver a postcard to all homes in the Fredericton area announcing the arrival of an Auntie's Bakery location in their city. It will contain a special offer for \$1 off a second cupcake with the purchase of the first at full price.

Social Media

In social media, Auntie's Bakery will focus on Instagram and Twitter as a way to engage in an authentic manner with the community. By re-tweeting other local businesses events, thanking customers, posting behind the scenes photos and collecting input for new menu items.

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Primary Marketing Activity

Auntie's Bakery' key marketing activity will kick off with Auntie's Bakery Grand Opening Party at the end of January. Prior to the event, Auntie's Bakery will send out a 4x6 postcard to 5000 homes in the Fredericton area announcing the opening and two-day special offer.

The goal of this event is to create awareness and excitement about the opening of Auntie's Bakery in Fredericton. To help build relationships within the community, Ms. Birch will contact the Streetscapes Committee for recommendations on local artists and bands to participate in the event. Ms. Birch will also contact the local library to find out how the event could integrate into their existing after school programming. The goal of the event is to create a community showcase that attracts a broad range of community members to Auntie's Bakery's new storefront. Ms. Birch would provide free refreshments and \$1.00 off the purchase of a second cupcake. The goal of the event would be to establish Auntie's Bakery as a part of the local community and not as a 'big business'. The event would be considered a success if 500 cupcakes are sold over the course of the event.

In addition to this one time event, Auntie's Bakery would continue to foster authentic relationships with the community by joining the Fredericton Business Improve Association (BIA) and the Streetscapes Committee. Auntie's Bakery will contribute to the economic development of the community. Ms. Birch would also look for community events to represent Auntie's Bakery such as events at the Roots: Emporium monthly showcase, productions at Black Box Theatre, and markets and Pow Wows. Ms. Birch will personally attend as many events as possible. She will also closely monitor community calendars for proposed events that correlate with spikes in Auntie's Bakery sales, such as Valentines Day, Mother's Day, Easter, and Christmas.

The goal will be to attend events weekly throughout the year, building up trust and goodwill within the community. In addition, Auntie's Bakery will provide product donations once a month totaling a cost of no more than \$70 dollars. Each product donation will require the recipient to include acknowledgement of Auntie's Bakery in event collateral or signage. The monthly costs for attending events and providing donations will range from \$50 - \$100. It is expected that traffic driven through these events to the retail store will result in the sale of 500 – 800 cupcakes per month.

Marketing Objectives

Goal #1: Addition to the Streetscapes.ca website business directory

Goal #2: Attendance of 4 community events per month starting in February

Goal #3: 100 Twitter follows after one month in business

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Positioning Statement

Auntie's Bakery provides fresh gourmet cupcakes and tarts made with local wholesome ingredients for consumers to indulge their sweet tooth.

The Sales Process

Auntie's Bakery sales cycle timeline is <24hrs.

For the majority of Auntie's Bakery sales, the process will involve customers walking into the store and being greeted by a sales associate. Alternatively, during the summer months, customers may be greeted on the street outside the store with free tart samples and encouraged to enter. Auntie's Bakery anticipates an 80 – 90% conversion of customers who enter the store to purchase a cupcake or tart. Payment is due at the time of order for the full amount.

For custom cake and catering orders, the process will involve the potential customer coming into the store or calling. If the inquiry is made in person, the Auntie's Bakery sales associate will review the catering and/or custom cake options with the customer while showing them example photos. During the call or meeting, the Auntie's Bakery sales associate will request details about the number of people, date, type of event, food being served, etc. to help the customer decide on the best option and amount needed for their event. This also allows Auntie's Bakery to confirm they are able to accommodate the order in their workload. Using the calculator kept near the phone and cash, the associate will provide an estimate of the total costs to the customer.

For 75% of inquiries made, the sale is approved during the initial meeting with Auntie's Bakery requiring full payment via a credit card, debit or cash at time of order. Auntie's Bakery sales associate completes the paper order form with the details from the conversation and provides it to the customer for review. If a custom inscription or design is required, the customer is asked to initial the messaging/description as confirmation it is correct. The customer leaves with a copy of their invoice and details for pickup.

Operations

Location(s)

Auntie's Bakery will be a storefront. Auntie's Bakery will be located at 5012 Main Street, Fredericton, New Brunswick. This location was previously a coffee shop and therefore only modest renovations are required to accommodate a small commercial kitchen for the bakery.

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In addition, this location is in the heart of the downtown, included in the Fredericton Art Walk tour map, and across from the local library where several after school programs operate. Auntie's Bakery store hours of operation will be: Tuesday – Friday 12pm to 6pm and Saturday – Sunday 10am – 4pm.

These hours will allow for baking products in the mornings prior to the store opening, as well as working on custom cake and catering orders without having to manage a retail store counter at the same time.

Auntie's Bakery website will launch on 01/01/2024.

Auntie's Bakery Fredericton location will appear on the corporate website's store locator. Auntie's Bakery will not have its own individual website.

Auntie's Bakery Fredericton location will create Instagram and Twitter accounts to post photos of their creations as well as engage with customers and local businesses. Ms. Birch will be responsible for creating and posting content to both the Instagram and Twitter accounts.

Regulatory / Legal Issues

Auntie's Bakery anticipates the following legal issues:

- business licenses
- location & zoning by-laws
- health inspection
- contract agreements (partnerships, independent contractors etc.)

Auntie's Bakery has visited the Fredericton Biz Pal website (<https://www.fredericton.ca/en>) and started organizing and applying for permits as needed. These include a Business License, Food Handling Permit and Sign Permit. Ms. Birch has also reached out to the Fredericton Region Community Futures organization for legal and accounting referrals.

Process/Production

1. Auntie's Bakery will order ingredients from Boyce Farms and Linden Wholesalers. Contact has been made with all suppliers and a review of their reliability has been conducted. Terms for deliveries have been agreed upon, with Auntie's Bakery placing orders on Friday and delivery of orders happening the following Tuesday (4 day turnaround). For occasional seasonal ingredient orders, Auntie's Bakery has arranged

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suppliers to contact her when ingredients are set to become available (harvest) so orders can be updated to include purchase of the seasonal items.

2. The cupcakes and tarts will be made from whole ingredients without the addition of preservatives. The main ingredients will be flour, eggs, butter, and sugar. As part of the Auntie's Bakery franchise, the recipes for each cupcake/tart will be supplied.
3. Ms. Birch will be responsible for baking all cupcakes and tarts. Baking will occur daily in the morning prior to the store's retail hours. The kitchen is visible from the retail setting and outside, therefore all production materials will need to be cleaned immediately following use and stored.
4. Cupcakes and tarts not sold during the day are stored in the commercial fridge for up to 2 days. After this time, the products are discarded.
5. At the time of purchase, cupcakes and tarts will be served to customers for immediate consumption in the small seating at the front of the store. Alternatively, customers receive their cupcakes in single, 6 pack or 12 pack paper boxes that include dividers to keep cupcakes from touching.

Risk Assessment

Auntie's Bakery will spend the majority of its marketing efforts in promoting the brand and engaging with the community. However, should these efforts prove to be ineffective, Auntie's Bakery would increase their marketing spend and purchase advertising in the local newspaper and online directories.

Auntie's Bakery strength is that it is an established brand with a perception of beautiful and delicious cupcakes and tarts. If for some reason, Ms. Birch is unable to produce a quality product, the store would have to close temporarily while Ms. Birch attended further corporate training.

If, after a full year of business, sales are less than \$50,000 (cumulative) Auntie's Bakery would look for another buyer to transfer their Franchisee license too. If Auntie's Bakery is unable to find a buyer, it would close its door, sell off all kitchen equipment and store fixtures and close both the Instagram and Twitter accounts.

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6.0 Organization and Management Team

Management

Auntie's Bakery franchise is fully owned and operated by Willow Birch, a graduate of NBCC's renowned Culinary Arts Management program. Willow Birch has known that creating delicious and beautiful confectionaries was her passion since childhood. She spent many weekend and summer afternoons draped in a folded up apron watching as her grandmother produced tarts, cookies, and jams.

Ms. Birch's love for baking has never faltered. While attending NBCC, she worked part-time in an Auntie's Bakery franchise, first as a sales associate and then as a baker. This experience provided her exposure to the corporate support and training Auntie's Bakery provides to franchisees. Following graduation, she was hired full-time as a baker at Auntie's Bakery University of New Brunswick location. Being at the location from its opening, helped Ms. Birch to realize she wanted to be the one in charge, not just baking. With the support of the franchise partner at the University of New Brunswick location, she was transitioned into an assistant manager role. For the last two years she's worked as the assistant manager, managing day-to-day finances while working the odd shift baking, just for the love of it!



Human Resources

Auntie's Bakery will start out small with the owner as the only Full Time employee, but expects to have 2 part time staff.

Ms. Birch has contacted the local high school's guidance counselors to ask for student referrals for occasional part-time sales help from students interested in the culinary arts. Ms. Birch anticipates needing occasional support at peak sales points during the year (Valentines Day, Mother's Day, Easter, and Christmas).

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Auntie's Bakery & Catering

7.0 Financials

Start-Up Costs

The business plan for Auntie’s Bakery includes start-up costs of \$67,800 for bakery equipment, leasehold improvements, furniture and Point of Sale technology. Start-up costs also include Legal and Accounting set-up fees. Below is a list of Start-up Costs:

One-Time Costs

Tables/Chairs	\$4,000
POS system and computer	\$3,000
leasehold improvements- walls/floors	\$5,000
leasehold improvements- plumbing/fixtures	\$6,000
leasehold improvements- electrical	\$5,000
leasehold improvements- millwork	\$8,000
Kitchen equipment	\$25,000
Kitchen smallware	\$5,000
Initial start up containers/supplies	\$2,000
Hands free phones/headsets	\$300
Accounting System Set-up	\$2,500
Legal Advisory Fees	\$2,000
	\$67,800

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Operating Expenses

Operating expenses are shown in the tables below, starting with a summary, followed by the detail. Operating expenses are projected to be \$88,098 in the first year, and include \$44,369 in salaries and \$8,041 in loan payments. Year 1 reflects a lower salary for the owner for the first 3 months (\$1,500/month vs \$3,000 for the remainder of Year 1 and all of Year 2).

Fixed and Variable expenses are shown so that Break-Even can be calculated (see Break-Even below). The owner's salary has been treated as a fixed expense.

		Year 1	Year 2
Operating Expenses Summary			
Non-Payroll Operating Expenses	Fixed	\$30,860	\$32,508
Non-Payroll Operating Expenses	Var	\$4,828	\$5,317
Employees - PT	Fixed	\$9,436	\$9,614
Owners Compensation	Fixed	\$34,934	\$39,924
Loan Payments	Fixed	\$8,041	\$8,772
TOTAL Operating Expenses		\$88,098	\$96,135

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Operating Expenses (Detail):		Year 1	Year 2
Non-Payroll Operating Expenses			
Facility Rent/Lease	Fixed	\$14,400	\$14,976
Facility Maintenance	Fixed	\$2,400	\$2,400
Facility Utilities	Fixed	\$3,600	\$3,600
Office Services (cleaning, security)	Fixed	\$2,400	\$2,400
Internet & Cell	Fixed	\$1,800	\$1,872
Banking Fees	Fixed	\$600	\$600
Payment Processor Fees	Var	\$2,428	\$2,785
Vehicle Maintenance	Var	\$600	\$636
Vehicle Fuel	Var	\$1,800	\$1,896
Vehicle Insurance	Fixed	\$480	\$480
Business Insurance	Fixed	\$1,800	\$1,800
Bookkeeping & Accounting	Fixed	\$500	\$1,500
Office Supplies	Fixed	\$480	\$480
Franchise Marketing campaigns	Fixed	\$2,400	\$2,400
Non-Payroll Operating Expenses		\$35,688	\$37,825
Payroll Operating Expenses:			
Employees - PT	Fixed	\$9,436	\$9,614
Owners Compensation	Fixed	\$34,934	\$39,924
Payroll Costs		\$44,369	\$49,538
Total Operating Expenses before Loan Payments		\$80,057	\$87,363
Loan Payments	Fixed	\$8,041	\$8,772
Total Operating Expenses including Loan Payments		\$88,098	\$96,135

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Auntie's Bakery & Catering

Break Even

Fixed costs for the year are \$83,270 (includes rent, franchise fee, utilities, marketing, salaries, loan payments)

Average sale price is \$3.99/cupcake or tart (assume 95% sold at individual price and 5% sold at dozen bulk price). (Beverages will also be sold at an average price of 3.99)

Average direct cost is \$0.77/cupcake or tart (ingredients, royalties and packaging - labour was not included since the owner is producing the items, and her salary is treated as a fixed operating expense)

Therefore, average gross profit per product is \$3.22, or 81% gross margin.

Break-even point:

$$\frac{\$83,270}{\$3.99 - \$0.77} = \frac{\$83,270}{\$3.23} = 25,820 \text{ units}$$

Auntie's Bakery would start to make a profit after selling 25,820 cupcakes or tarts (or approximately 2,151 units per month)

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Auntie's Bakery & Catering

Sales Forecast

Key Assumptions

- Slowest months: January, September, and November
- Products sales breakdown:
 - 90% individual cupcake/tart sales
 - 10% bulk orders of at least a dozen cupcake/tarts
- Walk-in customers will purchase a minimum of two cupcake/tarts per average order (\$8)
- Walk-in bulk order will purchase one dozen cupcake/tarts per average order (\$44)
- 25% of walk-in customers will also purchase beverages (coffee, tea, juices, etc.) at an average price of \$4
- 80% of purchasers will become repeat customers within the first six months
- 15% redemption of postcard offer in stores
- \$35,000 loan in the first month (60 months @ 9.25%)

Year One Sales Forecast: First Quarter

January Forecast

- Total sales \$5,006 from
 - \$1,800 – Grand opening party January 15/16 sale of 500 cupcakes (300 @ \$4, 200 @ \$3)
 - \$440 – 10 dozen walk-in purchases of bulk cupcakes
 - \$2,050 – 225 walk-in individual sales for cupcakes and beverages
 - \$741 – custom and catering
- Plan to attend Fredericton BIA meeting
- Will meet with the Head Librarian regarding partnership opportunities for after school programming.
- Plan to use social media (Instagram and X(Twitter)) to promote and celebrate grand opening

February Forecast

- Total sales \$7,674 from
 - \$4000 – 500 walk-in individual sales related to Valentine's day
 - \$440 – 10 dozen walk-in purchases of bulk cupcakes
 - \$2,700 – 225 walk-in individual sales for cupcakes and beverages
 - \$530 – custom and catering

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Auntie's Bakery & Catering

- Plan March break school programming with Librarian
- Attend planning meeting for Spring Artwalk event for Streetscapes committee
- Attend community theatre showcase (cupcake booth)
- Meet with Taste of the Atlantic about potential opportunity for a co-sponsored cooking class
- Attend gallery opening at Fredericton Culture and Science Centre (cupcake booth)
- Continue to build social media profile: post something every other day

March Forecast

- Total sales \$7,826 from
 - \$4,875 – 650 postcard promotion re St. Patrick's
 - \$2,025 – 225 walk-in individual sales for cupcakes and beverages
 - \$625 – custom and catering
 - \$300 – library camp
- Distribution of 10,000 postcards - Buy 1 cupcake/tart, get a second for \$1 off, to Fredericton area expires April 15.
- Meeting with Theatre about upcoming season of programming and cupcakes at concession
- Attend Fredericton BIA meeting
- Attend planning meeting for Spring Art Walk event for Streetscapes committee
- Continue to build social media profile: post something everyday

Two-Year Cashflow Outlook

After establishing the business at the start of year 1 with \$30k investment from the owner + \$35k loan (proposed) + \$10k in grants our two-year outlook demonstrates:

- Ability to cover a loan payment of \$731/month (60 months at 9.25% interest)
- Growing, positive cashflow starting 6th month
- Cumulative cashflow before taxes & dividends of \$31k by end of year 1 growing to \$68k (cumulative) by the end of year 2
- Our forecasts are based on reasonable and doable marketing and sales activities

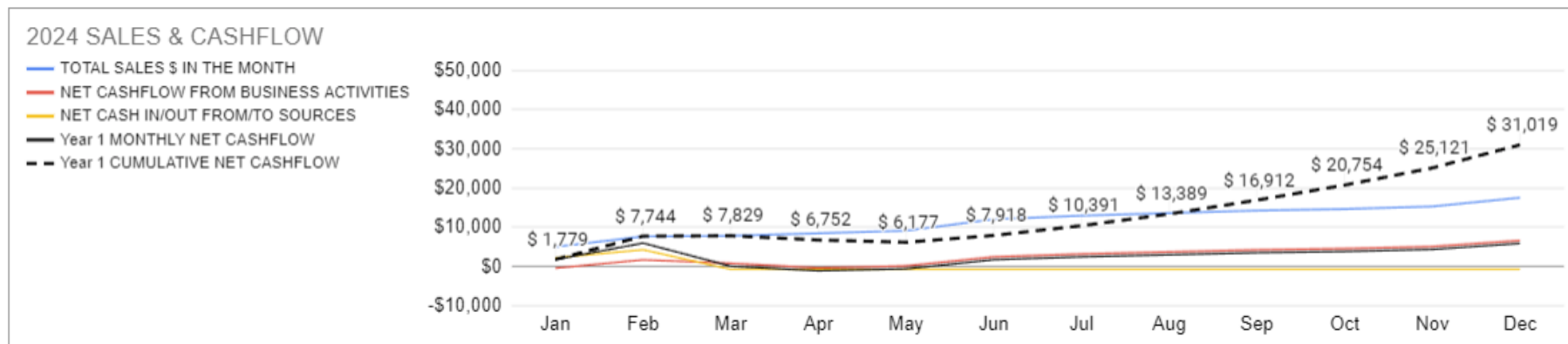
Auntie's Bakery & Catering cashflow forecasts are below.

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Auntie's Bakery & Catering

Year 1 Cashflow Forecast

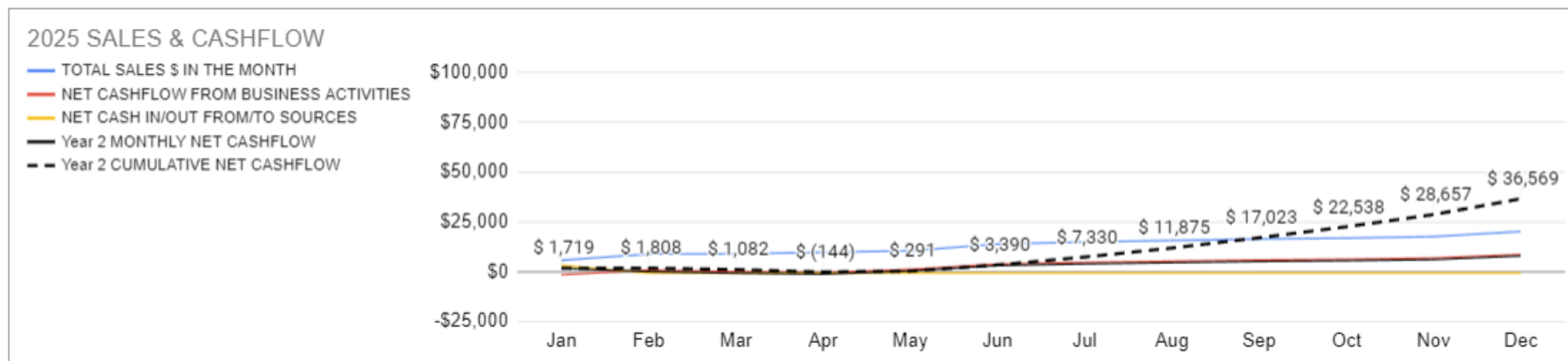
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year
TOTAL SALES \$ IN THE MONTH	\$ 5,006	\$ 7,674	\$ 7,826	\$ 8,476	\$ 9,126	\$ 12,056	\$ 12,966	\$ 13,616	\$ 14,266	\$ 14,656	\$ 15,306	\$ 17,538	\$ 138,511
TOTAL COST OF GOODS SOLD	\$ 961	\$ 1,473	\$ 1,503	\$ 1,627	\$ 1,752	\$ 2,315	\$ 2,489	\$ 2,614	\$ 2,739	\$ 2,814	\$ 2,939	\$ 3,367	\$ 26,594
GROSS PROFIT FOR THE MONTH ON SALES	\$ 4,045	\$ 6,201	\$ 6,323	\$ 6,849	\$ 7,374	\$ 9,741	\$ 10,476	\$ 11,002	\$ 11,527	\$ 11,842	\$ 12,367	\$ 14,171	\$ 111,917
GROSS MARGIN ON SALES	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%
TOTAL OPERATING EXPENSES	\$ 4,466	\$ 4,504	\$ 5,508	\$ 7,194	\$ 7,217	\$ 7,269	\$ 7,273	\$ 7,273	\$ 7,273	\$ 7,269	\$ 7,269	\$ 7,542	\$ 80,057
NET CASHFLOW FROM BUSINESS ACTIVITIES	\$ (421)	\$ 1,696	\$ 815	\$ (346)	\$ 157	\$ 2,472	\$ 3,204	\$ 3,729	\$ 4,254	\$ 4,573	\$ 5,098	\$ 6,629	\$ 31,860
NET CASH IN/OUT FROM OWNERS (excl comp)	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
FUNDING FROM LOANS	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
FUNDING FROM GRANTS	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
FUNDING FROM OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH OUT FOR LOAN PMTS, ETC.		\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (8,041)
CASH OUT FOR ONE-TIME COSTS	\$ (67,800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (67,800)
NET CASH IN/OUT FROM/TO SOURCES	\$ 2,200	\$ 4,269	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (841)
Year 1 MONTHLY NET CASHFLOW	\$ 1,779	\$ 5,965	\$ 84	\$ (1,077)	\$ (574)	\$ 1,741	\$ 2,473	\$ 2,998	\$ 3,523	\$ 3,842	\$ 4,367	\$ 5,898	\$ 31,019
Year 1 CUMULATIVE NET CASHFLOW	\$ 1,779	\$ 7,744	\$ 7,829	\$ 6,752	\$ 6,177	\$ 7,918	\$ 10,391	\$ 13,389	\$ 16,912	\$ 20,754	\$ 25,121	\$ 31,019	



Auntie's Bakery & Catering

Year 2 Cashflow Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year
TOTAL SALES \$ IN THE MONTH	\$ 5,757	\$ 8,825	\$ 9,000	\$ 9,747	\$ 10,495	\$ 13,864	\$ 14,911	\$ 15,658	\$ 16,406	\$ 16,854	\$ 17,602	\$ 20,168	\$ 159,288
TOTAL COST OF GOODS SOLD	\$ 1,105	\$ 1,694	\$ 1,728	\$ 1,871	\$ 2,015	\$ 2,662	\$ 2,863	\$ 3,006	\$ 3,150	\$ 3,236	\$ 3,380	\$ 3,872	\$ 30,583
GROSS PROFIT FOR THE MONTH ON SALES	\$ 4,652	\$ 7,131	\$ 7,272	\$ 7,876	\$ 8,480	\$ 11,202	\$ 12,048	\$ 12,652	\$ 13,256	\$ 13,618	\$ 14,222	\$ 16,296	\$ 128,704
GROSS MARGIN ON SALES	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%
TOTAL OPERATING EXPENSES	\$ 6,201	\$ 6,311	\$ 7,267	\$ 8,371	\$ 7,314	\$ 7,373	\$ 7,376	\$ 7,376	\$ 7,376	\$ 7,373	\$ 7,373	\$ 7,653	\$ 87,363
NET CASHFLOW FROM BUSINESS ACTIVITIES	\$ (1,550)	\$ 820	\$ 5	\$ (495)	\$ 1,166	\$ 3,830	\$ 4,672	\$ 5,276	\$ 5,880	\$ 6,246	\$ 6,850	\$ 8,644	\$ 41,341
NET CASH IN/OUT FROM OWNERS (excl comp)													
FUNDING FROM LOANS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUNDING FROM GRANTS	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
FUNDING FROM OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH OUT FOR LOAN PMTS, ETC.	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (8,772)
CASH OUT FOR ONE-TIME COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH IN/OUT FROM/TO SOURCES	\$ 3,269	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (731)	\$ (4,772)
Year 2 MONTHLY NET CASHFLOW	\$ 1,719	\$ 89	\$ (726)	\$ (1,226)	\$ 435	\$ 3,099	\$ 3,941	\$ 4,545	\$ 5,149	\$ 5,515	\$ 6,119	\$ 7,913	\$ 36,569
Year 2 CUMULATIVE NET CASHFLOW	\$ 1,719	\$ 1,808	\$ 1,082	\$ (144)	\$ 291	\$ 3,390	\$ 7,330	\$ 11,875	\$ 17,023	\$ 22,538	\$ 28,657	\$ 36,569	



Auntie's Bakery & Catering

Two-Year Cashflow Outlook

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year
Year 1 MONTHLY NET CASHFLOW	\$ 1,779	\$ 5,965	\$ 84	\$ (1,077)	\$ (574)	\$ 1,741	\$ 2,473	\$ 2,998	\$ 3,523	\$ 3,842	\$ 4,367	\$ 5,898	\$ 31,019
Year 1 CUMULATIVE NET CASHFLOW	\$ 1,779	\$ 7,744	\$ 7,829	\$ 6,752	\$ 6,177	\$ 7,918	\$ 10,391	\$ 13,389	\$ 16,912	\$ 20,754	\$ 25,121	\$ 31,019	
Year 2 MONTHLY NET CASHFLOW	\$ 1,719	\$ 89	\$ (726)	\$ (1,226)	\$ 435	\$ 3,099	\$ 3,941	\$ 4,545	\$ 5,149	\$ 5,515	\$ 6,119	\$ 7,913	\$ 36,569
Years 1 + 2 CUMULATIVE	\$ 32,738	\$ 32,827	\$ 32,101	\$ 30,875	\$ 31,310	\$ 34,408	\$ 38,349	\$ 42,894	\$ 48,042	\$ 53,557	\$ 59,675	\$ 67,588	

