

THE BURGER DIVE



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The Burger Dive

1.0 EXECUTIVE SUMMARY

The Burger Dive is an award-winning gourmet burger restaurant focusing on fresh, premium ingredients with innovative and creative flavor combinations. Located in the heart of downtown Billings, Montana. The Burger Dive, established in 2010 by Brad and Andrea Halsten, has become the premier downtown lunch destination, serving locals and travelers from around the United States and Internationally. The Burger Dive, in its current location and current hours of operation, has been profitable in each of its ten years of existence.

The Burger Dive is excited to announce the expansion of our location to a larger building with increased seating capacity, increased hours to include a dinner service, the addition of beer and wine sales, house made cakes and pastries, espresso bar, retail merchandise sales, retail bottling and sales of sauces and other food items with the intention to grow into wholesale distribution, onsite catering location, outdoor venue for dining, drinking, and live music/art performances.

1.1 Mission

It is The Burger Dive's mission to offer the best tasting hamburgers and cheeseburgers in Montana coupled with the finest customer experience creating brand loyalty and repeat business.

1.2 Keys to Success

- Employ strict financial controls. This is extremely important in a retail food establishment.
- Offer the highest-quality lunch and dinner time fare.
- Ensure sufficient visibility. A strong marketing campaign is required as well as continued use of both national and local media and national food events to continue to draw notoriety and grow popularity of the business.

1.3 Objectives

- To maintain our status as the premier burger restaurant in downtown Billings, MT.
- To expand our hours into a nightly dinner service
- To add beer and wine to our beverage options.
- To continue to increase our profit margins during the day shift
- To become profitable within the first year of our nighttime dinner service.

1.4 Financing

The team behind Burger Dive is contributing a total of \$1,216,572 which includes a DBA TIF Grant of \$466,373, Historic Tax Credits of \$680,199, and \$150,000 in personal equity to the projects anticipated down payment. The company is seeking funding through the several sources which include the Downtown Business Association RLF Loan of \$250,000, an SBA loan of \$942,000, and a commercial bank loan of \$1,180,000. Total loans of \$2,372,000 and project cost total \$3,668,572 to fully finance the purchase and expansion of the restaurant. Based on conservative growth estimates, Burger Dive is projected to have an

The Burger Dive

average ROI of 18% the first year, 36% the second year, and ROI of roughly 55% the third year.

2.0 THE CONCEPT

2.1 Overview

The Burger Dive is a lunch and dinner restaurant that will provide customers in Billings, MT, with an enjoyable experience and feature a menu based on comfort foods the people love.

2.2 Unique Selling Proposition

Locally sourced produces

- Our beef burgers are never frozen Certified Black Angus ground beef partially sourced from IX Ranch out of Big Sandy, MT, and Green Mountain Ranch of Montana
- Hand crafted buns created for The Burger Dive by Grains of Montana
- Locally sourced microbrew beer for the onion ring batter from Angry Hank's,
- Premium ice cream for milkshakes made in Billings by Wilcoxson's Ice Cream
- Billings based City Brew coffee
- Beer sourced from locally sourced breweries.

2.3 Meal Periods/Opening Hours

The Burger Dive is open for lunch and dinner from 10:30 – 8:00 pm, 6 days a week, 52 weeks a year. The restaurant will be closed on Sunday. Based on personal experience from the past 10 years, these hours of operation are best suited for the downtown traffic flow.

2.4 Menu and Signature Items

The Burger Dive will continue to offer the community an exciting menu of burgers, hot dogs, fresh cut fries, house made onion rings, a variety of homemade sides, soup, chili, milkshakes, desserts, and coffee beverages. Additionally, beer and wine will be available for purchase.

2.5 Pricing

The intended food and beverage cost percentage across the entire menu will be 33%.

- Basic burgers range from \$7.75 to \$12.00
 - With fries added a plate is additionally \$2.00 - \$3.00 more
- Plain fries, garlic, Cajun, or chili cheese fries and onion rings as a side for \$2.50
 - Basket for \$7.00 - \$9.50
- Chili and soup for \$6.50 a bowl
- Wedge salad for \$4.00
- Desserts are \$6.00 each
- Milkshakes are \$6.00
- We will sell local brews for \$5.00
- Wine for \$6.00 - \$12.00 per glass

2.6 Keys to Success

The Burger Dive

The Burger Dive has identified three keys that will be instrumental in its success.

- The first has been a commitment to the customer and employee experience.
- The second key has been high quality food receiving national and international food accolades that have placed The Burger Dive on foodie pilgrimage lists.
- The third is that The Burger Dive has developed an effective, targeted marketing campaign, further expansion into retail products, and additional revenue generating square footage which will supplement and support the opening of the new location to ensure a smooth and profitable transition.

3.0 COMPANY SUMMARY

3.1 Company Ownership

The Burger Dive

The Burger Dive was opened in 2010 by Brad and Andi Halsten. The company is wholly owned by Brad and Andi. The business is based in downtown Billings and will serve lunch and dinner.

The Burger Dive has been formed as a limited liability company in Montana with owners Brad and Andrea Halsten managing the business. The L.L.C. business formation has been chosen as a way of protecting the owner from personal liability while avoiding double taxation associated with a traditional corporation.

3.2 Services

The Burger Dive is a downtown based burger restaurant serving lunch since September 2010. Gourmet burgers and sides, using a high level of creativity and a continued focus on fresh foods will continue to be our focus. Each customer has their choice of different toppings for the burgers and there is a menu of multiple predetermined burger combinations as well as sides including locally beer battered onion rings and fresh cut fries.

3.3 Menu

Our menu is unique in that it has multiple items that have achieved national and higher recognition through the Food Network Burger Bash, our winning the World Burger Championship, and having appeared on the Travel Channel show Man V Food. In addition to the burgers, there will be different sides available, including our fresh cut fries/garlic fries and locally beer battered onion rings which have all achieved recognition on best fries or best onion rings in the nation lists.

Our menu won't be changing, we will continue to serve award winning burgers, hot dogs, fries, milkshakes, and desserts. See the complete menu at <http://theburgerdive.com/>

3.4 Hours of Operation

We have begun a trial dinner service on Friday nights until 8PM which will turn into a nightly dinner service in the current location and continue to our new location on Minnesota Avenue. We will add a beer and wine license and intend to serve beer and wine in the new location. Our plan is to be open from 10:30 AM until 8:00 PM Monday through Friday and 11:00 AM until 8:00 PM on Saturday.

4.0 THE MARKET

4.1 Target Customers

The Burger Dive

The Burger Dive will be serving the Billings, MT lunch time and dinner crowd. Two distinct market segments will be targeted: locals from Billings and surrounding areas are the main core of our business and will continue to be so when we move to the new building.

The Burger Dive draws a wide range of local customers and appeals to a very eclectic demographic. Out of town customers will continue to be a target as well. The exposure the restaurant has already achieved on a national level will continue to feed this and we will continue to strive for more of the same types of national recognition as opportunities present themselves. Both market segments will appreciate our expanded hours and the increase in time to have an opportunity to come to the restaurant.

The Burger Dive will face competition from similar restaurants during the day who provide lunch time fare and some similar menu items. The Burger Dive has faced these challenges for 10 years and has continued to make a profit in each of its 10 years while gaining national notoriety.

A new challenge will be at the dinner shift. We have opened for a trial of dinner every Friday since March and have been able to profit during the extra four hours at night. This is without currently having any alcohol. We will add a beer and wine license at the latest by the time of the opening of the new location which will help to draw a further dinner crowd of people who prefer to have alcohol with dinner.

4.2 Target Market Segment Strategy

The Burger Dive has segmented the market into two distinct segments:

- The two different market segments that Burger Dive will be going after are distinct enough that there will be two different marketing campaigns, one for each group. This is necessary because the two groups respond to different forms of communication.
- The national and international traveler see the travel channel, national magazines, and other championships that we've won and come to taste our delicious burgers.
- The towners can be reached through different sources of communication. These are people who work downtown and tend to patronize the other downtown businesses. These people are more in tune with the different business organizations that exist downtown. Burger Dive will attempt to communicate with this group via the local newspaper.

4.3 Service Business Analysis

The Burger Dive exists within the general restaurant industry. There are many different categories within the restaurant industry. The Burger Dive fits within the casual dining segment of the restaurant industry. Customers are waited on and served at the table or at counter seating. The food is more expensive than a fast-food burger restaurant as our emphasis is on fresh and creative menu offerings prepared to order for the customer.

For the restaurant industry, it is normal for a venture to reach profitability by year two. If they reach it any earlier, it is likely that they are cutting corners and that profit is unlikely to be sustainable. The Burger Dive has been able to sustain profitability in each of its 10 years of existence, even profiting during the current time of pandemic. We can expect this to continue in a move to a larger location with expanded hours and the addition of some alcoholic beverages.

The Burger Dive

4.4 Competition and Buying Patterns

The Burger Dive's competition exists in many forms:

- **Fast food:** This takes the form of the traditional restaurants such as McDonald's, Burger King, and Wendy's, as well as healthier alternatives such as Subway.
- **Breweries:** Billings is home to several exceptional breweries and two of the downtown breweries have food that would be direct competition during both lunch and dinner timed. The Burger Dive has been able to compete favorably with these places by solely offering the highest quality dining experience and the addition of alcohol should allow us to favorably compete at dinner as well.
- **Steakhouses:** At dinner, The Burger Dive will be in competition with steakhouses in downtown Billings including Jakes and Ten.
- **Diners:** The Burger Dive is at its core a burger focused diner and receives direct competition from Bernie's diner right down the street for the diner customer looking for a great lunch spot.

4.5 Competitive Strengths and Weaknesses

STRENGTHS

Team works well together

Local grown products

Familiar menu - burgers

Pricing is very competitive

Notoriety

Food Consistency

WEAKNESSES

Small team

Limited parking

Smaller, limited menu

Not in everyone's price market

5.0 THE STRATEGY

5.1 Marketing Strategy

The Burger Dive

The sales effort will be based on obtaining 100% satisfaction. The Burger Dive will work hard to ensure that every customer has a wonderful experience at our restaurant. Almost anything will be done to ensure any problems that arise are corrected.

5.2 Competitive Edge

The Burger Dive has two competitive edges that will help it succeed in its business. The first edge is its creative fresh menu. The Burger Dive takes pride in the fact that everything on the menu is created fresh. Everything on our menu is truly unique to our menu.

The other competitive edge that The Burger Dive has is our high level of awards ranging over the last 6 years. 3 of our burgers have won either the Food Network Burger Bash or the World Burger Championship. Customers can be sure that they will receive a creative and flavorful lunch backed up by recognition from very high levels in the food world.

5.3 Marketing Tactics

The Burger Dive will continue to utilize primarily free forms of marketing. Social media has been our main marketing tool and this, coupled with word of mouth from customers on these sites have provided the needed exposure for the restaurant to succeed. Also, we will continue to seek and accept opportunities to be involved in high level food events which have provided a level of prestige and appeal to our restaurant through our successes in these events.

Television and radio advertising will be used at the beginning of our move to nights and at the time of the move to the new location in order to inform and excite customers both old and new about our new location.

5.4 Sales Strategy

As previously mentioned, The Burger Dive will emphasize 100% customer satisfaction to win over and maintain customers. This effort is based on the philosophy that every customer is important and should have an enjoyable experience.

This sales philosophy is a way of treating customers. While the service offered customers is quite important, there is a need to have a quality product, otherwise the service aspect is in vain in the long term because the customers are treated well but do not perceive value in the food that they are buying. That being said, The Burger Dive must offer fresh, quality food in order to fully support its customer-centered service. The menu has been devised in order to offer a wide selection with menu items that are innovative and high quality, fresh, and are cost effective to serve. Having both a quality product and excellent service will ensure realization of the sales forecast.

5.5 Historical data

The Burger Dive

Below is the last 3 years of sales for Burger Dive

	2017		2018		2019	
Income:						
Sales	\$908,603	99.66%	\$902,359	100.00%	\$914,505	99.84%
Returns and allowances		0.00%		0.00%		0.00%
Sales UPS		0.00%		0.00%		0.00%
Bad Debt Collection		0.00%		0.00%		0.00%
Other Income	\$3,117	0.34%		0.00%	\$1,437	0.16%
		0.00%		0.00%		0.00%
		0.00%		0.00%		0.00%
		0.00%		0.00%		0.00%
Total Income	\$911,720	100.00%	\$902,359	100.00%	\$915,942	100.00%
Cost of Goods Sold						
Purchases	\$307,985	100.00%	\$296,989	100.00%	\$308,326	100.00%
Freight		0.00%		0.00%		0.00%
Purchases UPS		0.00%		0.00%		0.00%
		0.00%		0.00%		0.00%
		0.00%		0.00%		0.00%
Total COGS	\$307,985	100.00%	\$296,989	100.00%	\$308,326	100.00%
Gross Profit	\$603,735	66.22%	\$605,370	67.09%	\$607,616	66.34%
Advertising	\$3,935	0.87%	\$3,545	0.74%	\$3,550	0.70%
Bank Fees CC services	\$19,816	4.37%	\$22,485	4.70%	\$22,604	4.48%
Dues & Subscriptions	\$1,998	0.44%	\$1,464	0.31%	\$2,020	0.40%
Amortization	\$212	0.05%	\$212	0.04%	\$213	0.04%
Depreciation	\$2,038	0.45%	\$1,571	0.33%	\$6,467	1.28%
Insurance	\$1,760	0.39%	\$1,760	0.37%	\$1,807	0.36%
Professional Services	\$12,852	2.84%	\$14,621	3.05%	\$18,865	3.74%
Officer Compensation	\$76,985	16.99%	\$81,840	17.09%	\$99,036	19.63%
Salaries & Payroll	\$220,148	146.18%	\$233,107	48.68%	\$230,029	45.59%
Payroll Ex		24% 0.00%		0.00%		0.00%
Training		0.00%		0.00%	\$1,710	0.34%
Office Expenses	\$195	0.13%	\$1,992	0.42%	\$333	0.07%
Outside Services	\$3,208	0.71%	\$5,373	1.12%	\$3,722	0.74%
Phone	\$2,601	0.57%	\$2,641	0.55%	\$2,649	0.53%
Postage & delivery	\$289	0.06%	\$465	0.10%		0.00%
Rents	\$26,283	5.80%	\$27,606	5.77%	\$29,195	5.79%
Repairs & Maintenance	\$9,666	2.13%	\$5,657	1.18%	\$11,238	2.23%
Service Charges		0.00%		0.00%		0.00%
Supplies	\$16,807	3.71%	\$11,976	2.50%	\$14,266	2.83%
Tax and License	\$27,403	6.05%	\$28,758	6.01%	\$29,757	5.90%
License & Permits	\$414	0.09%	\$184	0.04%	\$447	0.09%
Linen Services	\$2,247	0.50%	\$2,457	0.51%	\$2,140	0.42%
Mileage reimbursement	\$869	0.19%	\$621	0.13%	\$1,878	0.37%
Misc	\$88	0.02%	\$492	0.10%	\$218	0.04%
Travel	\$1,026	0.23%	\$7,152	1.49%	\$641	0.13%
Utilities	\$14,999	3.31%	\$16,426	3.43%	\$14,809	2.94%
Workers Comp	\$5,804	1.28%	\$5,066	3.43%	\$5,836	1.16%
Interest	\$34	0.01%		0.00%		0.00%
Meals (50%)	\$1,458	0.32%	\$1,384	0.29%	\$1,084	0.21%
Total Expenses	\$453,135	197.68%	\$478,855	102.37%	\$504,514	100.00%
Net Profit or Loss	\$150,600	16.52%	\$126,515	14.02%	\$103,102	11.26%
Cash Flow:						
(available to debt service)	\$178,955		\$155,692		\$138,764	

5.6 Sales Forecast

The Burger Dive

The Burger Dive has decided to take a conservative viewpoint toward its sales forecast in order to increase the likelihood of achieving the stated goals. The Burger Dive has reason to believe that the first three months of business in the evenings will be slow in comparison to lunch as people get used to and find out that we are now open for dinner.

Burger Dive is projecting current historical sales of lunch 39% of sales, beverages 8% of sales, and milkshakes/desserts at 5% of sales; new sales of dinner are projected conservatively at 23% of sales, and beer/wine at 25% of sales.

A strong marketing plan centered on both social media and some paid ads will be utilized in order to get nights to [profitability as soon as possible. As people have requested the restaurant to do dinners since very early in its 10-year history, it is likely that dinners will be quite popular and profitable when the word is out that we're open in the evening. It is forecasted that business will steadily increase over the first two years.

Percent of Sales Per Month	TOTAL SALES GOAL												\$ 2,618,801	Please note: Only enter data into the blue fields. The remaining portion of the data will populate as a result of these inputs.
	7,580†	7,790†	7,550†	6,750†	6,650†	6,550†	6,600†	6,540†	10,570†	10,570†	7,550†	7,700†	100,001	
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	TOTAL	
Lunch														
Percent of Total Sales	39%													
Total Sales	77,417	79,562	71,111	68,940	88,345	85,281	89,817	87,222	105,912	105,912	77,111	78,643	1,021,332	
Less: Cost of Goods Sold	25,548	26,255	25,446	22,750	29,154	28,143	29,659	28,763	34,951	34,951	25,446	25,952	337,040	
GROSS PROFIT	51,869	53,306	45,664	46,190	59,191	57,138	60,218	58,439	70,961	70,961	51,664	52,691	684,293	
Price Per Unit	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	
# Units Sold	6,451	6,630	6,426	5,745	7,362	7,107	7,450	7,268	8,826	8,826	6,426	6,554	85,111	
Dinner														
Percent of Total Sales	23%													
Total Sales	45,656	46,921	45,475	40,657	52,101	50,294	53,005	51,438	62,461	62,461	45,475	46,379	602,324	1021332 Lunch
Less: Cost of Goods Sold	15,067	15,484	15,007	13,417	17,193	16,597	17,491	16,975	20,612	20,612	15,007	15,305	198,767	209504 Beverage
GROSS PROFIT	30,589	31,437	30,469	27,240	34,908	33,697	35,513	34,464	41,849	41,849	30,469	31,074	403,557	130940 Milkshakes
Price Per Unit	\$12.00	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$1361777 TOTAL
# Units Sold	3,805	3,910	3,790	3,388	4,342	4,191	4,417	4,287	5,205	5,205	3,790	3,865	50,194	
Beverages														
Percent of Total Sales	8%													
Total Sales	15,880	16,320	15,818	14,142	18,122	17,494	18,436	17,892	21,726	21,726	15,818	16,132	209,504	602324 Dinner
Less: Cost of Goods Sold	5,241	5,386	5,220	4,667	5,980	5,773	6,084	5,904	7,169	7,169	5,220	5,323	69,136	654700 Beer/Wine
GROSS PROFIT	10,640	10,935	10,598	9,475	12,142	11,721	12,352	11,987	14,556	14,556	10,598	10,808	140,368	\$1,257,024 TOTAL NEWSALES
Price Per Unit	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$2,618,801 PROJECTED INCOME
# Units Sold	5,293	5,440	5,273	4,714	6,041	5,831	6,145	5,964	7,242	7,242	5,273	5,377	69,835	
Beer/Wine														
Percent of Total Sales	25%													
Total Sales	49,626	51,001	49,430	44,192	56,632	54,667	57,614	55,911	67,892	67,892	49,430	50,412	654,700	
Less: Cost of Goods Sold	16,377	16,830	16,312	14,583	18,688	18,040	19,012	18,451	22,404	22,404	16,312	16,636	216,051	
GROSS PROFIT	33,250	34,171	33,118	29,609	37,943	36,627	38,601	37,461	45,488	45,488	33,118	33,776	438,649	
Price Per Unit	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	
# Units Sold	8,271	8,500	8,238	7,365	9,439	9,111	9,602	9,319	11,315	11,315	8,238	8,402	109,117	
Milkshakes/Desserts														
Percent of Total Sales	5%													
Total Sales	9,925	10,200	9,886	8,838	11,326	10,933	11,523	11,182	13,578	13,578	9,886	10,082	130,940	
Less: Cost of Goods Sold	3,275	3,366	3,262	2,917	3,736	3,608	3,802	3,690	4,481	4,481	3,262	3,327	43,210	
GROSS PROFIT	6,650	6,834	6,624	5,922	7,589	7,325	7,720	7,492	9,098	9,098	6,624	6,755	87,730	
Price Per Unit	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	
# Units Sold	1,654	1,700	1,648	1,473	1,888	1,822	1,920	1,864	2,263	2,263	1,648	1,680	21,823	

5.7 Purchasing/Supply Chain

The Burger Dive

- Our beef burgers are never frozen Certified Black Angus ground beef partially sourced from IX Ranch out of Big Sandy, MT, and Green Mountain Ranch of Montana
- Hand crafted buns created for The Burger Dive by Grains of Montana
- Locally sourced microbrew beer for the onion ring batter from Angry Hank's,
- Premium ice cream for milkshakes made in Billings by Wilcoxson's Ice Cream
- Billings based City Brew coffee
- Beer sourced from locally sourced breweries.

5.8 Number of Seats

Sales projections for the first year are \$2,618,460. Below is a chart with the number of chairs filled each day for lunch and dinner. With seating for 100 there would be an average of 3-5 table turns at lunch and an average of 2-4 table turns at dinner the first year.

The Burger Dive Weekly Sales Projection									
Number of Se		100		Counter		Drive-Thru		Total Sales	% of Week Sales
		\$ of Customer	Salar	Number of Carr	\$ of Customer	Salar			
Monday	Breakfast	0	0	0	0	0	0	0	
	Lunch	350	4,200	0	0	0	4,200		
	Dinner	150	2,250	0	0	0	2,250		
	Day Totals	500	\$6,450	0	0	0	\$6,450	12.3	
Tuesday	Breakfast	0	0	0	0	0	0		
	Lunch	350	4,200	0	0	0	4,200		
	Dinner	150	2,250	0	0	0	2,250		
	Day Totals	500	\$6,450	0	0	0	\$6,450	12.3	
Wednesday	Breakfast	0	0	0	0	0	0		
	Lunch	350	4,200	0	0	0	4,200		
	Dinner	167	2,505	0	0	0	2,505		
	Day Totals	517	\$6,705	0	0	0	\$6,705	13.3	
Thursday	Breakfast	0	0	0	0	0	0		
	Lunch	450	5,400	0	0	0	5,400		
	Dinner	150	2,250	0	0	0	2,250		
	Day Totals	600	\$7,650	0	0	0	\$7,650	15.2	
Friday	Breakfast	0	0	0	0	0	0		
	Lunch	450	5,400	0	0	0	5,400		
	Dinner	300	4,500	0	0	0	4,500		
	Day Totals	750	\$9,900	0	0	0	\$9,900	19.7	
Saturday	Breakfast	0	0	0	0	0	0		
	Lunch	600	7,200	0	0	0	7,200		
	Dinner	400	6,000	0	0	0	6,000		
	Day Totals	1,000	\$13,200	0	0	0	\$13,200	26.2	
Sunday	Breakfast	0	0	0	0	0	0		
	Lunch	0	0	0	0	0	0		
	Dinner	0	0	0	0	0	0		
	Day Totals	0	\$0	0	0	0	\$0	0.0	
WEEK TOTALS	Week Totals	3,467	\$50,355	0	0	0	\$50,355		
	Salar Mix %		100.0%			0.0%	100.0%		
Catering / Parties / Outside		Avg. # of events / Week		0.0					
		Average Count		0					
		Per Person Average \$							
WEEK TOTALS - All Sales	Totals in \$						50,355	100.0	

RECAP: Key Sales Numbers:	
Annual Sales	\$2,618,460
Average Monthly Sales	\$218,205
Annual Sales Per Square Foot	\$179
Annual Sales Per Seat	\$26,185

The Burger Dive

5.9 Hourly Labor

Labor has been around \$19,000 per month at full capacity for the past few years totaling \$288,000 per year. We are projecting the labor cost to go up by two thirds at full capacity. With COVID restrictions still in place we are projecting our labor cost to 1.5 the first year to \$332,000. We are projecting a 3% for the next two years with labor projected accordingly at \$343,620 for year two and \$355,647 in year three.

The chart below would be at full capacity \$9033 per week x 52 week = \$468,000 per year. We can see this in year 4 and 5.

The Burger Dive																
Hourly Labor Projection Worksheet																
- EARLY -																
(breakfast & lunch) 7:00AM - 3:00P		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday		WEEK
Covers		350		350		350		450		450		600		0		2,550
Total Restaurant Sales		\$4,200		\$4,200		\$4,200		\$5,400		\$5,400		\$7,200		\$0		\$30,600
Position	Rate	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Labor \$
Prep Cooks	\$11.00	8.0	1	8.0	1	8.0	1	8.0	1	8.0	1	7.0	1	0.0	0	\$517
Fry Cooks	\$12.50	8.0	3	8.0	4	8.0	4	8.0	4	8.0	4	8.0	4	0.0	0	\$2,300
Grill Cooks	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Counter	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Counter Cashier	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Drive-Thru Cashier	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Dishroom	\$9.50	4.0	1	4.0	1	4.0	1	5.0	1	6.0	1	6.0	1	0.0	0	\$276
Server	\$8.65	6.0	4	6.0	4	6.0	4	6.0	4	6.0	4	6.0	4	0.0	0	\$1,246
Busser	\$8.65	8.5	2	8.7	2	8.7	2	8.7	2	8.7	2	9.0	2	0.0	0	\$905
Labor Cost Per Shift - \$		\$781		\$884		\$884		\$894		\$903		\$897		\$0		\$5,243
Labor Cost Per Shift - %		18.6%		21.1%		21.1%		16.5%		16.7%		12.5%		#DIV/0!		17.1%
- PM SHIFT -																
(dinner only) 3:00PM - 10:00PM		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday		WEEK
# of Customers		150		150		167		150		300		400		0		1,317
Total Restaurant Sales		\$2,250		\$2,250		\$2,505		\$2,250		\$4,500		\$6,000		\$0		\$19,755
Position	Rate	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Labor \$
Prep Cooks	\$11.00	8.0	1	8.0	1	8.0	1	8.0	1	8.0	1	7.0	1	0.0	0	\$517
Fry Cooks	\$12.50	8.0	3	8.0	3	8.0	3	8.0	3	8.0	3	8.0	3	0.0	0	\$1,800
Grill Cooks	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Counter	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Counter Cashier	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Drive-Thru Cashier	\$0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0
Dishroom	\$9.50	4.0	1	4.0	1	4.0	1	4.0	1	4.0	1	4.0	1	0.0	0	\$228
Server	\$8.65	4.0	4	4.0	4	4.0	4	4.0	4	4.0	4	4.0	4	0.0	0	\$630
Busser	\$8.65	4.0	2	4.0	2	4.0	2	4.0	2	4.0	2	4.0	2	0.0	0	\$415
Labor Cost Per Shift - \$		\$634		\$634		\$634		\$634		\$634		\$623		\$0		\$3,791
Labor Cost Per Shift - %		28.2%		28.2%		25.3%		28.2%		14.1%		10.4%		#DIV/0!		19.2%
- DAY / WEEK TOTALS - HOURLY LABOR - (without Catering/Special Event Labor)																
Hourly Labor - \$		\$1,414		\$1,518		\$1,518		\$1,527		\$1,537		\$1,520		\$0		\$9,033
Hourly Labor Cost - %		21.9%		23.5%		22.6%		20.0%		15.5%		11.5%		#DIV/0!		17.9%
- CATERING / SPECIAL EVENT LABOR -																
Average Event Guest Count		0														
Per Person Average \$		\$0														\$0
Average Sales Per Event		\$0														\$0
Position	Rate	Hours	#	Labor Cost \$												
WEEKLY HOURLY LABOR with CATERING LABOR																
Ave. Number of Events Per Week															0.0	
Ave. Labor Cost Per Event															\$0	
Total Catering Labor Per Week															\$0	
Total Hourly Labor Per Week with Catering Labor															\$9,033	

5.10 Staffing

We will be adding 6-9 employees to the staff. We currently have 4 managers, 8 cooks, 6 servers, and will be increasing by 1 manager, 2 cooks, 4 servers.

We will be applying for a Big Sky Trust Fund grant to leverage more funding; \$5,000 per each new job that we create over the next two years.

6.0 **MANAGEMENT SUMMARY**

6.1 Management

The Burger Dive team has a total of over 80 years of experience in the restaurant industry.

Brad and Andi Halsten are the driving force behind The Burger Dive. Brad has lived in Billings, MT for the last 28 years. After earning his bachelor's degree from Rocky Mountain College, he worked with emotionally disturbed children from 1996 until 2010. Brad has been in the restaurant industry since opening The Burger Dive in 2010. Though The Burger Dive was his first restaurant job, Brad began to pursue and attract high level media exposure which has benefitted the restaurant sales through major national, local and statewide media coverage including wins at the 2014 Food Network Burger Bash, 2016 World Burger Championship, an appearance on The Travel Channel show Man V Food, and multiple national level publications such as Star, People and Travel and Leisure Magazine as well as the New York Times.

Andi has been a vital force behind the operation of The Burger Dive since day one. She has a degree in Psychology from the University of Montana. She has had several years of restaurant experience in various jobs in the San Diego Ca area. Upon returning to Montana in the early 2000s she became a manager of group homes for emotionally disturbed youth in the Butte area. She continued this work upon moving to Billings MT in 2010 working as a transition case manager for Yellowstone Boys and Girls Ranch. In 2010 she opened The Burger Dive and has helped to turn the startup into a thriving business for 10 years.

6.2 Personnel Plan

The Burger Dive currently has a very solid group of employees at all positions throughout the restaurant day shift. Interviews and hiring are being conducted with the intent to begin evening dinner service at the current location with a target date of September 15, 2020. Brad and Andi will maintain their roles of chef/kitchen manager and General Manager. Brady Halsten will assume the role of nighttime manager.

6.3 Management Team

- Brad Halsten leads the Burger Dive, a ten-year veteran of the restaurant industry and self-taught National and International Award-Winning Executive Chef. Brad has won the Food Network Burger Bash, the 2016 World Burger Championship and been featured on TV shows such as Man V Food on Travel Channel.
- Andrea Halsten handles General Management, 17-year veteran of the restaurant industry specializing in food service and sales. She has 14 years in management/supervision of staff.
- Brendan Halsten, Front End Manager/Assistant Manager, 15-year industry veteran with 10 years' experience on The Burger Dive management team. He assisted in development of Standard Operating Procedures for startup of The Burger Dive and was a key component to the efficiency and quality of the food output as he and Brad designed all kitchen prep and cooking procedures and training of kitchen staff and he brings an invaluable range of abilities. He can execute all positions on the cook line, prep kitchen, front of house, and manages all operating systems in the absence of the GM. He is an Award-Winning member of the 2016 World Burger Championship

The Burger Dive

team as grill master and 2017 team having again finished in the Top 5 in the World Burger Competition. In addition to competing in Wood Food Championships 2016 to 2019, he represented The Burger Dive and the state of Montana while cooking and serving iconic dishes that represent Montana at the Flavored Nation Festival in Columbus, Ohio in 2018 and 2019. He excels in food sales, customer/employee relationships, and as Maintenance Supervisor.

- Brady Halsten, Manager, worked at The Burger Dive and at a local pizzeria for a combined 3 years before moving on to Denver, CO for college. He worked 4 years as a shift supervisor/manager in training at one of the nation's leading coffee chains in Denver, CO and San Jose, CA while in college. He has 3 years towards a degree in Business Administration with an emphasis in Marketing. Through a combination of extensive business experience, valuable academic coursework. He has been hired to expand the current hours to include a dinner service which will bring in an additional \$125,000 in annual gross sales for 2020 and \$500,000 additional gross sales 2021.
- Gary Halsten, Beverage Manager/Business Consultant/former Burger Dive Sous Chef is a 17 year veteran of the industry and also member of the Award Winning 2014 Burger Bash winning team at the Food Network South Beach Food and Wine Festival and 2016 World Burger Champion team as well as competing in the World Burger Competition 2016 to 2018. Gary brings a unique business perspective as he owned and operated a General Contracting Firm in Lake County, California from 1978 to 1990. In 1985 Gary and Chef Jaime Carleto established a startup French California Fusion Bistro in Calistoga, CA. As innovators of farm to table in the pre-farm to table era, they successfully operated in the highly competitive environment in the Napa Valley. Gary was in charge of front of house including developing and maintaining a comprehensive wine list, beer selection and handling all front of house functions emphasizing high quality items while maintaining cost control and maximizing profits. He was the Tuscan Club Wine and Food Manager at Viansa Winery, Sonoma Valley, California 1995 to 1998. He was in charge of food and wine selection, packaging, shipping of the 5000 member Tuscan Club while overseeing 40 employees.

7.0 THE LOCATION

7.1 The Site

The Burger Dive

The Burger Dive's new location will be on 27th Street and Minnesota Ave, Billings, MT. This location is 6 blocks South of our current location and is within walking distance to the downtown area and close to the downtown hotels. The space has historical value and is close to the very popular historic Montana Ave. We are confident that the building and location are a good fit for our business and the additional space will allow us to expand our business and hours of operation as well as attract new customers.
Square footage now # 2,400 with new space having # 6,000 square feet

7.2 The Neighborhood

The area around 27th Street South is largely commercial. In the past few years, this area has become somewhat of a hotspot for downtowners walking the Brewery tour.

Burger Dive has been in this neighborhood for the past 10 years and has been very successful. Our ability to grow our business just a few blocks south of our present location has launched us forward to expand our business facility size as well as our offerings. We bring a sense of community and family to this neighborhood.

7.3 Proposed Layout

Old location had seating capacity of 50 chairs; new space will have 100 chairs. Currently we have had to turn away customers because the waiting line became too long, and customers only had an hour lunch hour. We will now have the capacity to hold and serve 100 -150 customers which includes patio seating in the summer months. The larger kitchen will allow us to produce more burgers as our customer base grows.

7.4 Key Features

- The move and expansion to a larger building will increase the seating capacity and add a Patio Area for outdoor dining and bar area to include a dinner service and the addition of beer and wine sales and live music/art performances.
- We will be promoting house made cakes and pastries to compliment the espresso bar.
- We plan on increasing our retail merchandise sales and sales of sauces and other food items with the intention to grow into wholesale distribution by bottling our own sauce for retail sales.
- Our plan is to have onsite catering location

7.5 Equipment Purchases (Wish List)

The Burger Dive will require estimated \$266,188 worth of new equipment to accomplish the move to the new building. The following is a somewhat complete list of the needed equipment:

7.5a Computer and POS System

- Computer system, including printer, Internet connection
- POS System
- Computer
- Printer
- Surge protectors x6

The Burger Dive

7.5b Large Kitchen Equipment

- Convection oven
- Walk in Refrigeration Unit
- Espresso machine and coffeemaker
- 4 fryers
- 72-inch flat top grill
- Iced Tea maker and coffee station
- Ice water spicket and station
- Hand wash sink in bar area
- Reach in cooler for pint glasses
- 3 compartment sinks in bar
- Under counter glass washer
- Under counter refrigerator
- Large 42-inch worktop freezer
- 1 door refrigerator for potatoes on the line
- 48-inch countertop freezer
- 1 door standup fridge
- 1 door standup meat refrigerator
- Ice cream freezer
- Microwave oven
- 2 stainless steel tables for pastry spice prep corner
- Scullery station
- 3 compartment sinks with sprayer
- Hand wash sink
- Countertop dishwasher
- Stainless steel worktable
- Stainless steel table with backing
- Tables, chairs, table accessories
- Shelving units
- Lighting units

7.5c Small Equipment

- Assorted knives and cutting boards
- Serving dishes, silverware, food containers
- Fountain and soda gun
- Ice well
- Blender/food processor
- Shelf rack
- Induction burners and convection oven
- 24-inch griddle for tasting buns
- 24-inch char broil grill
- Rack for grilling equipment
- Equipment stands for char and flat top grills
- 2 hanging bottle holder racks
- 2 six-foot sandwich prep tables.
- 2 stainless steel prep tables
- Long leg shelf x2 for serving food
- High stainless-steel shelf over soup station x2
- 2 soup warmers
- 2 milkshake mixers and ice cream dipper well
- Handwash sink
- Vitamix
- Under counter fridge for milkshakes

The Burger Dive

- 6 stainless steel shelving in shake area
- Potato cutter
- Deep veg prep sink
- Onion ring cutter
- Scale
- Patty press
- Veg prep table
- Wall mounts for cans
- Countertop cake mixer
- 3 stainless steel racks
- Spice rack
- Rack for dirty dishes
- 6 slim Jim garbage cans
- 1 large oval garbage can with magnetized lid
- Grease trap
- 2 stainless steel prep tables
- Hanging pots and pan rack
- Lon security lighting
- Lockable racks for fridges and dry for alcohol storage
- Casters for all racks and tables and equipment
- Counter pastry display case
- Employee lockers x30
- Coat rack
- Waitress station x3

7.5d Restrooms

- Men's and women's bathroom and 1 unisex/family bathroom
- Microwave for family bathroom
- Nursing chair
- Changing table
- Storage rack
- Urinal
- 4 toilets
- 3 mirrors
- 5-bathroom sinks
- 3 hand dryers
- 5 soap dispensers/bathroom

7.5e Cleaning Equipment

- Mop sink
- 2 mop buckets
- 4 wet floor signs
- 2 mop handles
- 2 deck scrub
- 1 vacuum
- Floor polisher
- Snow shovel
- Rack for chemicals x3
- 2 hoses
- Water can

7.5f Retail

- T shirt display racks x6

The Burger Dive

- Shelf for mugs for sale

7.5g Office Equipment

- Desk
- Computer
- Monitors for security system
- File cabinet
- Large safe
- Small safe
- Floor lamp
- Couch

7.5h Security Equipment

- Lighting exterior and interior
- Security lighting
- Security cameras
- Sound system back kitchen and front/back, basement, retail store
- Exterior sign
- Interior signs

7.5i Bar Equipment

- Wine glasses and pint glasses for beer
- Bar 3 compartment sink
- Bottled beer trough
- New bar and to go counter tops with drink rail
- Benches for to go area and outside smoking area
- Chairs and tables for patio seating, dining room, basement
- 6 to 10 tap glycol draught beer system
- Refrigeration for bottled beers and refrigeration for white wines and roses.
- 10 by 10 walk in cooler with locked area devoted to alcohol
- 9 TV Sets
- Bar stools basement and dining room
- Stand for record player and records
- Wall decor
- Gooseneck faucet
- Immersion blender
- Large ice machine 1500 pound
- Shelving for red wines.
- 8 dry storage racks
- Pots pans, dishes, and small wares
- 2 cigarette butt receptacles
- 2 beer taps
- Beer refrigerator
- Wine refrigerator
- Under counter glass front storage for red
- Beer trough
- Bar 3 compartment sink
- Ice well
- Handwash sink
- Undercounter dishwasher
- Red wine racks
- Water spicket
- 5 stainless steel tables

The Burger Dive

- Glass bottles
- Label maker
- Under counter refrigerator
- 2 dumbwaiter wheel carts
- 3 dirty dish racks
- 2 large garbage cans
- Hostess station
- Glass urn for water

8.0 FINANCIAL PLAN

The Burger Dive

To expand the operation, we propose a total projected budget of \$3,650,784. The following outlines how this budget will be allocated.

8.1 Table: Sources and Uses of Funds

<u>SOURCES & USES OF FUNDS</u>			
SOURCES OF FUNDS			
Investment of Cash by Owner (equity)	\$ 150,000		\$1,228,784
Equity			Equity and grants
Investment of Non-cash Assets by Owner (lower of market value or cost)	\$ 66,000		Equipment you already have
DBA TIF Grant	\$ 466,373		TIF Grant is cash
Renewable Tax Credit			
Historic Tax Credits	\$ 680,199		Converts to cash when sold
RLF Loan from DBA (4% 20 yrs)	\$ 250,000		
Loan to Business - 504 SBA Lox (2.21% 20 yr)	\$ 942,000	44.4%	\$2,372,000
Commerical Bank Loan (4.25% 220 yr)	\$ 1,180,000	55.6%	Loan amount
TOTAL SOURCES OF FUNDS	\$3,734,572		Sources and Uses must equal each other
USES OF FUNDS			
Construction	\$ 2,302,005		\$3,126,289
Building	\$ 290,000		Architecture hard & soft cost
Equipment	\$ 266,128		
Soft Costs	\$ 534,284		
Marketing - sign/website	\$ 43,800		
POS System	\$ 22,276		
Furniture & Fixtures	\$ 100,000		
Beer/Wine Licence (Cabaret)	\$ 40,000		
Non-cash Assets Contributed by Owner (equipment)	\$ 66,000		This is a wash with the # in your sources
Working Capital	\$ 52,291		
TOTAL USES OF FUNDS	3,650,784		

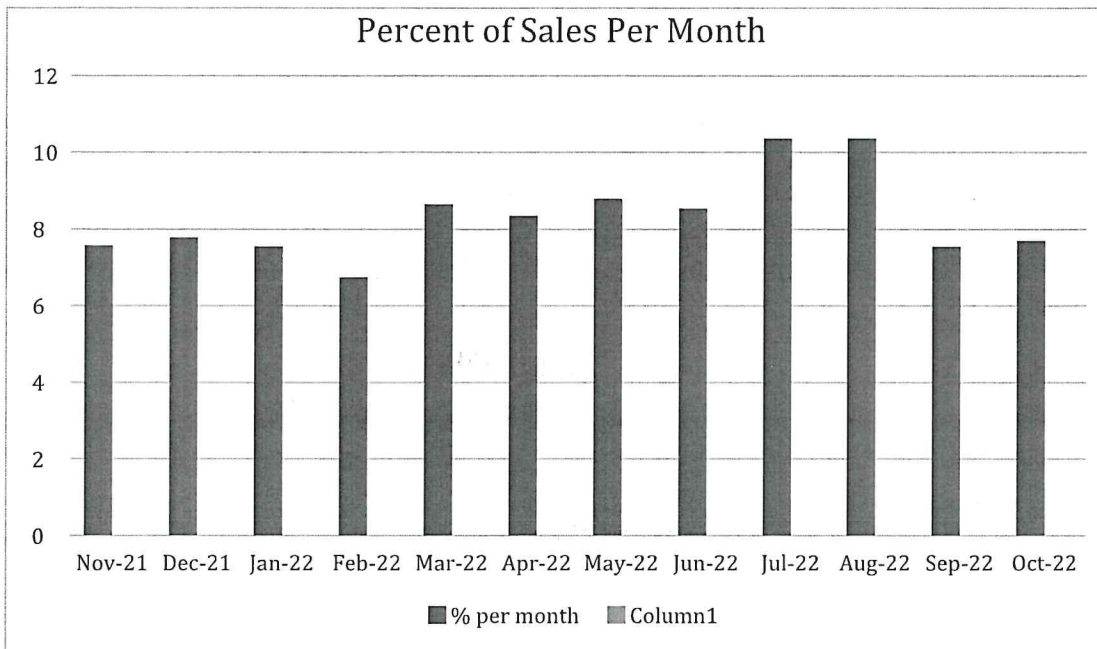
The Burger Dive

8.2 Table: Sales Forecast for 3-year Cashflow

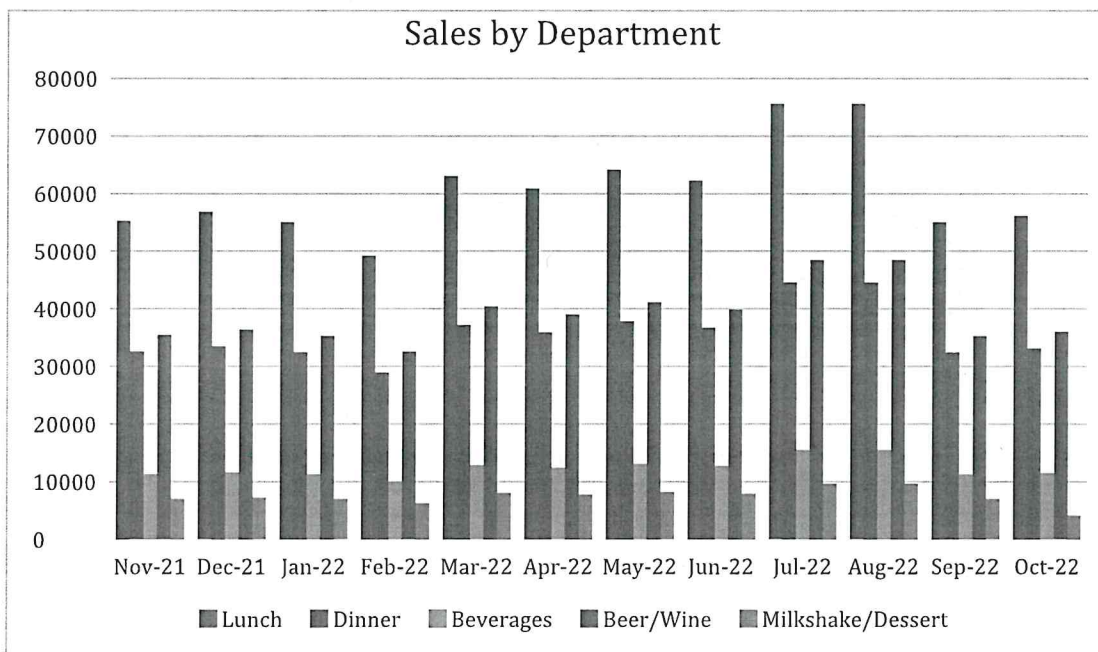
Burger Dive		2021/2022	2022/2023	2023/2024
Month\Year	Pre-Project			
Revenue:	Estimate	TOTAL Estimate	TOTAL Estimate	TOTAL Estimate
Beginning Cash	\$1,228,784	\$52,291	\$859,800	\$1,691,519
Cash Sales SBA Lo	\$942,000	\$2,618,801	\$2,697,365	\$2,778,286
RLF Loan	\$250,000			
Bank Loan	\$1,180,000			
Total Cash Receipts	\$2,372,000	\$2,618,801	\$2,697,365	\$2,778,286
Total Cash Available	\$3,600,784	\$2,671,092	\$3,557,165	\$4,469,805
Operating Expenses				
Purchases\Inventory		\$864,204	\$890,130	\$916,834
Gross Wages		\$332,000	\$343,620	\$355,647
Payroll Expense		\$49,800	\$51,543	\$53,347
Professional Fees		\$15,600	\$16,146	\$16,711
Office Supplies/ Dues & Subs.		\$3,000	\$3,105	\$3,214
Equipment,Repairs,Maintenance		\$8,844	\$9,154	\$9,474
Marketing		\$24,000	\$24,840	\$25,709
Travel/mileage Reimbursement		\$4,200	\$4,347	\$4,499
Supplies & Linen Services		\$16,800	\$17,388	\$17,997
Taxes, License, Permits		\$29,004	\$29,004	\$29,004
Meals (50%)		\$2,400	\$2,484	\$2,571
Utilities NW/MDU/Water		\$15,600	\$16,146	\$16,711
Insurance		\$8,248	\$8,537	\$8,835
Credit Card Service		\$78,564	\$81,314	\$84,160
Property Tax		\$14,004	\$14,494	\$15,001
Soft Costs /Rent payment	\$534,284	\$80,400	\$83,214	\$86,126
Website/monthly SEO cost	\$22,276	\$1,800	\$1,863	\$1,928
Telephone/internet		\$2,640	\$2,732	\$2,828
Officer Compensation		\$96,000	\$99,360	\$102,838
Subtotal	\$556,560	\$1,647,108	\$1,699,421	\$1,753,435
Bank\$1,179,396 4.25% 20yr REMODEL	\$2,302,005	\$87,684	\$87,684	\$87,684
SBA \$941,820 2.21% 20 yr BUILDING	\$290,000	\$58,320	\$60,361	\$62,474
RLF \$250,000 4% 20 yr SIGNAGE	\$43,800	\$18,180	\$18,180	\$18,180
CABARET LICEN	\$40,000			
EQUIPMENT & FURNITURE/FIXTURES	\$316,128			
Total Cash Paid	\$3,548,493	\$1,811,292	\$1,865,646	\$1,921,772
Cash Position	\$52,291	\$859,800	\$1,691,519	\$2,548,033

The Burger Dive

8.3 Chart: Percent of Sales Per Month

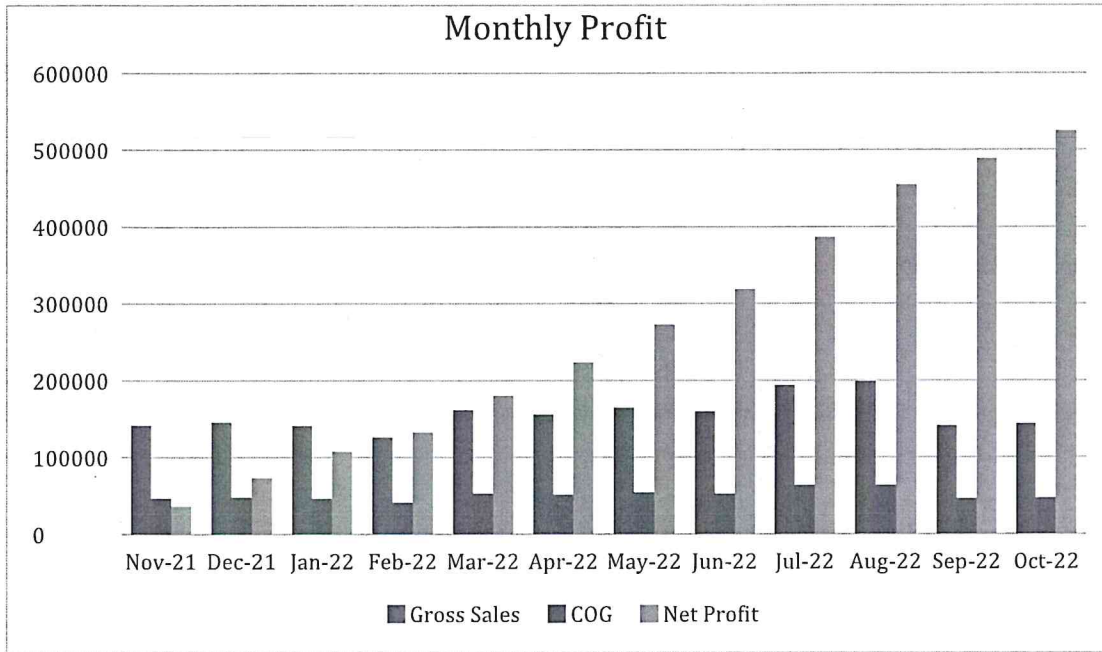


8.4 Chart: Monthly Projected Sales by Department

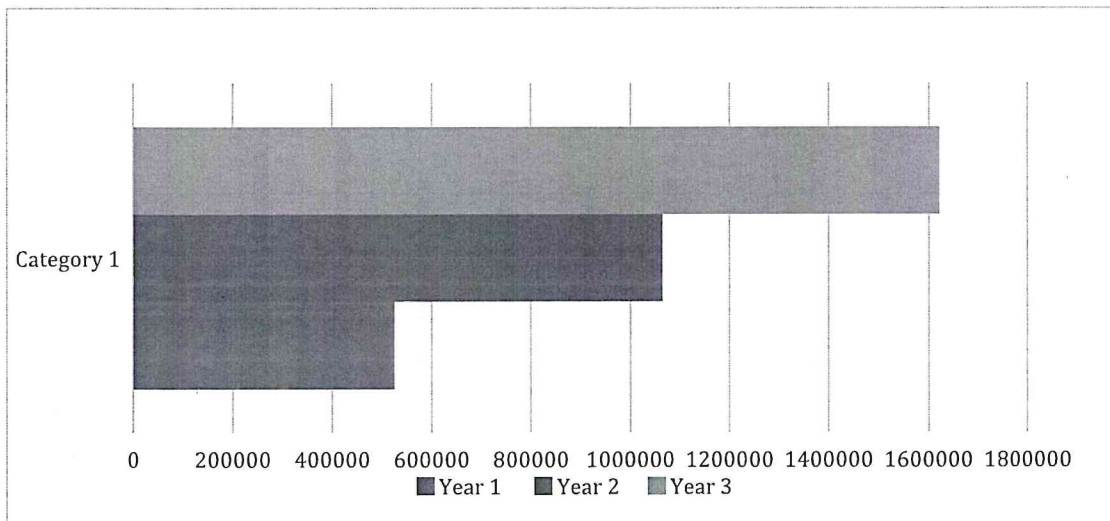


The Burger Dive

8.5 Chart: Monthly Profit 2021/2022



8.6 Chart: Profit by Year



The Burger Dive

8.7 Table: Projected Cash Flow 2021/2022

Burger Dive		Brad and Andy Halsten												Address Billings, MT 59101	Date	2021/2022
Month\Year	Pre-Project	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL		
Revenue:	Estimate	Nov Estimate	Dec Estimate	Jan Estimate	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	Jun Estimate	Jul Estimate	Aug Estimate	Sep Estimate	Oct Estimate	Estimate		
Beginning Cash	\$1,228,784	\$52,291	\$104,274	\$159,777	\$217,008	\$260,830	\$336,497	\$404,836	\$477,267	\$545,340	\$644,084	\$742,829	\$800,057	\$52,291		
Cash Sales	SBA Loan \$942,000	\$198,505	\$204,005	\$197,719	\$176,769	\$226,526	\$218,670	\$230,454	\$223,646	\$271,570	\$271,570	\$197,719	\$201,648	\$2,616,801		
RLF Loan	\$250,000															
Bank Loan	\$1,180,000															
Total Cash Receipts	\$2,372,000	\$198,505	\$204,005	\$197,719	\$176,769	\$226,526	\$218,670	\$230,454	\$223,646	\$271,570	\$271,570	\$197,719	\$201,648	\$2,616,801		
Total Cash Available	\$3,600,784	\$250,796	\$308,279	\$357,497	\$393,777	\$487,356	\$555,167	\$635,290	\$700,912	\$816,909	\$915,654	\$940,548	\$1,001,705	\$2,671,092		
Operating Expenses																
Purchases\Inventory		\$65,507	\$67,322	\$65,247	\$58,334	\$74,754	\$72,161	\$76,050	\$73,803	\$89,618	\$89,618	\$65,247	\$66,544	\$864,204		
Gross Wages		\$30,000	\$30,000	\$25,000	\$25,000	\$25,000	\$27,000	\$30,000	\$30,000	\$30,000	\$30,000	\$25,000	\$25,000	\$332,000		
Payroll Expense		\$4,500	\$4,500	\$3,750	\$3,750	\$3,750	\$4,050	\$4,500	\$4,500	\$4,500	\$4,500	\$3,750	\$3,750	\$49,800		
Professional Fees		\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$16,600		
Office Supplies/ Dues & Subs.		\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000		
Equipment,Repairs,Maintenance		\$737	\$737	\$737	\$737	\$737	\$737	\$737	\$737	\$737	\$737	\$737	\$737	\$8,844		
Marketing		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000		
Travel/mileage Reimbursement		\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200		
Supplies & Linen Services		\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$16,800		
Taxes, License, Permits		\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$2,417	\$29,004		
Meals (50%)		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400		
Utilities NW/MDU/Water		\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$15,600		
Insurance		\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$687	\$8,248		
Credit Card Service		\$5,955	\$6,120	\$5,932	\$5,303	\$6,796	\$6,560	\$6,914	\$6,709	\$8,147	\$8,147	\$5,932	\$6,049	\$78,564		
Property Tax		\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$14,004		
Soft Costs /Rent payment	\$534,284	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700	\$80,400		
Website/monthly SEO cost	\$22,276	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800		
Telephone/Internet		\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$2,640		
Officer Compensation		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$96,000		
Subtotal	\$556,560	\$132,840	\$134,820	\$126,807	\$119,265	\$137,177	\$136,649	\$144,342	\$141,890	\$159,143	\$159,143	\$126,809	\$128,223	\$1,647,108		
Bank\$1,179,396 4.25% 20yr REMODEL	\$2,302,005	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$7,307	\$87,684		
SBA \$941,820 2.21% 20 yr BUILDING	\$290,000	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$4,860	\$58,320		
RLF \$250,000 4% 20 yr SIGNAGE	\$43,800	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$1,515	\$18,180		
CABARET LICENCE	\$40,000															
EQUIPMENT & FURNITURE/FIXTURES	\$316,128															
Total Cash Paid	\$3,548,493	\$146,522	\$148,502	\$140,489	\$132,947	\$150,859	\$150,331	\$158,024	\$155,572	\$172,825	\$172,825	\$140,491	\$141,905	\$1,811,292		
Cash Position	\$52,291	\$104,274	\$159,777	\$217,008	\$260,830	\$336,497	\$404,836	\$477,267	\$545,340	\$644,084	\$742,829	\$800,057	\$859,800	\$859,800		

8.8 Table: Projected Income Statement

Projected 3 Year Income Statement				
Name	Burger Dive		Date	_____
Address	Billings, MT 59101			
YEAR	2021/2022	2022/2023	2023/2024	
INCOME				
Gross Receipts	\$2,618,801	\$2,697,365	\$2,778,286	
Cost of Goods Sold (COGS)	864,204 33%	890,130 33%	916,834 33%	
Gross Profit	<u>\$1,754,597</u> 67%	<u>\$1,807,235</u> 67%	<u>\$1,861,452</u> 67%	
EXPENSES				
Gross Wages / Payroll Exp.	381,800	395,163	408,994	
Professional Fees	\$15,600	\$16,146	\$16,711	
Office Supplies/ Dues & Subs.	3,000	3,105	3,214	
Equipment,Repairs,Maintenance	8,844	9,154	9,474	
Marketing	24,000	24,840	25,709	
Travel/mileage Reimbursement	4,200	4,347	4,499	
Supplies & Linen Services	16,800	17,388	17,997	
Taxes, License, Permits	29,004	29,004	29,004	
Meals (50%)	2,400	2,484	2,571	
Utilities NW/MDU/Water	15,600	16,146	16,711	
Insurance	8,248	8,537	8,835	
Credit Card Service	78,564	81,314	84,160	
Property Tax	14,004	14,494	15,001	
Soft Costs /Rent payment	614,684	83,214	86,126	
Website/monthly SEO cost	24,076	1,863	1,928	
Telephone/internet	2,640	2,732	2,828	
Officer Compensation	96,000	99,360	102,838	
Interest on 250,000 + 942,820	30,280	29,096	27,878	
Interest on 1,179,396	49,410	47,751	46,021	
Other	2,640	2,732	2,828	
Total Expenses	<u>\$1,421,794</u> 54%	<u>\$888,870</u> 33%	<u>\$913,328</u> 33%	
Net Profit Before Tax	\$332,802 13%	\$918,364 34%	\$948,124 34%	
Taxes (consult your CPA)	_____	_____	_____	
Net Profit after Tax (PAT)	<u>\$332,802</u> 13%	<u>\$918,364</u> 34%	<u>\$948,124</u> 34%	

8.9 Table: Projected Balance Sheet

The Burger Dive

The following table indicates the Projected Balance Sheet

Pro-Forma Balance Sheet			
Name <u>Burger Dive</u>		Date _____	
Address <u>Billings, Montana 59101</u>			
Assets		Liabilities	
Current Assets:		Current Liabilities:	
Cash	\$52,291	Accounts Payable	\$0
Accounts Receivable	-	Current Portion of	
Product Inventory	10,000	Bank Loan	38,254
Supplies	5,000	RLF Loan	18,179
PrePaid Expenses	-	SBA Loan	37,473
POS System	22,276		
Total Current Assets	89,567	Total Current Liabilities	93,906
Fixed Assets:		Long-term Liabilities	
Land & Building	290,000		-
Leasehold	-	Bank Loan Payable	1,141,142
Improvements	2,302,005	RLF Loan	231,821
Cabaret License	40,000	SBA Loan	903,947
New Equipment	226,128		
Equipment on hand	66,000	Total long-term Liabilities	2,276,910
Sign	43,600		
Furniture & Fixtures	50,000	Total Liabilities	2,370,816
Total Fixed Assets	3,017,733	Net Worth: Owners Equity	\$736,484
Total Assets	\$3,107,300	Total Liabilities & Net Worth	\$3,107,300

8.10 Table: Debt Coverage Ratio

Soft Cost are calculated in the first year with 2.51 DCR, year 2, 5.99% and year 3, 6.07%

Cash Flow:			
(available to service debt)	\$412,493	\$995,212	\$1,022,023
Debt Service	\$164,184	\$166,225	\$168,337
Total	\$248,309	\$828,987	\$853,686
Debt Coverage Ratio	2.51	5.99	6.07

The Burger Dive

We have an additional line of Credit at the Western Security bank to use for working capital. We also have a savings account with xxx in case of unknown expenses that might arise.

- Michael Morrison, Big Sky CPA is our accountant
- Randy Hafer, High Plains Architects is working with us on the design plan and historical tax credits
- Duncan Peete is our attorney who will be handling all legal issues.

8.11 Financial Projection Assumptions

These operating statements assume a sales growth rate of 3% each year for the next 3 years of operation, then we assume we will have a higher growth moving forward. We project our busiest days and meal periods to be Friday & Saturday Lunch with 5 – 6 turns on average and Friday & Saturday Dinner with 6 turns on average. Our quietest periods are to be Monday – Thursday Dinner with only 2 turns on average and Tuesday – Thursday Lunch with only 5 turns on average.

We project an average check of \$15 at Dinner, \$12 at Lunch. These average check estimates include beverages.

Food and beverage cost are estimated to be **33%** of sales. Throughout, we assume these costs of goods sold percentages will remain relatively stable as they have for the past 10 years of business. We will accommodate changes in individual item costs due to our potential Cabaret License with Catering Endorsement requires it to be that way.

Other operating costs are based on industry averages and area norms.

For the capital budget, we have based our estimates renovation costs. This assumes that all existing base building systems are in acceptable conditions. Working capital is estimated low on the cash flow spreadsheet as we have a line of credit and saving to cover that incase of unforeseen additional expenses during the renovation.

Given all these conservative estimates, the Burger Dive projects profit of \$452,402 the first year of its expansion. Year 2 and 3 we have estimated a 3% increase in sales with estimated profits of \$1,042,150 the 2nd year and \$1,076,243 the 3rd year.

9.0 THE OFFERING

9.1 Fund Required

Burger Dive requires a total investment of approximately \$3,668,572 to purchase the building, remodel and begin operations, of which \$1,296,572 will be obtained with a TIF Grant of \$466,373, Historic Tax Credits of \$680,199, and \$150,000 of owners' equity. The remaining \$2,372,000 will come from a RLF loan through the Downtown Business Association of \$250,000, a commercial bank loan of \$1,180,000 and an SBA 504 loan of \$942,000.

9.2 Projected Returns and Payback

Based on the capital budget and operating projections presented in the previous sections, Burger Dive is anticipated to generate a return on investment of 14% in the first year of expansion, and ROI of 30% in year two, an ROI of roughly 46% on year three. The payback period for the loans are 20 years.

9.3 Growth Strategy and Opportunities

The owners of Burger Dive are planning to grow the business with a larger space to hold more customers, better parking, longer hours, and added offerings of the Cabaret License local beer and wine.

Appendix