Serving More Than Great Coffee

www.catalystcoffeecompany.com

Prepared for: Bob Cantler & Scott Niswonger
Morgan, Inc.
111 N Main Street
Greeneville, TN  37745
(423) 787-1000

Prepared by: Chuck & Sue Heiligenthal, Bill Richards, Mike Schubert, Todd Smith, Scott Wakefield, & Jeff Ward (referred to hereafter as the Management)

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1 www.catalystcoffeecompany.com is ‘fully operational’ but... is currently only aimed at providing basic business plan information, as a sample of what the more complete site will be before opening.
Executive Summary

We, the Management of Catalyst Coffee Company (also referred to hereafter as Catalyst or simply 3C), intend to create a company in Greeneville, TN that sells coffee locally and online. This company will exist for 4 purposes in our community:

1) give away 100% of profits,
2) provide a safe, inviting, and informal gathering place,
3) serve excellent coffee, espresso drinks, light fare, and
4) help revitalize downtown Greeneville!

We would like to be located at 101 N Main Street, Greeneville. We believe it is an ideal location for the following reasons:

- There is no other similar business in downtown.
- There is an unmet need in the downtown area for a safe gathering space that is open late(ish).
- The previous renter also sold coffee, the general setup is close to what we envision as a helpful footprint, and the community’s memory of ‘a coffee shop is in that space’ will provide automatic momentum for us.

Goals

Our primary purpose is to re-invest in our community through charitable giving through Catalyst Community Ministries, the 501(c)(3) umbrella organization for 3C. With the money leftover after operating expenses, we will donate primarily to service organizations, nonprofits, and individuals in the community whose primary goal is to help others. Monies will be disbursed through a semi-annual vetting process by which Management, which will serve as the Board of Catalyst Community Ministries, will determine who receives funds. Initially we plan to donate to two organizations each half-year period, to ensure meaningful financial help. We will repeat the process and start donating to another two organizations at which time we will conclude donations to

2 While the majority of funds (51+%) will be given to Greeneville/Greene County nonprofits, individuals, and service organizations, we reserve the right to also give to nonprofits, individuals, and service organizations outside of our local community (help dig wells in third world countries, buy animals for needy communities, send someone to Honduras for 3 months, etc.)
the previous organizations. We also want our giving to be catalytic in that it prompts others’ generosity in our community. We will be using creative ideas to further promote the organizations we’re supporting in our community: “drives” for supplies, advertising, telling the story of the organizations and their work, using our “tip jar” to support particular needs, etc. We want 3C to become a beachhead for promoting already-existing community nonprofits.

Our secondary goal is to create a comfortable and inviting public gathering place for the community to come together and meet and discuss life. 75 years ago in America it was common for communities to have this type of functional “third place” where business, home, religion, and leisure converged, trials were shared and successes were celebrated, and plans were made and new ventures were forged. Today, this type of forum or venue is becoming increasingly rare, even in Greeneville. Sure, there are bars, restaurants, and online forums, but a place of integrity, that invites all to stop and rest for a moment, hardly exists. We intend to create one.

Finally, we are going to sell great coffee—the best you can find in East Tennessee. We will sell two types:

1) Intelligentsia Coffee™, which is arguably the best coffee sold by the most avid coffee aficionados. It is fair trade, organic, sustainable, and held to the highest standards in the world.

2) 3C (Catalyst Coffee Company) branded coffee, from beans that we roast in-store. This will be sold as freshly brewed cups and in bags that can be purchased in the store and online at our website. Again, all proceeds will be donated to organizations committed to philanthropic causes.

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3 We understand that our structure of a ‘6-month cycle’ and the way we propose working out the details may not work ideally. We will change it appropriately based on balance of feedback from local organizations and our vision to spread the money around to numerous organizations over time.

4 http://en.wikipedia.org/wiki/Third_place

5 http://www.intelligentsiacoffee.com

6 (Almost) available for purchase at www.catalystcoffeecompany.com. Click on “Beans”.

Catalyst Coffee Company Business Plan
Aesthetic/Layout

“Serving more than great coffee” is more than just a tag line. We understand that an inviting aesthetic and culture are tantamount to a coffee shop’s success. We will create an environment that puts people at ease, fosters conversation, encourages open dialogue, and promotes sanctuary in a harried world where rest is rare. That’s service for which people will pay.

In practical terms, our theme and aesthetic will be modern and warm—think ski lodge meets East TN! We intend to use the same basic flow and layout as the current Chocolate Café, but with some significant changes. We’ll be noticeably different in the following ways:

- Shortening and pulling back the counter/POS space and consolidating all service areas (pass-through/handout, cream/sugar station with new trash can that can be emptied from behind the counter, cooler/display case) to a counter that is 2/3 of the current space. We will require much less room because we will basically not be doing food prep and will only need space for 2 people behind the counter.
- Adding 2 four-tops in the bottom room with the space gained from the countertop shortening. (Two may not be feasible, but at least one will easily be.)
- Taking out the cooking/cooling/storage equipment in the corner (bottom room), cutting out some wall space, and placing the roasting machine and supplies in that area so it can be seen. We don’t know yet what this will look like (in terms of the wall), but it will prominently display our freshly roasted beans and the roaster.
- Taking everything off along the wall that currently includes the cream/sugar station, drinks fridge/display case (will be integrated into countertop display/fridge or simply one of each drink option shown and kept in fridge behind counter, i.e., barista gets it), huge/unwieldy ice cream maker, and black fridge.
- Adding 3 two-tops along that wall.
- Having made for us a large, custom-designed, very sturdy wooden table with outlets for people with iPads and laptops to use. This could go upstairs and displace a few tables.
- We would also like to redo the currently unusable ledge along the Main St window upstairs so it could be used.
• Turning the upstairs into a designated “quiet” Working Room with comfortable and cozy couches and chairs and numerous electrical outlets... unless it is rented as a room for groups to rent for meetings... and yes, we will charge... and yes, 100% of those monies will be given away. These hours and rates will be posted there.

• Here’s the crazy idea... We would like to use the unused space at the end of the hallway inside the General Morgan Inn for a few small 2-top tables. We could get in at least another 10 people at those 2-tops (3 tables on one side, 2 on the other). The hallway is wide enough.

• With all these changes made, seating could easily be 50 people at a time, maximum capacity.

**Product**

We also realize, and fully intend to capitalize on, the mission of giving away profits as a key product. Our design aesthetic will tell the story of the organizations we are supporting. We will decorate using photographs and stories of the good work being done in those community organizations we are supporting. Our coupons, flyers, advertisements, website, and marketing material will have emblazoned, at every turn, “Catalyst Coffee Company gives away 100% of profits!”

“Crazy fast” free internet will be provided to customers. Our second room can be reserved for groups to meet.

We will sell great coffee, espresso drinks, mochas, lattés, teas (hot and cold, incl sweet tea), soft drinks, smoothies, frappés, and a limited selection of bagels, pastries, cakes, cookies, and desserts. As much as possible will be sourced from local companies and bakers. For soft drinks, we will use a Coca Cola Freestyle machine (pictured) for all soft drink sales. It has over 125 options/flavor combinations, and will be a unique alternative to hot drinks. (And we don’t have to manage it... much.)

However, our core product will be beverages derived from the coffee bean, even by promoting coffee education regarding various brewing methods (pourover, siphon, Chemex, AeroPress, French Press), roasting and espresso-drink classes, cupping sessions, and barista jams.
We already have a website that will winsomely tell the stories of community support, invite people to engage in our mission (i.e., buy coffee!), and sell our in-house roasted beans.

We would also love to discuss any ways to work with Brumley's in a symbiotic business relationship: offering a 'coffee-and-a-bagel-or-pastry' type breakfast option for its General Morgan Inn patrons (3C coupon included with every room), ordering soups, salads, or desserts from Brumley's, etc. We are even open, if our traffic warrants such a "radical" move for Brumley's, to ordering all our food from Brumley's. In other words, we would function as another 'location' for Brumley's food. This would require some tweaking of Brumley's current menu, or offering an additional "Catalyst" (or Light Fare) menu for us? Just saying... we’re open to some creative symbiosis!

**Operation**

**Team Members**
The key to the success of this venture, even more important than the location, the equipment, and the aesthetic, is our people. Highly engaged, well trained, enthusiastic employees are vital to providing the service and creating an atmosphere that is desirable. We are currently in discussion with 2-3 really great people whom we trust who have a heart for our mission and who love coffee.

Five roles are critical to running this business, in relative order of authority.

1. **Management Team** — This team, corporately, serves as the Board of 3C, taking personal responsibility to ensure its success while acting as the governing authority. It will be ultimately responsible for general oversight, approval of staffing changes, setting of wages and compensation, review of financial statements, will meet at least quarterly. The Management Team will initiate meetings with the Landlord(s) semi-annually and give a summary of the business.

   - General Managers: Chuck & Sue Heiligenthal, have run 2 coffee shops in Johnson City, [https://counterculturecoffee.com/coffee-people/170-oasis-coffee-house-johnson-city-tn](https://counterculturecoffee.com/coffee-people/170-oasis-coffee-house-johnson-city-tn), they “get” ministry and our Catalyst vision, love people and are excited about living in Greeneville, and have been accused of being more than a bit overzealous about coffee

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7 I.e., this is the beginning of an organizational flow chart.
• Member: Mike Schubert, M.B.A., Univ of Wisconsin-Madison, 15+ years of executive level management at Parker, currently Business Manager of a unit in Greeneville that does more than $100 million per year in sales

• Member: Bill Richards, 20+ years of upper level management, including the Regional and District levels, Food City, currently owner of Great Community Insurance Company in Greeneville, practically Greeneville native

• Member: Todd Smith, M.A., Public Administration, ETSU, 10+ years of economic development, current Town Administrator, Greeneville, TN

• Keeper of Coffee Vision and Roast Master: Scott Wakefield, 5+ years of graduate theological education, pastor of First Christian Church, coffee aficionado, will be volunteering as Keeper of Coffee Vision and Roast Master

• Member: Jeff Ward, J.D., Univ of Tennessee, partner at Milligan & Coleman Law firm, Greeneville, TN, Greeneville native

2. **General Manager** (GM) — The GM is responsible for the practical outworking of our Management Team’s vision and will be required to put their heart and soul into ensuring 3C’s success, even if it requires WAY more than 40 hours per week. The GM must be intimately involved with leading all aspects of 3C, including full knowledge of all operations. This person is engaging, a lover of coffee, and someone who is genuinely interested in his/her customers. The GM is lead trainer, knowledgable in all our products, machinery, and basic maintenance. Most days the GM will likely open the business. We are planning on paying this person a salary of $40,000 per year, with a small incentive (as a percentage of sales).\(^8\)

3. **Assistant Manager** (AM) — The AM helps assist in the details of running a business. This person should have some basic accounting expertise, understand how and when to order supplies, and be able and willing to pitch in wherever necessary in the absence of the GM, especially in closing the store. The AM should also have the knowledge, in addition to the GM, to monitor and review our cash flow and P&L statements, and point out areas of need for the GM and Management. We are planning on paying this person $9/hour for 24 hours per week. We currently have someone with Shift/Assistant Manager

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\(^8\) Currently at 0.25%, as a working definition.
experience from within our congregation who is currently an Intern who wants to be the AM.⁹

4. *Baristas* — While they are one of the last, in terms of authority, they are the face and real backbone of the business. They are super important! Baristas prepare and serve drinks, ensuring correct procedures are followed to create an excellent product. They will do the majority of the routine customer interface (taking orders, collecting payment, fulfilling orders, general cleaning, opening and closing, etc). Because there will be several in shifts, training will be key to ensure that any guest can visit the shop at any time and receive the same great customer experience and coffee product. We are planning on paying baristas $8.5/hr and having one on the floor per hour.

5. *Catalyst Volunteers* — We would like to send our church folks to 3C to volunteer to serve customers, clean, make drinks, etc. This will require very definite responsibilities in ways that ensure that a volunteer not showing up doesn’t hinder operations. They will also undergo training on how to make drinks to take over the espresso machine for a moment while baristas or managers take care of other responsibilities. This will also provide a pipeline for hiring needed baristas. We do not plan on starting out with volunteers, but will incorporate them after getting the basics of successfully running 3C in order, when the time is appropriate.

*Coffee Education*

Intensive and focus training of all our team members will differentiate 3C from those who have gone before. Our team will be trained not only in how to make great products consistently, but in how to deliver an exceptional experience at 3C. A mediocre cup of coffee can be had almost any where these days, but a great cup of coffee can only be found where the ambiance of the shop compliments the coffee. Catalyst is that place. Our team members will need to understand the nuances of coffee, and be able to adequately convey and sell our guests on they various qualities of different coffees.

Our paid staff (GM, AM, baristas) will be initially be trained by professionals at Midwest Barista School, where our Keeper of Coffee Vision and Roast Master’s mother-in-law is

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⁹ While she is young, 20 years old, we know her well and trust her, as someone already under our care (currently working as a Missions Intern at [www.fccgreeneville.org](http://www.fccgreeneville.org)) and as someone with 1 year of such experience in a retail setting. She will continue to grow (as she’s already been doing) into a great AM.
a GM for a very successful coffee shop (20+ years of business) that has over 700 transactions per day. \(^\text{10}\)

Continuing education will be important for all levels of staff at 3C. We will ensure that baristas are regularly trained and honing their skills by having a monthly Monday Night Coffee Jam where our staff and/or anyone interested in the community (perhaps for a small fee, to purchase needed supplies) can come for a couple hours of training and/or competition: latté art, home barista training, alternative brewing methods, cupping, etc. We intend to become a member of the Specialty Coffee Association of America (www.scaa.org) and to slowly train our staff toward becoming certified baristas. Counter Culture, a well-known national-level roaster, has a training center in Asheville, NC, and our Keeper of Coffee Vision and Roast Master has already begun training toward certification as a Coffee Steward. \(^\text{11}\) If you haven’t yet figured it out, there’s a whole world out there of interesting and not-yet-well-known ways of enjoying coffee, and we feel the need to evangelize Greeneville about them!

**Operations Manual**

All processes will be described in detail and documented in the Operations Manual, which is currently being developed slowly, from this basic template, but will be begun in earnest when we secure a GM, whose first task will be its development. This will include everything: making drinks, operating the machines, regular maintenance, running the computer/POS, opening/closing the business, determining how much supplies to order. The manual will strike the balance of being both succinct and detailed so every aspect of the daily business will be described and documented in a way that can be easily understood.

**Hours of Operation**

- Mon-Thu, 6a-9p
- Fri-Sat, 6a-11p

**Facilities**

- Cleanup/Maintenance: mops, cleaning solutions, etc.
- Utilities, Water, Sewer, Garbage
- Property, Plant, and Equipment (PPE):

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\(^{10}\) [www.ipscoffee.com](http://www.ipscoffee.com) and [www.midwestbaristaschool.com](http://www.midwestbaristaschool.com)

\(^{11}\) [https://counterculturecoffee.com/education/professional-certification-programs/coffee-steward-program](https://counterculturecoffee.com/education/professional-certification-programs/coffee-steward-program)
• espresso machine (at least 2-3 group), eventually need a backup
• 2 espresso grinder: one for decaf, one for regular
• 2 coffee grinders: one for drip, one for pourover (grind to brew)
• airpot or satellite coffee brewer
• bulk bean grinder
• pastry case, dual zone
• microwave oven
• toaster
• 2 commercial blenders
• upright refrigerator 2 door
• upright freezer 1 door
• hand wash sinks, wall mount & drop in
• blender rinse sink
• 3 compartment sink
• mop sink w/ faucet
• digital scale for pourover/French Press
• storage racks/shelves/prep table
• cup dispensers
• water purification system
• ice holding bin, drop in
• ice cube maker with holding bin
• 2 two-door under-counter refrigerators
• 1 one-door under-counter refrigerator
• small wares
• Decorating, basic aesthetic
• Logo Design — being worked on by Tommy Staggs, Associate Minister/ Graphics Nerd, First Christian Church
• Restroom Supplies
• Website — www.catalystcoffeecompany.com

Retail
3C will sell 3 main categories of items in-store (and online), with different purposes for each:

1. Catalyst Coffee Beans — Our fresh and locally-roasted (in-house) coffee beans will have a significant markup of about 40% to significantly help ensure our bottom line is profitable. One pound of coffee will be $16 (on par with the finest specialty and freshly roasted beans available), but we will begin at 12 ounces for $12. Yes, a dollar an ounce... and our bags will have our mission emblazoned on them: "Catalyst Coffee Company gives away 100% of profits!"12

2. Catalyst Branded Products — These products, mugs, t-shirts, hats, stickers, and whatever other crazy promotional stuff we can come up with will also have a significant markup because we believe our customers will fall in love with our mission to give away 100% of profits, but this will not likely be a significant help to our bottom line so much as to help market our shop and its mission. Our 3C travel mugs will come with an incentive to buy (see "Catalyst Coffee Abroad" below, under "Marketing").

3. Non-Catalyst Coffee-Related Products — These products, with a very small mark-up, will be sold to help educate our clientele and the community. We want to support and evangelize Greeneville for great coffee.

Marketing
It will be our policy to have a statement about our mission clearly communicated on every medium of marketing: "Catalyst Coffee gives away 100% of profits!"

We are allocating a significant amount per month toward marketing and local promotions. The first 3 months will have $2,000 per month, with every subsequent month having an allocation of $750 per month, in perpetuity.

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12 Our 100% of profits given away policy extends to all retail, including beans.
This marketing budget will go toward newspaper, TV, radio, flyers, coupons, etc. For the record, our website and hosting is already entirely paid for and will not come from this marketing allocation.

Social media are free... and important for developing a successful coffee shop culture. It's only a slight overstatement to claim that no one below the age of 55 goes anywhere or purchases anything without first consulting an online review or website. We are already on Facebook and Twitter and will provide incentives for customers who post/tweet about us: "25¢ off a medium latte for anyone who posts a picture and comment on... FB, Twitter, Yelp, Foursquare, Vine, or Instagram!" Mark our words... Catalyst Coffee will soon totally dominate the social media world of Greeneville... and it will all be free!

We also intend to use as many creative and guerrilla marketing techniques we can. These are just some initial thoughts we've had, though we are open to using whatever creative ways we can to build brand loyalty and to bring people to the place where they say, "Catalyst Coffee is my coffee shop."

- **Tip Jar** — Instead of our baristas getting tips, they will all go to help fund children through Compassion International or Worldvision. We will have a picture of the child(ren) on the jar. At 50¢/hr, at $40 or so per child, that could easily support 5-6 children per month! This is marketing because, at POS, it communicates our mission and the customer knows it's going for a good cause, which will help get 3C's name out there as an important cause to support.

- **Daily Trivia** — "If you can tell us the 17th president of the United States, we'll take 25¢ off your order and put it in the "Tip Jar."

- **Missional Aesthetic** — In the same vein as the "Tip Jar", we intend to decorate 3C with photographs and short stories of how the profits are supporting current organizations. This could include a few ways:
  
  - Sign on every entry point that says, "100% of the profits from your purchase today is supporting: Greeneville/Greene County Food Bank and Habitat for Humanity."

  - Table tents could have specific stories of the good work our supported organizations/individuals are doing, with a picture of its workers or those helped by them.
• Literature for how to further support such organizations will be the only such brochures/literature allowed inside. We don’t do everybody’s business cards or flyers for outside organizations, etc. (unless we decide to become a hub for such information and we deem appropriate that there is a “Community Outreach Board” where we put all such material?)

• *Bring Your Mug* — "Use your own travel mug and we’ll take off 25¢ off your order." Or maybe we’ll do a twist on it where the policy is, "Use your own travel mug and we’ll take 25¢ off your order and add it to the ‘Tip Jar’ for Insert Child’s Name Here!"

• *Catalyst Coffee Abroad* — Not new to us, but a cool way to get folks to participate. Have people in other cities/locations take a picture of them holding up a 3C mug and put it on our "Catalyst Coffee Abroad" board (not a finalized thought re. the title). Then they get “free” coffee when they get back, e.g., which means we donate that entire cost of that coffee into the “Tip Jar”. This will incentivize people buying the 3C mug in the first place (which will be significantly marked up to cover the cost of the free coffee.) In fact, we post at retail how it works: purchasing a 3C mug means a free cup of coffee now and a free cup of coffee later (and explain the "Catalyst Coffee Abroad" thing.) This isn’t particularly novel, but it helps build brand loyalty.

*Other Miscellaneous Ideas*

The following don’t fit neatly anywhere but are worthy of mention:

• Our mugs, bags of beans, t-shirts, hats, etc., will be stamped in-house, with a somewhat spare, earthy design aesthetic, which is currently quite cool. (See logo.) That means we can do promo and roasting/packaging of beans quite cheaply. This could be something a volunteer could easily do, to ensure stamped products are available.

• For business people and students, we will have a wifi-accessible printer from which anyone can print for 25¢ per page (black and white or color). You guessed it, 100% of those profits are given away.

• We will deliver our Catalyst Coffee Company beans anywhere in Greeneville/Greene County for free. This will be something our Keeper of Coffee Vision will do at first, but then we will have volunteers do (on their dime, for gas. Hey, it’s volunteer!). And we’ll show up wearing a 3C t-shirt! We will do so based on the following schedule:
• 1 or more bags (min. 12 oz. per bag) — within these zip codes: 37745 (Greeneville City), 37743 (Greeneville City)

• 2 or more pounds (min. 12 oz. per bag) — within these zip codes: 37616 (Afton), 37641 (Chuckey)

• 3 or more pounds (min. 12 oz. per bag) — within these zip codes: 37818 (Mosheim), 37809 (Midway), 37810 (Mohawk), 37744 (Baileyton)

Contingency Plan
The GM, with the oversight of the Management Team, will create a Contingency Plan (CP), which describes our response to various scenarios, i.e., what we do when something major happens and how to ensure that business gets up and running as quickly as possible. This will include such contingencies like loss of power, who to call in case of emergency, equipment malfunction, etc.

Finances
Executing a successful business plan can be boiled down to a simple statement: sales must exceed costs. Having a winsome vision, a strategy to achieve it, and tactical plans to cover each aspect are for naught if the bottom of the P&L is red! Just like the perfect cup of coffee, the business must be in the black to be a going concern.

At this point, initial investments from our Management Team total around $30,000 in commitments (by end of Summer, beginning of Fall 2013.) This does not yet include any commitment from First Christian Church, whose leadership are discussing how the church could be involved, financially, to help launch Catalyst. The church has no debt, is growing numerically, has $220,000 in the bank, a home worth approximately $150,000, and facilities estimated at $2 million. We are poised to help ensure Catalyst’s success.

We are currently planning on using Square at the POS, on an iPad. It will help us take orders, track supplies, record sales, and manage operating expenses, but we are ordering based on a visual kanban system, which the GM and AM will easily be able to use to track timely ordering of product. If we need to have a POS that ties in with Brumley’s Restaurant at the General Morgan Inn (for ordering purposes), we are certainly willing to do so.
Good reports are the key to understanding how the business is running, analyzing performance, and assist in determining what changes need to be made. The GM will be responsible for tabulating and reviewing daily and weekly reports that show sales and variable costs. Monthly P&Ls will be reviewed in detail using the Analysis of Change method (adjusts for increased or decreased sales volume to compare operating performance to operating plan). Quarterly and annual reviews will be similar. Such reports enable analysis to know if we are above or below breakeven and where to focus our efforts to improve the business.

Based on our proposed operating P&L, we need to sell approximately 15 transactions an hour, for 15 hours per day at an average cost of $4 per transaction. Or, we need to generate $636.71 in revenue per day. See attached P&L. If we are doing food through Brumley's, our average transaction will go up significantly. :o)

We are also hoping that the Morgan Corporation will be able to help us with a charitable lease! ;o) That will go a long way to help ensure Catalyst's success... and we will let people know that we are not successful without the generosity of others who help us.

It is our promise that we will be top-notch tenants. We will maintain the terms of the agreement and will uphold the Morgan Corporation's name with integrity by taking great care of the building space. We will use Catalyst to help fund existing nonprofits that do important work in our community and to help make downtown Greeneville a more attractive destination and are hoping to partner with the Morgan Corporation and Brumley's Restaurant to do so.
# Catalyst Coffee

## 2013 Pro Forma Profit & Loss

Yellow boxes are actual/predicted numbers. Blue boxes contain formulas and will auto-calculate.

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<thead>
<tr>
<th>Gross Sales</th>
<th>$280,800</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Total Purchases/Cost of Goods</td>
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<tr>
<td>Salaries: General</td>
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<td>Gen Mgr's Salary</td>
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<td>Asst Mgr's Salary</td>
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<td>Worker's Compensation Ins.</td>
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<td>Benefit Costs (Health Ins., Pension)</td>
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<tr>
<td>Total Labor Costs</td>
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<td>Bank / Credit Card Charges</td>
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<td>Continuing Education</td>
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<td>Have MBS come here?</td>
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<tr>
<td>Repairs &amp; Maintenance</td>
<td>2,808</td>
<td>1.0%</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,404</td>
<td>0.5%</td>
</tr>
<tr>
<td>Taxes: Property</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Taxes: Single Business Tax</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Taxes: Other</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Trash Removal</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Total Overhead Costs</td>
<td>$30,292</td>
<td>10.8%</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td>Percentage</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td>Total Operating Costs</td>
<td>$246,286</td>
<td>87.7%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$34,514</td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization Expense</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Net Profit (Loss)</strong></td>
<td>$34,514</td>
<td>12.29%</td>
</tr>
</tbody>
</table>

Industry standards say around 10ish% profit; doesn't incl any savings/profits from roasting.

| Total | 100.00% |
Catalyst Coffee
Breakeven Calculation

<table>
<thead>
<tr>
<th></th>
<th>% age of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Expenses:</td>
<td>Sales</td>
</tr>
<tr>
<td>Purchases</td>
<td>35.00%</td>
</tr>
<tr>
<td>Direct Labor Costs</td>
<td>14.17%</td>
</tr>
<tr>
<td>Total Variable Expenses</td>
<td>49.17%</td>
</tr>
</tbody>
</table>

Gross Profit Percentage 50.83%

Fixed Expenses:
- Gen'l Mgr's Salary 40,000
- BOH Mgr's Salary 10,368
- P/R Taxes 13,522
- Worker's Compensation Ins. 604
- Benefit Costs (Health Ins. And Pension Plan) 0
- Total Occupancy Costs 13,440
- Total Overhead Costs 30,292
- Interest Expense 0
- Depreciation / Amortization Exp. 0
- Total Fixed Expenses 108,226

Breakeven Sales 212,904

Average Ticket $4.00
Breakeven Customer Count 53,226
# Catalyst Coffee Company Timeline and Action Steps

<table>
<thead>
<tr>
<th>Action Step</th>
<th>Person(s) Responsible</th>
<th>Timeline/Due Date</th>
<th>Status/More Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get initial investments.</td>
<td>Scott Wakefield</td>
<td>Apr-May</td>
<td>Done. Have $11K in hand, with another $19k committed (which can be had at any moment), from 2 investors, both from within FCC.</td>
</tr>
<tr>
<td>Create Website.</td>
<td>Wakefield</td>
<td>Mid-May</td>
<td>Done. <a href="http://www.catalystcoffeecompany.com">www.catalystcoffeecompany.com</a></td>
</tr>
<tr>
<td>Write Business Plan.</td>
<td>Mike Schubert, Wakefield</td>
<td>Mid-May</td>
<td>Done.</td>
</tr>
<tr>
<td>Find the right GM(s).</td>
<td>Wakefield</td>
<td>End of May</td>
<td>Done. Chuck/Sue Heiligenthal (owned/operated Oasis Coffee in JC, 2 locations: <a href="https://counterculturecoffee.com/coffee-people/170-oasis-coffee-house-johnson-city-tn">https://counterculturecoffee.com/coffee-people/170-oasis-coffee-house-johnson-city-tn</a>)</td>
</tr>
<tr>
<td>Pitch to Elders and view timeline.</td>
<td>Schubert (support from Wakefield)</td>
<td>Tue, Jun 4 and 11</td>
<td>Done.</td>
</tr>
<tr>
<td>Elders make decision to move ahead or not.</td>
<td>Bill Richards</td>
<td>Tue, Jun 18</td>
<td>Done. They're &quot;in.&quot; Still need to know how much of existing funds Elders are taking before the congregation for approval. Needs to be minimum of $30,000 (which should all come from the Missions Fund, after existing Youth House funds transferred there.)</td>
</tr>
<tr>
<td>Start buying equip/roaster</td>
<td>Chuck/Sue Heiligenthal</td>
<td>Tue, Jun 18</td>
<td>In process... using money already designated for such purposes.</td>
</tr>
<tr>
<td>Create logo.</td>
<td>Wakefield, Tommy Staggs</td>
<td>Mon, Jun 24</td>
<td>In process... Make sure Heiligenthal's like it and are on board with thinking behind logo (and stamping and minimalistic/sophisticated vibe) before finalizing.</td>
</tr>
<tr>
<td>Catalyst Community Outreach Ministries working to become 501(c)(3).</td>
<td>Keri Savell? Jeff Ward? Heiligenthal?</td>
<td>Tue, Jun 24</td>
<td>Needs to start happening ASAP, even before waiting for congregational approval? (Even though that feels weird, this is probably too important wait on.)</td>
</tr>
<tr>
<td>Management Team Mtg with Heiligenthal's.</td>
<td>Management Team (Scott will coordinate mtg time/place.)</td>
<td>Thu, Jun 26</td>
<td>In process...</td>
</tr>
<tr>
<td>Pitch to GMI &amp; Cantler.</td>
<td>Schubert (support from Wakefield)</td>
<td>Wed, Jun 26, 10:30a, at GMI</td>
<td>In process...</td>
</tr>
<tr>
<td>Called Board Mtg</td>
<td>Doug Green</td>
<td>Sun, Jun 30</td>
<td></td>
</tr>
<tr>
<td>Basic Pitch to Congregation.</td>
<td>Some combo of ?: Wakefield, Schubert, Liebert, Richards, Heiligenthal</td>
<td>Sun, Jun 30</td>
<td>In process...</td>
</tr>
<tr>
<td>Send letters to congregation.</td>
<td>Alison Stollenmaier (w/ content from Scott, approved by Elders)</td>
<td>Mon, Jul 1</td>
<td>In process...</td>
</tr>
<tr>
<td>Congregational Q &amp; A and Field Trip to GMI.</td>
<td>Wakefield, Liebert, Richards, Heiligenthal</td>
<td>Sun, Jul 7</td>
<td></td>
</tr>
<tr>
<td>Congregational Pledges &amp; Vote.</td>
<td>Richards</td>
<td>Sun, Jul 14</td>
<td>Marketing and Promo has to happen heavy ASAP after vote and money firm.</td>
</tr>
<tr>
<td>Launch Catalyst.</td>
<td>Heiligenthal</td>
<td>Mid of Aug?</td>
<td></td>
</tr>
</tbody>
</table>