

Financial Plan:
Legacy Co-Working & Innovation Space Revenue Assumptions:

Commercial Kitchen					
	Hours	Hourly Rate	Weekly Revenue	Monthly Revenue	Annual Revenue
Estimated Avg Client Usage Hours	6				
Estimated Hours Used Per Week with 12 clients	72	\$25	\$1,800	\$7,200	\$86,400
Estimated Hours Used Per Week with 6 clients	36	\$25	\$900	\$3,600	\$43,200
Member Youth Baking Classes (1/week; supplies paid by member org)	4	\$25	\$100	\$400	\$4,800
Adult Cooking Classes (12 participants @ \$40 once per week)			\$480	\$1,920	\$23,040
Less: Cooking supplies @ \$15 per participant (12)			(\$180)	(\$720)	(\$8,640)
Cold Storage Fees: 2 clients at \$100 per month			\$50	\$200	\$2,400
Total Revenue (w/ 40% 6 clients and 60% 12 clients)			\$1,890	\$7,560	\$90,720
Co-Working Space					
				Monthly Revenue	Annual Revenue
Minority Business Membership (40: 0-1 employee businesses at \$100/year)				\$333	\$4,000
Minority Business Membership (10: 2-5 employee businesses at \$250/year)				\$208	\$2,500
Total				\$542	\$6,500
Office Space (3 Private Offices)					
	Lease Period			Monthly Revenue	Annual Revenue
One 8x12 office	1 year			\$200	\$2,400
One 8x12 office	1 year			\$200	\$2,400
One 9x13 office	1 year			\$300	\$3,600
Total				\$700	\$8,400
Commercial Tenant- Coffee Shop					
	Lease Period			Monthly Revenue	Annual Revenue
13x7 commercial space (Coffee Station)	2 year			\$500	\$6,000
Total				\$500	\$6,000
Grand Total Legacy Co-Working and Innovation Space					
				Monthly Revenue	Annual Revenue
Total				\$9,302	\$111,620

COMMERCIAL KITCHEN

Commercial Kitchen General Use:

The 800 sq. ft. commercial kitchen will consist of 6 prep tables, a combi oven and convection oven. Tables can be rented for a minimum of 2 hours, but the estimated average use time is 6 hours based on the time culinary chefs need to prep, cook, and package their products for sales or catering events.

The growing number of food entrepreneurs locally in Milwaukee leads to a projection of 12 clients utilizing the space for an average of 6 hours at \$25 per hour on a weekly basis. To be conservative for the projections, we assume all weeks will not reach the 12 client mark and consider 6 clients using the space for an average of 6 hours on some weeks. The total revenue considers that 6 clients will use the space per week for 40% of the year with the remaining 60% of the year seeing 12 clients per week.

Member Youth Baking Classes:

There are multiple AACCW member organization that provide youth baking classes. The kitchen will be offered in 4 hour blocks to these organizations to provide space for the classes. The projections assume 1 class per week during evening or weekend hours. Member organizations will be responsible for providing the supplies for their programs limiting the Chambers expenses to the use of the facility.

Adult Cooking Classes:

The Chamber will market the space to and engage local chefs to host cooking classes for adults during evening and weekend hours. Classes can hold up to 12 participants at \$40 each. The Chamber's estimated supply and materials cost is \$15 per person is deducted from the overall revenue. The projections assume one cooking class per week.

Cold Storage Fees:

The Kitchen will have the ability to store up to two client's cold storage supplies at a time. This service will be offered to food entrepreneurs at a cost of \$100 for a term of one month. The projections and demand leads to the assumption the storage will continually be in use.

CO-WORKING SPACE (Increased Membership Revenue Projection)

The front of the Legacy Co-Working and Innovation Space will be utilized by current and new minority owned businesses that are members of the Chamber. The cost of use is included in their membership. The space contains four tables for small meetings or co-working, along with eight workstations equipped with computers. The growth of RISE MKE, a 14 -week entrepreneurial training program designed for business development, will garner new membership to the chamber by holding 3 trainings per year consisting of 15 businesses in each cohort. The majority of the businesses have 0-1 employees and 2-5 employees on the next level indicating the needs small businesses have for growth opportunities. The training program will convert participants to new chamber members generating additional revenue through the development of the Co-working space. Assuming 40 (0-1 employee) new members and 10 (2-5 employee) new members increased revenue from memberships total \$6,500.

PRIVATE OFFICES

The Legacy Co-Working and Innovation space will provide three private offices to growing entrepreneurs with one-year lease terms. Rents are projected to be \$200 for the two 8x12 spaces and \$300 for the 9x13 office space garnering \$8,400 in annual revenue.

COMMERCIAL TENANT – COFFEE SHOP

The Legacy Co-Working and Innovation space will provide commercial space for a coffee shop in a 13x7 area with a 2 year lease at \$500 per month. The Chamber is in conversation with a few existing coffee businesses discussing the potential use. This space will generate \$6,000 in annual revenue.

Legacy Co-Working and Innovation Profit and Loss Projection:

The following projection only reflects the income and expenses related to the Chamber by establishing the Co-Working and Innovation Space. This P&L does not reflect the existing Chamber operational income and expenses.

Legacy Co-Working and Innovation Space	Projection		Projection		Projection	
Statement in Actual	Year 1		Year 2		Year 3	
REVENUE	USD	%	USD	%	USD	%
Commercial Kitchen	90,720	81.3%	95,256	82.0%	100,019	82.7%
Three (3) Private Office Space	8,400	7.5%	8,400	7.2%	8,400	6.9%
Coffee Shop	6,000	5.4%	6,000	5.2%	6,000	5.0%
Co-Working Space	6,500	6.1%	6,500		6,500	
		0.0%	-	0.0%		0.0%
Total Revenues	111,620	100.0	116,156	100.0	120,919	100.0
Vacancy Consideration (5%)	(5,581)		(5,808)	- 0.1	(6,046)	- 0.1
GROSS REVENUES	106,039		110,348	105.26%	114,873	105.26%
			3% Annual Expense Increase			
OPERATION EXPENSES	USD	%	USD	%	USD	%
Salaries & Wages (FT Kitchen Manager)	\$ 50,000.00	45.8%	\$51,500.00	55.1%	\$53,045.00	68.3%
Payroll FICA (7% salaries & wages)	\$ 3,500.00	3.2%	\$ 3,605.00	3.9%	\$ 3,713.15	4.8%
Utilities	\$ 6,000.00	5.5%	\$ 6,180.00	6.6%	\$ 6,365.40	8.2%
Advertising/Marketing	\$ 2,400.00	2.2%	\$ 2,472.00	2.6%	\$ 2,546.16	3.3%
Cleaning	\$ 3,000.00	2.7%	\$ 3,090.00	3.3%	\$ 3,182.70	4.1%
Insurance	\$ 1,800.00	1.6%	\$ 1,854.00	2.0%	\$ 1,909.62	2.5%
Equipment Maintenance	\$ 800.00	0.7%	\$ 824.00	0.9%	\$ 848.72	1.1%
Equipment Replacement	\$ 1,000.00	0.9%	\$ 1,030.00	1.1%	\$ 1,060.90	1.4%
Professional Services (accounting)	\$ 1,200.00	1.1%	\$ 1,236.00	1.3%	\$ 1,273.08	1.6%
Internet, Website, and Hosting	\$ 1,500.00	1.4%	\$ 1,545.00	1.7%	\$ 1,591.35	2.0%
Telephone	\$ 900.00	0.8%	\$ 927.00	1.0%	\$ 954.81	1.2%
Office Supplies	\$ 600.00	0.5%	\$ 618.00	0.7%	\$ 636.54	0.8%
FCI Loan Interest (\$600K; \$300k; \$0)	\$ 36,000.00	33.0%	\$18,000.00	19.3%	\$ -	0.0%
Legal	\$ 500.00	0.5%	\$ 515.00	0.6%	\$ 530.45	0.7%
Depreciation	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Total Operating Expenses	\$109,200.00	100.00%	\$93,396.00	100.00%	\$77,657.88	100.00%
NET OPERATING INCOME	\$ (3,161.00)	-2.8%	\$16,952.20	14.6%	\$37,214.98	30.8%
Add: interest	36,000		18,000			
Add: Depreciation						
Cash flow available for debt	32,839		34,952		37,215	
Debt service requirements	36,000		18,000		0	
Net Profit	(3,161)		16,952		37,215	32%
Debt coverage ratio	0.91x		1.94x		#DIV/0!	
Profit Margin	-2.8%		14.6%		30.8%	

Projection Assumptions (Income): See Revenue Source Assumptions above. Projection includes a vacancy consideration to the revenue sources primarily related to the kitchen space.

Projection Assumptions (Expenses):

Year One: Year One expense assumptions are as follows:

- Salaries & Wages reflect the new position for a full-time kitchen manager at \$50,000 per year. This role will manage all activities related to scheduling clients, cleaning, and keeping inventory of supplies and materials. Payroll taxes assume 7% of gross salary.
- Utilities for gas and electric are estimated to be \$500 per month or \$6,000 annually.
- Advertising and Marketing assumes a \$200 per month budget or \$2,400 annually.
- Cleaning & Pest control is \$250 per month or \$3,000 annually and only specific to the Commercial Kitchen. General office cleaning is considered under the AACCCW general budget.
- Business and Client Usage (Kitchen) Insurance is projected to be \$1,800 annually.
- Equipment Replacement and Maintenance total \$1,800 per year as no major replacements are projected given equipment will be new and under warranty.

- FCI's debt service is assumes:
 - Year 1: \$600,000 loan interest only at 6% in year one for a \$36,000 payment.
 - Year 2: Assumes the debt is paid down conservatively by half from the capital campaign contributions. This leads to an \$18,000 interest only payment assuming a full year.
 - Year 3: The Chamber reasonably expects to meet its capital campaign goal within 18-months of its launch, leading to the FCI debt being paid in full and no debt service requirement reflected in the projections.

The \$3,161 shortfall in year 1 will be covered by revenue generated from the chambers existing operations (see global projections below).

Years Two & Three - Revenues are projected to increase by 5% from the commercial kitchen with the other revenue sources remaining the same for conservative projections. Expenses are estimated to increase by 3% in year two and three.

Capital Campaign: To Begin 6/4/19

The projections assume a loan based on interest only over an 18-month period during construction and stabilization of the project. The campaign to raise \$1,000,000 toward construction and endowment will utilize first in grants to pay down the debt obligation from FCI. The modest goal is to pay down \$300,000 within the first 12 months and the remaining \$300,000 over the next 6 months based on the size of contributions and time frames donors provide in making these gifts. The chamber desires to retire the FCI debt as soon as possible to strengthen the Chambers operation. Early pending contributions include:

- Wells Fargo - \$40,000
- Brew City Match - \$35,000
- MLK BID - \$5,000

**African American Chamber of Commerce of Wisconsin Actual & Projected Profit and Loss w/
Legacy Co-Working & Innovation Space:**

The following projection reflects the historical actual AACCW 2016, 2017, & 2018 profit and loss along with a comparative two year projection of the Chambers historical income and expenses blended with the new income and expenses related to the Co-Working and Innovation Space to provide the future outlook encompassing all of the Chamber's operations.

AACCCW	Audited Stmt		Audited Stmt		Company Prepared		Projection Year 1		Projection Year 2	
Statement in Actual	12/31/2016		12/31/2017		12/31/2018					
REVENUE	USD	%	USD	%	USD	%	USD	%	USD	%
Membership Dues	63,375	15.3%	51,850	6.5%	46,312	8.7%	49,081.20	6.4%	50,553.63	6.4%
Grants	225,000	54.2%	678,828	85.2%	315,560	59.5%	497,194.00	64.6%	512,109.82	64.5%
County Grants	5,000	1.2%		0.0%		0.0%	-	0.0%	-	0.0%
Contributions	26,510	6.4%	10,950	1.4%	36,600	6.9%	23,775.00	3.1%	24,488.25	3.1%
Special Events Revenue	136,536	32.9%	109,474	13.7%	170,050	32.1%	139,762.00	18.2%	143,954.86	18.1%
Less: Special Events Expense	(44,955.00)	-10.8%	(59,856.00)	-7.5%	(78,079.54)	-14.7%	(68,967.77)	-9.0%	(71,036.80)	-8.9%
Interest Income	2,431	0.6%	5,651	0.7%	7,590	1.4%	6,620.49	0.9%	6,819.10	0.9%
Other Income	1260	0.3%	293	0.0%	31984	6.0%	16,138.37	2.1%	16,622.52	2.1%
Legacy Co-Working and Innovation Space		0.0%		0.0%		0.0%	106,039.00	13.8%	110,348.20	13.9%
		0.0%		0.0%		0.0%	-	0.0%	-	0.0%
Total Revenues	415,157	100.0	797,190	100.0	530,017	100.0	769,642.28	100.0	793,859.58	100.0
GROSS REVENIES	415,157	100%	797,190	100%	530,017	100%	769,642.28	100%	793,859.58	100%
OPERATING EXPENSES	USD	%	USD	%	USD	%	USD	%	USD	%
Salaries & Wages	226,271	58.2%	210,645	34.6%	215,739	39.4%	222,211.02	30.1%	228,877.35	30.9%
Employee Benefits	8,042	2.1%	22,160	3.6%	45,365	8.3%	46,725.45	6.3%	48,127.21	6.5%
Payroll Taxes	17,505	4.5%	16,120	2.7%		0.0%		0.0%	-	0.0%
Professional Fees	55,045	14.2%	108,464	17.8%	45,211	8.3%	76,837.64	10.4%	79,142.76	10.7%
Grant to other Orgs		0.0%	150,000	24.7%	7,598	1.4%	78,799.00	10.7%	81,162.97	11.0%
Advertising	16,812	4.3%	13,362	2.2%	4,991	0.9%	9,176.45	1.2%	9,451.74	1.3%
Supplies	5,111	1.3%	4,850	0.8%	4,604	0.8%	4,727.04	0.6%	4,868.85	0.7%
Telephone	5,930	1.5%	7,511	1.2%	8,414	1.5%	7,962.51	1.1%	8,201.38	1.1%
Postage	191	0.0%	66	0.0%	342	0.1%	203.90	0.0%	210.01	0.0%
Printing	1,491	0.4%	1,669	0.3%	900	0.2%	1,284.52	0.2%	1,323.05	0.2%
Subscriptions	444	0.1%	390	0.1%	704	0.1%	546.79	0.1%	563.19	0.1%
Occupancy	22,739	5.8%	22,281	3.7%	23,484	4.3%	60,000.00	8.1%	61,800.00	8.3%
Technology	4,143	1.1%	5,666	0.9%	2,911	0.5%	4,288.53	0.6%	4,417.19	0.6%
Depreciation	359	0.1%	360	0.1%		0.0%	-	0.0%	-	0.0%
Travel	275	0.1%	1,725	0.3%	1,196	0.2%	1,460.62	0.2%	1,504.44	0.2%
Conferences, Conventions and Meetings	4,199	1.1%	12,606	2.1%	13,779	2.5%	13,192.40	1.8%	13,588.17	1.8%
Interest Expense	733	0.2%	1,128	0.2%		0.0%	564.00	0.1%	580.92	0.1%
Insurance	1,743	0.4%	2,408	0.4%	2,981	0.5%	2,694.50	0.4%	2,775.34	0.4%
Membership Dues	1,479	0.4%	1,319	0.2%	3,201	0.6%	2,259.78	0.3%	2,327.57	0.3%
Staff Development	1,366	0.4%	3,934	0.6%	40,560	7.4%	22,246.80	3.0%	22,914.20	3.1%
Non-Capital Fixed Asset Purchase	11,739	3.0%	1,831	0.3%		0.0%	915.50	0.1%	942.97	0.1%
Bad Debt		0.0%	10,360	1.7%		0.0%	5,180.00	0.7%	5,335.40	0.7%
Other Expense	3,190	0.8%	9,133	1.5%	2,395	0.4%	5,764.14	0.8%	5,937.06	0.8%
Miscellaneous		0.0%		0.0%	38,307	7.0%	19,153.68	2.6%	19,728.29	2.7%
Grant/Program Expenses		0.0%		0.0%	84,440	15.4%	42,219.96	5.7%	43,486.56	5.9%
Legacy Co-Working and Innovation Space		0.0%		0.0%		0.0%	109,200.00	14.8%	93,396.00	12.6%
Total Operating Expenses	388,807	100.0	607,988	100.0	547,121	100.0	737,614.18	100.0	740,662.61	100.0
NET OPERATING INCOME	\$ 26,350.00	6.3%	\$ 189,202.00	23.7%	\$ (17,104.39)	-3.2%	\$ 32,028.10	4.2%	\$ 53,196.97	6.7%
Add: interest	733		1,128				36,564		18,581	
Add: Depreciation	359		360							
Cash flow available for debt	27,442		190,690		(17,104)		68,592		71,778	
Debt service requirements	0		0		0		36,000		18,000	
Net Profit	27,442		190,690		(17,104)		32,592		53,778	
Debt coverage ratio	#DIV/0!		#DIV/0!		#DIV/0!		1.91x		3.99x	
Profit Margin	6.3%		23.7%		-3.2%		4.2%		6.7%	

Assumptions:

Projection Year 1:

- Projection Year 1 takes the average income from 2017 & 2018 to generate the revenue projections for the chambers current existing operations.
- The line item for the Legacy Co-Working & Innovation Space has been added and reflects the income from the Legacy projections noted above. (Highlighted in Green)
- Salary Wages and Employee benefit expenses increase by 3% from 2018.
- Occupancy expense reflects the \$60,000 in rent expense that will increase from the new lease.
- All other expenses in Year 1 are an average of 2017 & 2018 expenses from the chambers current operations.
- The line item for the Legacy Co-Working & Innovation Space has been added and reflects the expenses from the Legacy projections noted above. (Highlighted in Green)
- All said overall operations are anticipated to reflect a net profit of \$32,592 and DSC of 1.91x post construction under a stabilized model.

Projection Year 2:

- Year 2 Chamber income and expenses outside of Legacy Co-Working Space reflect a 3% increase from the Year 1 projections.
- The Legacy line items reflect the income and expenses from the Year 2 Legacy profit & loss projection.
- With the assumed capital campaign debt reduction of \$300,000 after Year 1, Year 2 projects a \$53,778 profit and 3.99x DSC on all combined operations.