

Express Melts & Sandwiches

Use of Funds & Break-Even Analysis

1. Detailed Use of Funds

Total Capital Request: \$20,000

(Loan from Amplify Equity LLC at 8% APR for 5 years)

Category	Amount	% of Total	Purpose
Vehicle Acquisition	\$4,320	21.6%	Retired ambulance purchase, sales tax, registration
Vehicle Conversion	\$1,850	9.3%	Construction materials, electrical, plumbing, teardown labor, dumpster
Equipment	\$7,014.50	35.1%	Kitchen equipment, refrigeration, generator, safety systems
Permits & Licensing	\$1,500	7.5%	Health permits, business licenses, insurance deposits
Initial Inventory	\$1,000	5.0%	Smallwares, utensils, first 2 weeks food inventory
Loan Payment Buffer	\$2,460	12.3%	6 months of loan payments during build phase (Months 1-3) + initial operations (Months 4-6)
Contingency Reserve	\$1,855.50	9.3%	Emergency repairs, cost overruns, unexpected expenses
TOTAL	\$20,000	100%	

2. Capital Allocation Breakdown

A. Vehicle & Build-Out (\$6,170 / 30.9%)

Item	Cost
Ambulance Purchase	\$4,000
Sales Tax (8%)	\$320
Registration	\$300
Construction Materials	\$1,500
Dumpster Rental	\$350
Subtotal	\$6,470

B. Equipment (\$7,014.50 / 35.1%)

Category	Cost
Cooking Equipment (Panini presses, toaster, slow cooker, Blackstone)	\$876
Refrigeration (Fridge, sandwich prep table, beverage cooler)	\$1,817
Sinks & Plumbing (4-basin, prep sink, water tanks, pump, heater)	\$1,088
Work Tables (Stainless steel prep surfaces)	\$521
Generator (13,000W tri-fuel)	\$1,300
Electrical Panel & Breakers	\$143
Power Inlet Kit	\$230
Food Storage (Pans, lids)	\$202.50
Fire Safety (Extinguishers, alarms)	\$570
Coffee Makers & Beverage Dispenser	\$57
POS System (Used iPhone 11 Pro Max)	\$130
Canopy & Handwash Station	\$110
Subtotal	\$7,044.50

C. Permits, Licenses & Insurance (\$1,500 / 7.5%)

Item	Cost
Steuben County Health Permit	\$30
Allegany County Health Permit	\$75
Hornell City Vendor Permit	\$50
N Hornell Vendor Permit	\$50
ServesSafe Certification	\$150
General Liability Insurance (deposit)	\$800
Vehicle Insurance (deposit)	\$300
Business Registration & Misc	\$45
Subtotal	\$1,500

D. Working Capital & Reserves (\$4,315.50 / 21.6%)

Item	Cost
Loan Payment Buffer (6 months × \$406)	\$2,436
Smallwares & Initial Food Inventory	\$1,000
Contingency Reserve	\$1,855.50

Item	Cost
Subtotal	\$4,291.50

3. Break-Even Analysis

Monthly Fixed Costs (Operating Months)

Fixed Cost	Monthly Amount
Loan Payment	\$406
Vehicle Insurance	\$200
General Liability Insurance	\$100
Permits (amortized)	\$50
Maintenance Reserve	\$100
Total Monthly Fixed Costs	\$856

Variable Costs (per transaction)

Variable Cost	Per Transaction	% of Sale
Food & Beverage (COGS)	\$3.05	29.0%
Packaging	\$0.32	3.0%
POS Fees (2.6%)	\$0.27	2.6%
Fuel/Propane (per customer)	\$0.20	1.9%
Total Variable Cost	\$3.84	36.5%

Break-Even Calculation

Average Transaction Value: \$10.50

Contribution Margin: \$10.50 - \$3.84 = **\$6.66** (63.5%)

Monthly Break-Even Point (Fixed Costs Only):

$\$856 \div \$6.66 = 129$ customers per month (or 32 customers/week on 4-day schedule)

Break-Even with Owner Draw (\$1,000/month):

$(\$856 + \$1,000) \div \$6.66 = 279$ customers per month (or 70 customers/week)

Target vs Break-Even

Scenario	Customers/Week	Monthly Customers	Monthly Revenue	Status
Break-Even (Fixed Only)	32	129	\$1,354	Covers debt & ops
Break-Even (with Owner Draw)	70	279	\$2,930	Covers everything
Target (4-day week)	120	480	\$5,040	86% above break-even
Target (7-day week)	210	840	\$8,820	201% above break-even

Conclusion: Target of 30 customers/day provides substantial buffer above break-even. Business achieves profitability from Day 1 of operations.

4. Cash Flow Timeline

Phase 1: Build (Months 1-3)

- **Cash Out:** \$17,540 (vehicle, equipment, permits, inventory)
- **Cash In:** \$0 (no revenue)
- **Loan Payments:** \$1,218 (covered by \$2,460 buffer)
- **Remaining Buffer:** \$1,242

Phase 2: Launch (Months 4-6)

- **Revenue:** \$5,040/month
- **Operating Costs:** \$1,612 COGS + \$980 expenses = \$2,592/month
- **Loan Payment:** \$406/month
- **Owner Draw:** \$1,000/month
- **Net Cash Flow:** +\$1,042/month
- **Cumulative Cash Position:** +\$3,126 (after 3 months)

Phase 3: Scale (Months 7-12)

- **Revenue:** \$8,820/month

- **Operating Costs:** \$2,823 COGS + \$1,355 expenses = \$4,178/month
- **Loan Payment:** \$406/month
- **Owner Draw:** \$1,000/month
- **Net Cash Flow:** +\$3,236/month
- **Cumulative Cash Position:** +\$19,416 (after 6 months)

Year 1 Total Cash Position

- **Starting Capital:** \$20,000
- **Remaining Contingency:** \$1,856
- **Year 1 Net Profit:** \$21,324
- **Year-End Cash Position:** ~\$23,180 (before any reinvestment)

5. Loan Repayment Schedule

Year	Annual Payment	Principal Paid	Interest Paid	Remaining Balance
Year 1	\$4,872	\$3,265	\$1,607	\$16,735
Year 2	\$4,872	\$3,528	\$1,344	\$13,207
Year 3	\$4,872	\$3,810	\$1,062	\$9,397
Year 4	\$4,872	\$4,115	\$757	\$5,282
Year 5	\$4,872	\$4,445	\$427	\$0
TOTAL	\$24,360	\$19,163	\$5,197	\$0

Early Payoff Option: If Year 1 cash flow exceeds projections, business could make additional principal payments to reduce total interest paid.

6. Risk Mitigation

Financial Risks & Mitigation Strategies

Risk	Impact	Probability	Mitigation
Lower than projected sales	Revenue shortfall	Medium	Break-even at 129 customers/month provides 73% buffer below target
Vehicle breakdown	\$1,000-5,000 repair	Medium	\$1,856 contingency reserve; \$100/month maintenance fund

Risk	Impact	Probability	Mitigation
Health code compliance issue	Delayed launch	Low	Pre-inspection consultation with health dept; professional build
Seasonal revenue decline	20-30% winter drop	High	Maintain contingency; adjust to 4-day schedule in slow months
Competition enters market	Market share loss	Low	First-mover advantage; authentic branding; established relationships
Food cost inflation	COGS increase to 32-35%	Medium	4% margin buffer built into projections; menu price adjustment option

Contingency Plans

1. **If sales below 50% of target:** Reduce to 3-day/week operation, pause owner draw, use contingency
2. **If major vehicle repair needed:** Use contingency reserve + pause owner draw temporarily
3. **If winter seasonality hits hard:** Shift to 2-3 day/week hospital-only operation, pursue catering
4. **If Health Dept denies outdoor cooking:** Implement Plan B (pre-cooked) or Plan C (VFW commissary)

7. Return on Investment (ROI)

Investor Return (5-Year Projection)

Metric	Amount
Initial Investment	\$20,000
Total Interest Paid (5 years)	\$5,197
Total Return to Lender	\$25,197
Effective Annual Return	4.74%

Business Owner Equity Build

Year	Net Profit	Owner Draw	Equity Growth	Cumulative Equity
Year 1	\$21,324	\$9,000	\$12,324	\$12,324
Year 2 (projected)	\$45,000	\$24,000	\$21,000	\$33,324
Year 3 (projected)	\$50,000	\$30,000	\$20,000	\$53,324

Business Valuation Potential (Year 3): Using 2x trailing 12-month net profit = **\$100,000** estimated value

8. Sensitivity Analysis

Revenue Scenarios (Year 1)

Scenario	Daily Customers	Annual Revenue	Net Profit	Margin
Worst Case	20	\$45,360	\$8,213	18.1%
Conservative	25	\$56,700	\$13,613	24.0%
Base Case	30	\$68,040	\$21,324	31.3%
Optimistic	35	\$79,380	\$28,724	36.2%
Best Case	40	\$90,720	\$36,124	39.8%

Conclusion: Business remains profitable in all scenarios. Even worst-case (33% below target) generates positive cash flow and covers all obligations.

Summary: Why This is a Sound Investment

- ✓ **Low Break-Even:** Requires only 129 customers/month to cover fixed costs
- ✓ **Immediate Profitability:** Cash-flow positive from Month 4
- ✓ **Strong Margins:** 31% net profit margin in Year 1
- ✓ **Built-in Demand:** 300+ hospital employees + 40,000 regional population
- ✓ **Conservative Projections:** 73% buffer below break-even at target volume
- ✓ **Multiple Revenue Streams:** Hospital, events, catering, colleges
- ✓ **Experienced Operator:** Food service experience + EMS background
- ✓ **Contingency Planning:** \$1,856 reserve + flexible operating schedule
- ✓ **Scalable Model:** Can adjust from 2-7 days/week based on demand
- ✓ **Asset-Backed:** Converted ambulance + equipment provides collateral value