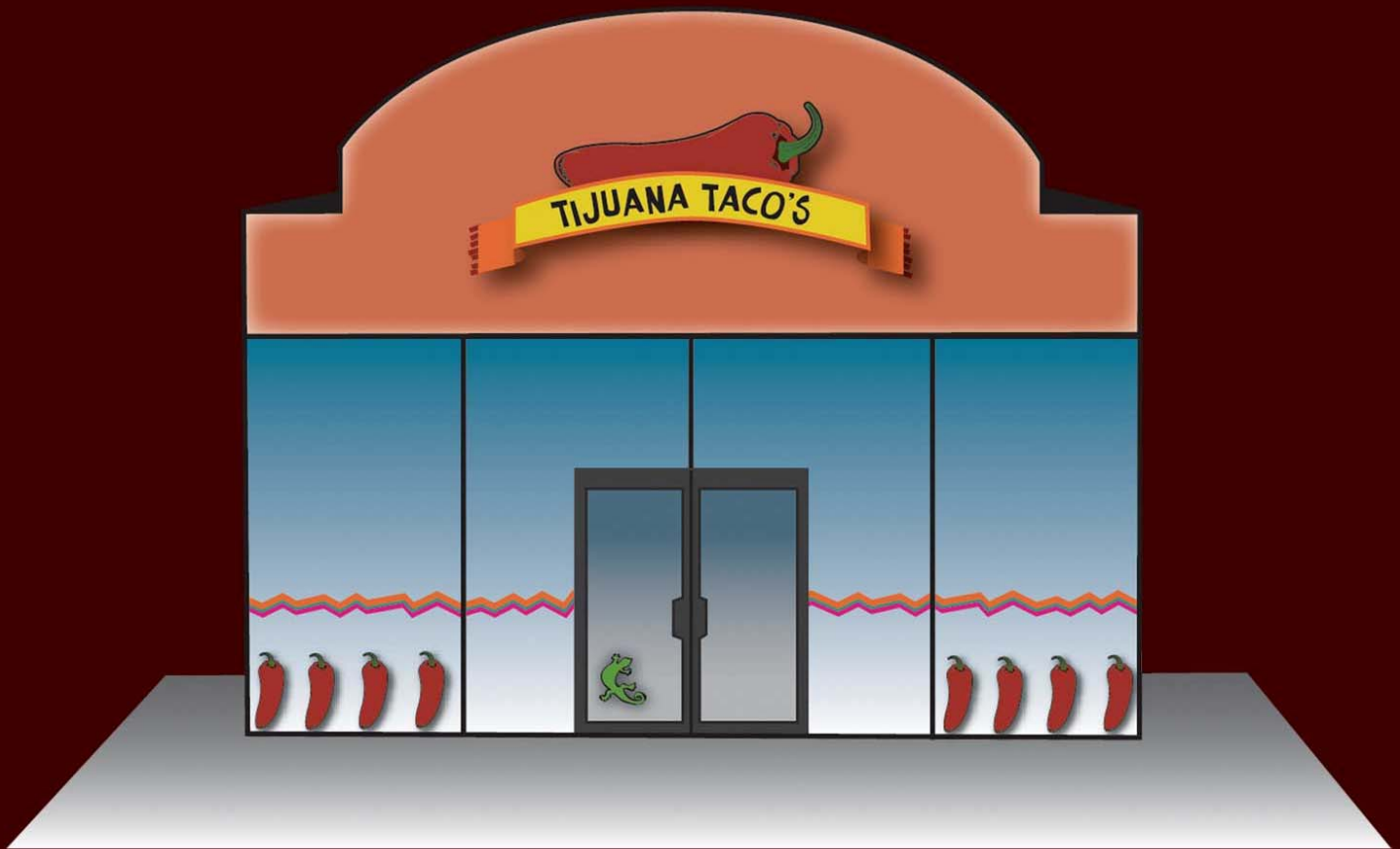


TIJUANA TACOS



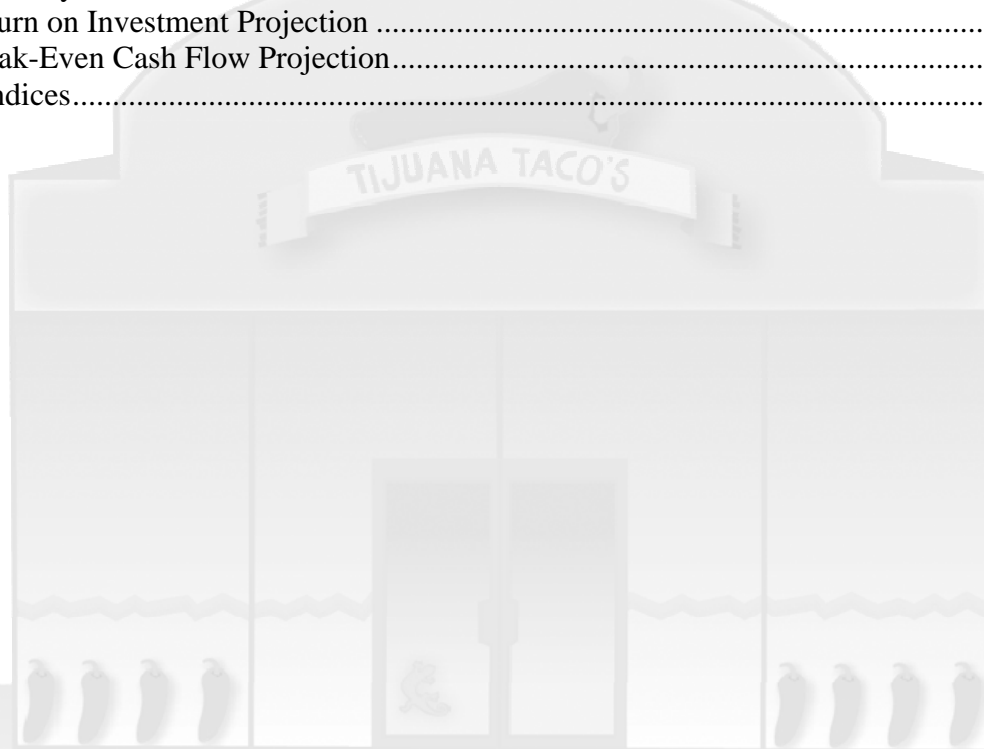
Business Plan

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Executive Summary

CONFIDENTIALITY STATEMENT : Information contained in this business plan is strictly confidential and is being presented to specific persons with the understanding that those persons will maintain confidentiality and not disclose or distribute any part of this plan to third parties without the prior written permission of the author(s). Information includes any data, reports, schedules, or attachments that may be contained in or referred to in this document.

Introduction/Statement of Purpose

Tijuana Tacos is an exciting new quick-service concept offering authentic Mexican fare that features **pollo asado al carbon**, a traditional Mexican dish wherein whole marinated chickens are split and roasted over open flame mesquite charcoal. The distinctive aroma and flavor of the pollo asado is only attainable when cooked over a specially designed solid fuel grill, giving the concept a unique point of difference. Guests will be able to view the entire cooking process thereby creating another distinctive selling point.

The restaurant should be perceived as a quick service establishment appealing to business and residential customers. It should have particular appeal to the Hispanic community because of the traditional ties the concept has to similar eateries throughout Latin America.

The creators and managing partners of the concept, Jim Laube and Joe Erickson, are seeking to raise investment capital, obtain financing and secure an ideal location for the restaurant in the city of Rosenberg, Texas. We are also in search of an equity partner willing to be a very active member of the community and to share in the day to day operations and management of the concept.

Tijuana Tacos will be owned and operated by Tijuana Tacos, L.P. The legal structure of the partnership provides for the inclusion of five Investment Partnership shares of \$15,000 each, totaling \$75,000 in contributions sought. Financial projections for the concept suggest that a 100% ROI (return on investment) may be realistically achieved in 1.4 years. Afterward, a comfortable return averaging above 50% annually can be anticipated.

The managing partners have a collective 60+ years experience in the restaurant industry. Their combined efforts in the creation of Tijuana Tacos have served to yield a detailed plan that encompass the necessary elements required to succeed in today's competitive restaurant environment.

Intense market research and target market evaluation suggest that Tijuana Tacos is ideally situated to cater to an unfulfilled market segment. Moreover, years of operational and marketing experience have been organized and documented to create a comprehensive blueprint for success. Proven marketing techniques and operational systems will allow management to be proactive rather



than reactive to the conditions and obstacles associated with opening a new restaurant concept.

Having a sound operational plan allows management to focus on building sales rather than profit. The managing partners have an extremely high degree of confidence that the systems and controls incorporated in the business plan will yield a calculated return for a given sales volume.

Sales projections for Tijuana Tacos assume a modest 1255 customers per week resulting in weekly sales of just over \$10,000, or almost \$557,000 per year. This equates to around \$464 per sq. ft. in sales annually which positions Tijuana Tacos as a highly desirable concept for ownership in a QSR market where \$325 to \$450 per sq. ft. is considered moderately profitable and therefore a good investment. Expectations are that Tijuana Tacos will yield a net cash flow of between 13% - 17% of sales during the first five years of operation.

Total capitalization will amount to \$166,525, \$100,000 of which will be contributed from the partners and the balance secured through a proposed bank loan.

The successful rollout of the first Tijuana Tacos will hopefully lead to an aggressive growth plan wherein contributing investment members will have the first right of refusal to participate in the expansion.

In closing, we feel the business plan for Tijuana Tacos represents a realistic expectation of success for all parties involved. Moreover, we will be providing a benefit to the community by providing a great product and secure jobs to community residents.



Company Description

Tijuana Tacos will be owned and operated by Tijuana Tacos, L.P., a Texas limited partnership consisting of RestaurantOwner, LLC, the Principal Operating Partner, a manager to be selected as a Managing Operating Partner, and 5 Investment Partnership shares. The Principal Operating Partner will own 50% of Tijuana Tacos, L.P., the Managing Operating Partner, 10%, and the Investment Partners will own 40%, with each of the five investment partnership shares representing 8%.

Specifics of the partnership can be found in the partnership agreement, a copy of which is included in the Appendices.

Location

Tijuana Tacos will be located at a location to be decided in Richmond-Rosenberg, Texas. Tijuana Tacos, L.P. will maintain a corporate office at 9801 Westheimer, Suite 302 in Houston, Texas.

The facility we are seeking for the restaurant will be a leased space in either a thriving shopping center or a pre-existing free-standing building of approximately 1200 to 1500 square feet. We hope to find a location with high visibility in a major traffic area, preferably on Avenue H, Highway 36 (1st St.), or Avenue I.

Capitalization

The proposed restaurant will cost an estimated \$166,525 to open. A detailed cost breakdown is provided in the Financial Projections section of this business plan. Funding for the venture will be provided by \$100,000 in contributions from the partners and \$66,525 in proceeds from bank financing. The proposed sources of funds are as follows:

Source of Funds	Amount
Principal Partner	\$ 20,000
Managing Operating Partner	\$ 5,000
Investment Partners	\$ 75,000
Bank Loan	\$ 66,525
Total	\$166,525

The Partnership Agreement provides specific details regarding equity, cash distributions, legal responsibility, and potential cash call liability for each partner. See the Partnership Agreement in the Appendices.

Please refer to the Investment Analysis section for a detailed explanation of investor roles and expected returns.



Concept Description and Statement

Tijuana Tacos will be an inexpensive, quick service style restaurant serving authentic Mexican fare that features ***pollo asado al carbon***, a traditional Mexican dish wherein whole marinated chickens are split and roasted over open flame mesquite charcoal. The quick-service style of the restaurant permits customers to order and pickup their food at the counter, with heavy emphasis on takeout, as there will be limited seating available.

The distinctive aroma and flavor of the pollo asado is only attainable when cooked over a specially designed solid fuel grill, giving the concept a unique point of difference. Guests will be able to view the entire cooking process thereby creating another distinctive selling point.

The restaurant should be perceived as a quick service establishment appealing to business and residential customers. It should have particular appeal to the Hispanic community because of the traditional ties the concept has to similar eateries throughout Latin America.

Customers will be greeted with the aromatic scent emitted from the juices dripping onto the burning charcoal. They will be able to watch in anticipation as the cooks baste plump chickens and whole grilled onions amidst the flare of flames.

They'll choose from a simple menu offering whole or half chickens, tacos al carbon de pollo (boneless grilled chicken wrapped in a tortilla), and several choices of accompaniments including cebollas asadas (whole grilled onions), frijoles charros (Mexican style pinto beans), fresh made tortillas and salsa. Beverage offerings will include popular Mexican fruit juices and bottled sodas, and American brand soft drinks.

Meal prices are expected to range from \$6.00 to \$10.00. The dining experience will be approximately 30 minutes.

The ambiance will be consistent through the day. Background music consisting of popular Spanish tunes will blend various pop cultures with traditional sounds of old. The décor for Tijuana Tacos will combine the charm of the roadside stands and street vendors found throughout Mexico. Simple furnishings will reflect the projected image of the décor and restaurant concept.

The restaurant will have approximately 30 seats in the dining room with possible additional seating outdoors. Additionally, Tijuana Tacos may offer other services such as catering and delivery in the future.

This concept can be successful in either a free standing building, or a lease space in a shopping center, of approximately 1200 square feet to 1500 square



feet. The restaurant should have a minimum of 10 – 20 parking spaces available to meet the demands of anticipated customer traffic.

Tijuana Tacos will be open 7 days a week. The restaurant anticipates serving continuously during the lunch and dinner meal periods. The expected hours of operation are as follows:

Lunch & Dinner	
Monday	11:00am - 9:00pm
Tuesday	11:00am - 9:00pm
Wednesday	11:00am - 9:00pm
Thursday	11:00am - 9:00pm
Friday	11:00am - 10:00pm
Saturday	11:00am - 10:00pm
Sunday	11:00am - 8:00pm



Sample Menu

POLLO ASADO CON TORTILLAS, CEBOLLAS & SALSA

Pollo Entero	\$ 10.99
Medio Pollo	\$ 5.99

TACOS & EXTRAS

Taco al Carbon de Pollo	\$ 1.99
Cebollas Asadas	\$.99
Frijoles Charros	\$ 1.99
Tortillas	\$.99

FLAME-BROILED CHICKEN WITH TORTILLAS, ONIONS & SALSA

Whole Chicken	\$ 10.99
Half Chicken	\$ 5.99
Taco al Carbon de Pollo.....	\$ 1.99

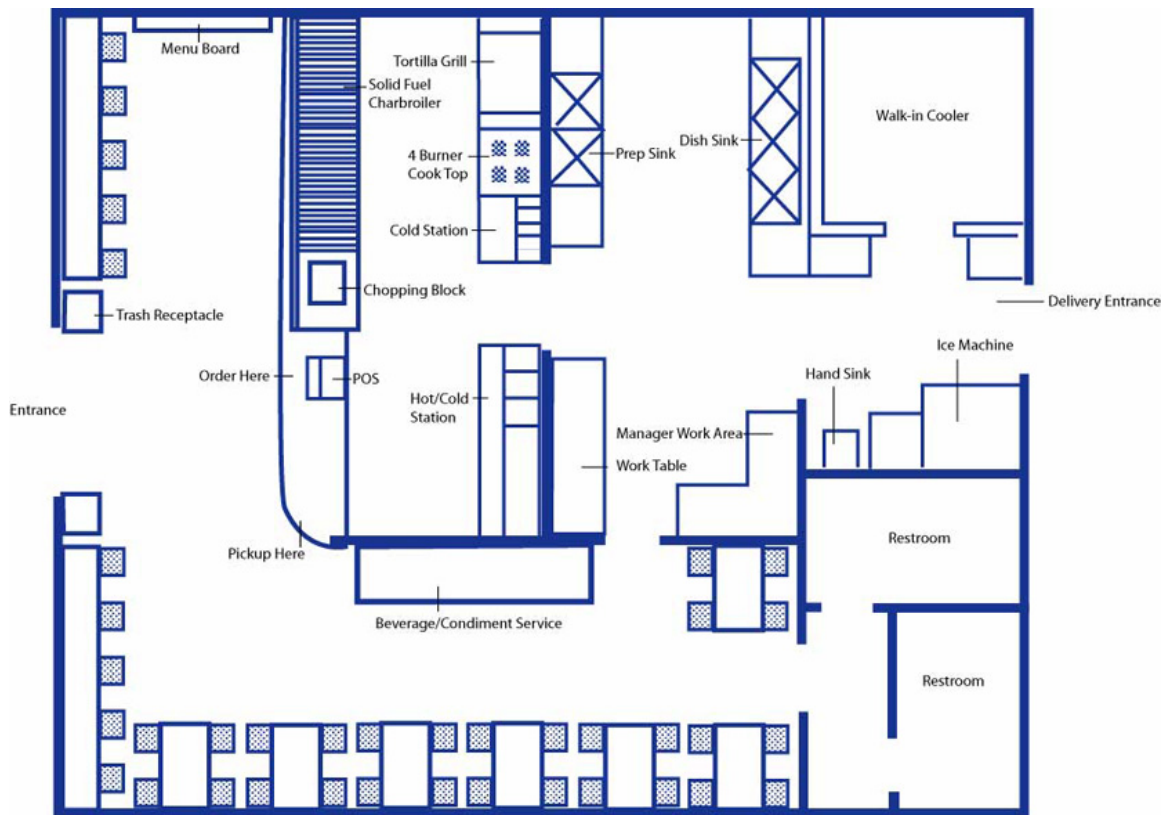
TACOS & EXTRAS

Tacoal Carbon de Pollo.....	\$ 1.99
Onionsw	\$.99
Frijoles Charros	\$ 1.99
Tortillas.....	\$.99

Design/Layouts

The finished design of the restaurant will be subject to the size and configuration available for the eventually decided upon site. The figure below is a sample of what the floor plan could look like.





Management Team

General Partner – Jim Laube

Jim Laube works with independent restaurant operators who want practical advice to improve their business management practices to build a more profitable restaurant and valuable business.

Jim began his restaurant career at the age of 15 working in a quick-service foodservice operation and earned his way through college as a server and bartender. After earning his degree, he worked for a regional restaurant chain and an independent fine dining restaurant. In these organizations he held positions in both the operational and financial areas as a restaurant manager, controller and CFO.

During the late 80's and early 90's Jim practiced as a CPA and advisor to independent restaurants throughout the U.S. regarding operational, financial, cost control and profitability issues.

As an author, he has been a contributor to Restaurant Startup & Growth, Restaurant Hospitality, Nations Restaurant News, Foodservice.com, Pizza Today," the Society for Foodservice Management's "SFM Source," and the American Express "Briefing" newsletter.

Jim is also the founder and publisher of RestaurantOwner.com, an extensive resource specifically for independent restaurant operators. It features business management, marketing and operational materials in the form of streaming, Flash-animated, multimedia training programs as well as articles, business tools, downloadable forms, report templates, checklists and a wide variety of restaurant operating procedures.

During the past 10 years, Jim has conducted over 500 presentations to thousands of restaurant professionals in the U.S., Canada and Europe. His clients include Red Lobster, Papa John's Pizza, KFC, Marriott, Hard Rock Café, SYSCO Corporation, U.S. Foodservice, the National Restaurant Association and many state restaurant associations.

General Partner – Joe Erickson

Joe Erickson is a leading contributor and Vice-President of RestaurantOwner.com. As a thirty year veteran of the restaurant industry, Joe has created and developed several successful foodservice concepts as manager, owner, and consultant. Joe's unique skills for financial controls are enhanced by his experience of more than ten years providing point of sale and accounting systems to restaurants. He has been a guest speaker for several industry events and is currently a technology contributor for Restaurant Startup & Growth magazine.



Joe started his career by developing Luther's Catering service, a division of the Luther's BBQ chain, in the mid 1970's. The concept grew to over 1.2 million in catering revenue by 1980. In 1982, Joe opened his consulting firm, Hospitality Services of Houston, and helped other restaurateurs in the creation of several barbecue and southern style cooking restaurants around the country. He was also a partner and co-founder of Sunset Dinner Cruises, a concept that operated a 57-foot catamaran, taking parties for island style dinner cruises on Clear Lake near Houston.

In 1985 Joe used the introduction of the personal computer to help control costs for his new venture, Bobby Mac's restaurant in Kerrville, Texas. Believing that computers would eventually become as common in restaurants as refrigeration, he teamed up with local computer programmers to create software for restaurant accounting. He later helped to develop a southwestern bistro, Nicole's Cafe San Felipe, and was managing partner for Truluck's Steak and Stone Crab from 1992 until 1995 when he joined CRS Texas to provide restaurateurs with POS, video surveillance, paging systems and financial control software.

Minority Partner/General Manager – To Be Decided

Tijuana Tacos, L.P. is seeking a partner to serve as the General Manager for Tijuana Tacos. The individual we seek should have at least five years restaurant management experience and be willing to learn and apply the proven systems and controls as mandated by RestaurantOwner.com, LLC, the majority General Partner.

Prospective candidates will be evaluated for characteristics we feel to be essential to the success of Tijuana Tacos. First, the prospect should possess an outgoing personality and be enthusiastic about dealing with customers in the community. Candidates should be bi-lingual, as Spanish will be the primary language of the majority customer base.

Prospects will be evaluated on their work habits, appearance and attitude towards managing others as well. We are looking for an individual that holds employees in high esteem, a philosophy to which the majority General Partner prescribes.

The General Manager will oversee day to day operations of the restaurant. He or she will also coordinate the planning, organizing, training and leadership necessary to achieve stated objectives in sales, costs, employee retention, guest service and satisfaction, food quality, cleanliness and sanitation.

Management Agreements

A Management Agreement will be executed between the company and the General Manager. The purpose of these agreements is to define the expectations of both parties, establish an incentive structure, and define the grounds under which the agreement may be terminated.

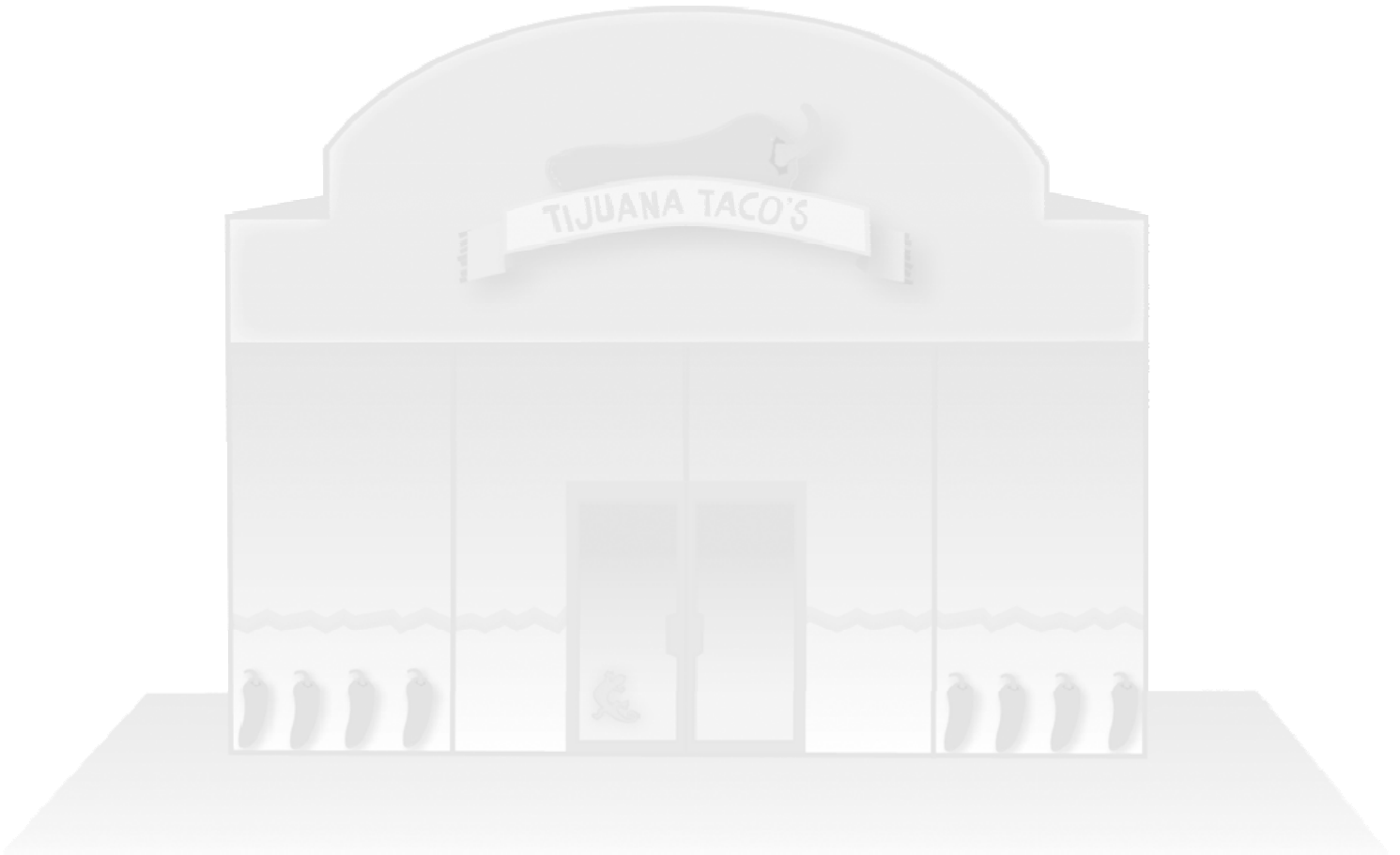
A sample agreement can be found in the Appendices section.



Confidentiality Agreements

Tijuana Tacos will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our recipes, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

A sample agreement can be found in the Appendices section.



Industry Assessment

Positive Sales Increase Expected

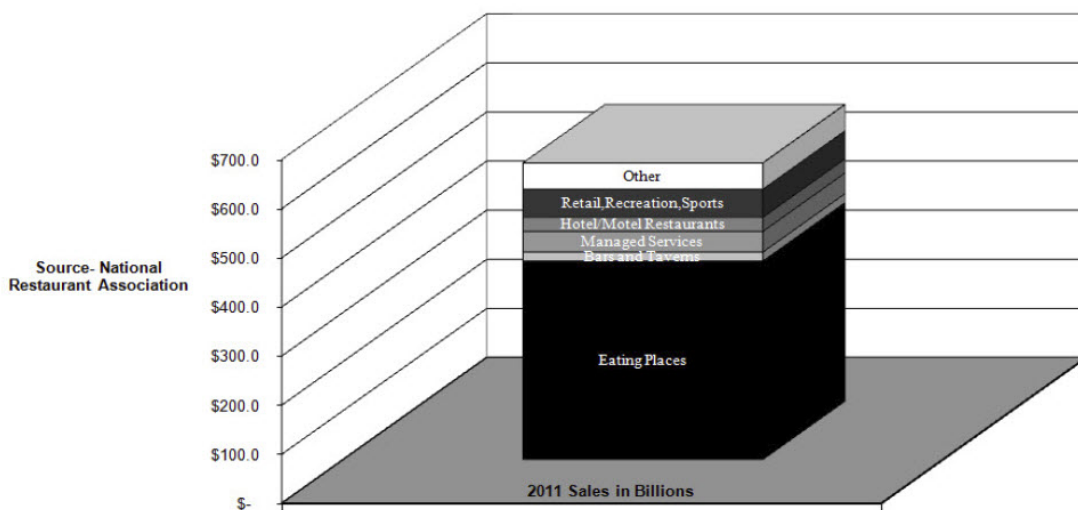
According to the National Restaurant Association, industry sales for 2011 are expected to rise above the \$580 billion dollars posted in 2010. That figure is a 2.5% increase over 2009 sales. Restaurant industry sales account for 4% of the GNP for the United States.

Positive economic indicators and hopeful increases in consumer's disposable income give rise to expectations that 2011 will be a slight but steady growth year for the industry. However, as the nation continues its recovery from the recession, the total number of locations did not grow and remained at 945,000 for 2010. However, recent economic indicators give hope to positive economic growth and expectations are that the number of restaurants in 2011 could reach 1 million locations by the year 2012. Likewise, 2011 could turn out to be a good year for the industry.

Eating places, defined as full-service, limited service, cafeterias, social caterers and snack bars by the NRA, contribute the bulk of industry food and drink sales. Of that segment, full-service restaurant sales for 2010 are projected to reach \$184 billion, an increase of 1.2% over 2009. Quick-service sales are set to top \$164 billion in 2010.

The following chart illustrates segment sales for 2011 as defined by the National Restaurant Association 2011 Industry Forecast.

Restaurant Industry Sales by Segment



Other	\$53.4
Retail, Vending, Recreation, Sports	\$57.2
Hotel/Motel Restaurants	\$28.7
Managed Services	\$42.1
Bars and Taverns	\$18.3
Eating Places	\$404.5

Leading Employer

The restaurant industry is the nation's largest private-sector employer with approximately 12.7 million workers in 2010 representing almost 9% of the total U.S. workforce. According to the National Restaurant Association, the industry has created, on average, approximately 250,000 jobs per year for the last ten years and is slated to add 2 million new jobs during the next ten years.

Nevertheless, the industry remains far behind other retail segments, posting \$61,000 in annual sales for every full time equivalent employee. Furthermore, and even though the labor shortage is not as severe as it was in the mid to late 1990s, a sizeable proportion of restaurant operators report that the lack of labor is causing problems.

In a National Restaurant Association Survey, forty-six percent of quickservice operators and roughly one-third of fullservice restaurants reported that they were seeing fewer applicants for hourly positions than they had two years before. Restaurant operators reported an even greater decline in the number of qualified job applicants. Sixty-eight percent of quickservice operators and nearly half of fullservice operators surveyed said that they were seeing fewer

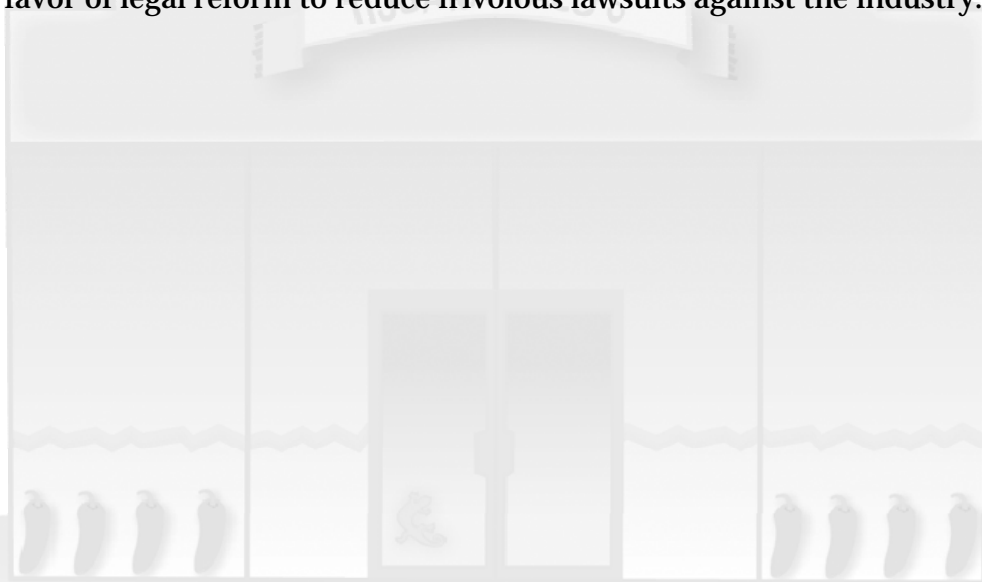


qualified job applicants than two years earlier. Many restaurateurs say it's taking longer to fill job vacancies than it did two years ago.

Operators, in their effort to combat labor shortages, are expected to dedicate more resources to employees training, offer health benefits, and take measures to step up recruiting.

Meeting Challenges

In addition to labor concerns, operators report that rising wholesale costs, energy cost, healthcare insurance and liability insurance costs have negative impacts on their business. As a result, the National Restaurant Association has slated these issues as part of their public policy agenda. They have pledged to take an active role in affecting commodity prices and trade and support current legislation for healthcare reform. They also support an effective energy policy and are in favor of legal reform to reduce frivolous lawsuits against the industry.



Consumer Trends

Approximately 48% of all food dollars spent by consumers is spent in eating and drinking establishments. That figure is up dramatically since 1955 in which only 25% of all consumers spending for food and drink went to restaurants. 43% of adults are of the opinion that eating away is as cost effective as cooking at home and cleaning up.

Expenditures on food away from home rise dramatically for households with income before taxes of \$30,000 or more. Household incomes of greater than \$75,000 have increased to 28%. Higher income households tend to spend more of their food dollar in meals away from home.

According to the National Restaurant Association's Restaurant Spending the typical American household spent \$2,634 on food away from home, a per capita expenditure of \$1054. Households in metropolitan areas tend to spend more than households in non-metropolitan areas. Households with income over \$70,000 spent an average of \$4,544, \$1,466 per capita on food away from home. Other trends noted in the report showed that adults between 35 and 54 spend more on food away from home as a result of their higher incomes. Of that group, households headed by 35-44-year-olds spent an average of \$3,234 for food away from home.

Flourishing economic growth, changing lifestyles and a diverse ethnic population have contributed to the variety of cuisine and restaurant concepts, making the U.S. a world leader in restaurant innovation. Ethnic cuisines have mingled with traditional restaurant fare resulting in varied menus at every industry segment.

The baby boomer population, the demographic segment that has the most significant impact in terms of marketing and menu mix, is getting older. By the year 2010, 19% of the population will be between the ages of 50 and 64. The changing dining habits of this group will greatly influence menus and restaurant concepts in the coming years.

Statistics show that the average adult purchased a meal 5.3 times per week in 2004. Public awareness of health issues continues to prompt operators to provide more health conscious menu items. Entrée salads saw the most significant increase across all industry segments. Low-carb items, healthful options for children, and locally produced foods and produce have become more prevalent.



Operators expect to see continued interest in ethnic foods, high flavor items such as bold and spicy foods, sandwiches and seafood.

Beverage trends were characterized by the continuing popularity of bottled water, specialty coffees and iced tea, and increasing wine sales at full service restaurants. 69% of quick service operators reported that bottled water sales had significant increases.

Operation Trends

Greater use of technology and more reliance on staff training will be used to increase productivity and gain higher revenues. More than two-thirds of restaurant operators say they are more productive than they were two years ago. Nearly thirty percent of food-service operators say they are increasing their budget for technology spending.

Nearly two thirds of all restaurants now have websites including 9 out of 10 fine dining restaurants. In addition to posting information such as menu and location, an increasing number are expected to offer other services such as reservations, delivery and takeout ordering.

Menu prices for 2011 are not expected to increase substantially during 2011. 2009 and 2010 rose at a rate of 3.6%, slightly lower than the 4.4% growth seen in 2008, the strongest menu price increase since 1990. The 2009 increase was due in part because for the third consecutive year since 2008, restaurant operators battled soaring food costs. After rising 7.6 percent in 2007, wholesale food prices increased an even stronger 8 percent in 2008, the largest increase in nearly 3 decades.

Gift cards and gift certificates in restaurants continue to be the number one preference by consumers as compared to other retail industries. Gift card (and gift certificate) sales account for roughly 5% of annual restaurant sales. Expect a continued increase in the number of restaurants offering gift cards in 2011.

Banquet, catering, delivery and takeout continue to be on the rise in full service restaurants as operators take advantage of assets already in place. Half of family- and casual-dining operators and two thirds of fine-dining operators now offer catering. Nearly 40% of operators surveyed by the NRA say that takeout sales are a larger proportion of revenue than it was two years ago.

Menus will be strongly influenced by the health-conscious diners as well as the adventurous. The growing sophistication of American diner's palates as well



as the ethnic diversity in the U.S. will continue to challenge operators to roll out new menu items and ingredients

Information Sources

For more information about current trends and statistics, visit the National Restaurant Association website at www.restaurant.org.

2011 Restaurant Industry Forecast; National Restaurant Association

National Restaurant Association's *Restaurant Spending*

U.S. Department of Labor

U.S. Census Bureau

Target Market

We anticipate that Tijuana Tacos will appeal to a broad base of consumers. While we expect to be frequented by all types of diners in both the residential and business community, the concept should be particularly suited to specific demographic and market conditions. The location selected for Tijuana Tacos should contain characteristics similar to the targeted market for the restaurant.

The menu, service style and ambiance of Tijuana Tacos have been created to appeal primarily to the growing Hispanic market. The value oriented pricing should especially attract low income diners with a predominance of family households.

The market should be inhabited by a moderate population, providing a sufficient customer base of which to draw from. The immediate surrounding area should have a blend of single and multi-family housing.

Preferable demographic and market characteristics for Tijuana Tacos have been identified and summarized in the following table.

Market Characteristic	Preference
Population – City/Local	30,000+
Residential population – 1 mile radius	5,000+
Residential population – 3 mile radius	10,000+
Average age	30-35
Household size	2.5 or more
Ethnic majority	Hispanic
Location traffic count – lunch	700 cars/hr
Location traffic count – dinner	600 cars/hr
Household income	35,000+



Per capita income	15,000+
Primary diner trait	Traditional
Secondary diner trait	Adventurous; health-conscious
Major Industry base	No preference
Businesses – 1 mile radius	Multiple office buildings; numerous small businesses
Businesses – 3 mile radius	Same as above
Alcoholic Beverage Service	No alcohol service

Location Analysis

The location for Tijuana Tacos was selected because of the market similarities that exist between the proposed location and the target market for the concept. The combined cities of Richmond-Rosenberg have a population of over 35,000 according to the 2000 U.S. Census Report.

The residential population in the immediate area is comprised of a mixture of single family and multi-family housing. The median household income is \$38,656 for the Richmond-Rosenberg area.

Major employers include Frito-Lay and the Texas Department of Transportation.

The following chart shows the market characteristics for the selected site.

Demographic & Business Characteristics	Rosenberg	Richmond
Residential Population	25,102	11,909
# of Households	8278	3673
Avg. household size	3.00	3.16
Average Age	33	32
Ethnicity – Hispanic	56.42%	59.68%
Household income	46,885	50,723
Per capita income	15,575	16,666

Competitive Analysis

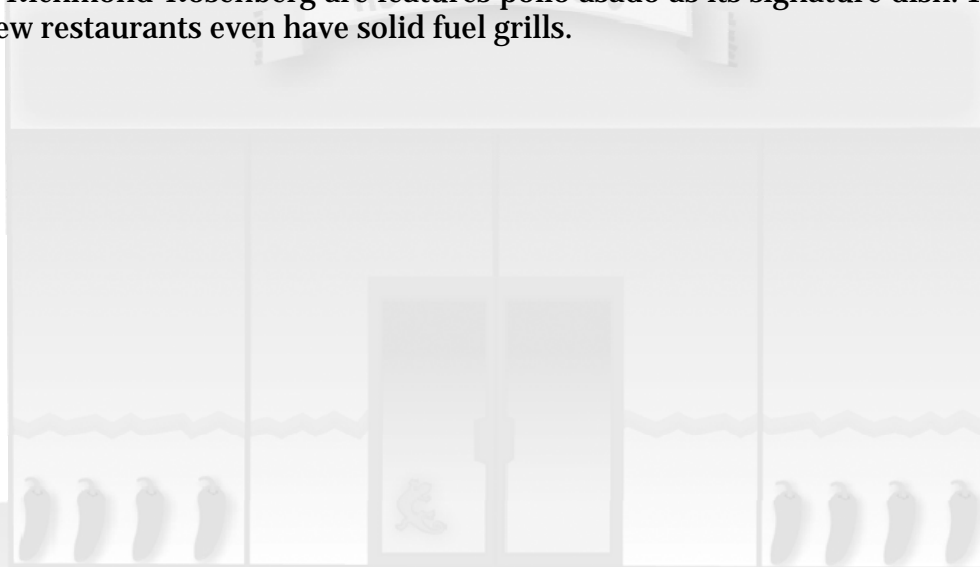
The proposed location for Tijuana Tacos is occupied largely by older restaurants. The majority of existing restaurants is comprised predominantly of Mexican restaurants, fast food, and a few full service concepts.

Restaurants that might be considered direct competition for our target market customers are listed in the next table. It is important to note that the restaurants listed are not necessarily similar concepts to Tijuana Tacos. However, we feel that we are competing for a similar customer base.



Name	Theme	B; L; D	Check Average
Bob's Taco	Full service serving Tex-Mex fare	[B,L]	\$6-\$10
La Casona Mexican Restaurant	Full service serving Tex-Mex fare	[L,D]	\$8-\$12
2M Malt-n-Burger	Drive-in Counter Service	[L,D]	\$5-\$7
Papa Mex	Full service serving Tex-Mex fare	[B,L]	\$6-\$8
CiCi's Pizza	Pizza Buffet	[L,D]	\$5-\$7
Schultz's BBQ	BBQ Counter Service	[L,D]	\$6-\$10

Tijuana Tacos should be considered unique to its competition because of the uniqueness of the charcoal grilled product that's offered. No other restaurant in the Richmond-Rosenberg are features pollo asado as its signature dish. In fact, very few restaurants even have solid fuel grills.



Marketing Strategy

Overview

The success of Tijuana Tacos will be achieved by serving great food, providing friendly service and employing an aggressive marketing plan to build customer traffic. Today's market requires more than just good food and service to make a restaurant successful. At Tijuana Tacos we will constantly strive to enthusiastically win more customers by being proactive rather than reactive in our marketing efforts.

Management will endeavor to create and maintain a positive, appealing image for the restaurant. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

Customer Database

Tijuana Tacos will aggressively seek to build a database of our guests. Guests will have an opportunity to be included in the database so they can participate in our promotions such as birthday or anniversary cards and frequent diner program. The database will be gathered and maintained on a system yet to be decided.

Tijuana Tacos will respect our guest privacy by confidentially protecting personal information we collect. See Appendices for our customer Privacy Policy.

Frequent Diner

The restaurant's marketing plan will include an active Frequent Diner program. The program will allow us to reward our guests for their continued patronage. The program shall have flexibility to allow us to be creative in our reward structure. Additionally, it should allow us to adapt to changing market trends.

We anticipate implementing a Frequent Diner program as a function of our POS (Point of Sale) system. Several of the major POS systems have this feature. Alternatively, there are several stand alone programs that the management team will review. The management team will thoroughly review each program to determine which system most effectively meets the requirements to make Tijuana Tacos successful.

Email Campaign

We anticipate capitalizing on our customer database by instituting an effective email marketing strategy. We will give our customer the option to



receive email communications from our restaurant. Customer's privacy will be protected and we will not email our customers without their permission.

Our email marketing strategy will include an awareness not to inundate our guests with email. Promotional content will be developed with the goal of enticement versus quantity.

The program should incorporate tools to measure effectiveness and customer satisfaction.

Mailer campaign

Tijuana Tacos will further take advantage of our customer database by also implementing a consistent direct mail strategy. This strategy will include promotions such as sending a birthday card to our guests and informing them of catering promotions.

We will seek the use of a local mailing service program to assist us in the implementation of the campaign.

Community/Charity Involvement

The general manager will be responsible for identifying community organizations such as churches, sports teams and other clubs located in the market. Tijuana Tacos will have an active role in the promotion of these organizations through participation, donations and sponsorship. Representatives of Tijuana Tacos will be available from time to time to take active leadership roles when feasible.

Business Relationships

The concept of Tijuana Tacos lends itself to obtain favorable benefits from strategic business relationships. Our appeal as an inexpensive, quick service restaurant positions us as a likely destination for workers during lunch.

We also anticipate a significant carryout and catering business. The general manager will actively pursue business relationships that will be beneficial to Tijuana Tacos.

4 Walls Marketing

In house marketing will be heavily promoted at Tijuana Tacos. Management will constantly find methods to promote the restaurant to our guests on a daily basis.

Our staff will be trained and encouraged to promote suggestive selling techniques. Up-selling to our customers will be emphasized on a daily basis.



Public Relations

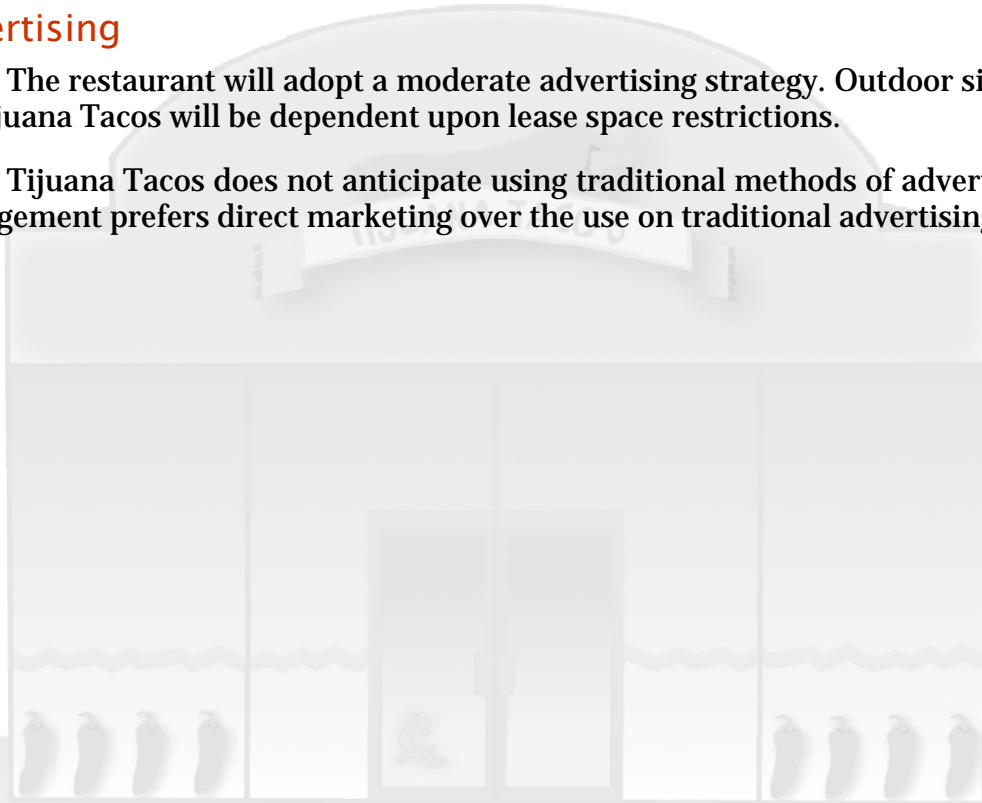
The general manager will be entrusted with the task of generating positive PR for Tijuana Tacos. Likely solutions for advancing the restaurant's public image may include the hiring of a public relations consultant or firm as deemed necessary by the general manager. Possible publicity opportunities include the promotion of charitable events, press releases and columnist reviews.

Special attention will be given to connect our community and charity involvement with PR opportunities.

Advertising

The restaurant will adopt a moderate advertising strategy. Outdoor signage for Tijuana Tacos will be dependent upon lease space restrictions.

Tijuana Tacos does not anticipate using traditional methods of advertising. Management prefers direct marketing over the use on traditional advertising.



Overview

Management will establish sound operating guidelines by which to conduct the day to day operations for Tijuana Tacos. Policies, systems and procedures will be adopted and documented using the combined resources of RestaurantOwner.com and the previous experiences of the management team. Our membership at RestaurantOwner.com provides the management team with valuable, up to date resources to assist in the startup and operation of Tijuana Tacos. The site contains hundreds of articles, downloadable tools and other resources packed with practical insights on marketing, customer service, restaurant startup, business management, menu promotion, staffing and much more. Management will have at their disposal the expertise of thousands of other operators through a member forum.

Staffing

Tijuana Tacos is expected to employ from 9 to 15 employees. Management has adopted an effective interview process designed to staff the restaurant with highly qualified people for each position. Each applicant will be rated and evaluated according to a pre-defined set of standards adopted for each position. Background checks will be utilized for designated positions.

Recruiting efforts will center on referrals and the direct recruiting efforts of the general manager.

Expected staffing levels for both full and part time positions for the restaurant are shown in the following table:

Position	Full Time #	Part Time #	Pay Range
General Manager	[1]		\$40,000-\$50,000/yr + profit sharing
Asst. Manager/Cashier	[1]		\$10 - \$12/hr
Line Cooks	[2]	[2]	\$9-\$10/hr
Prep Cooks	[2]	[2]	\$6-\$8/hr
Cashier/Server	[2]	[2]	\$7-\$9/hr

Training

A thorough training program will be adopted for every position in the restaurant. Highly qualified people filling those positions will be provided training materials and personal instruction. They will learn the Tijuana Tacos method of how to operate a successful restaurant.



Newly hired personnel will be instructed in customer service, safety, and health laws in addition to the job functions of their respective positions. Training manuals for each position will be edited to reflect the unique requirements of Tijuana Tacos.

Daily Operations & Production

Tijuana Tacos will be opened 7 days a week for lunch and dinner necessitating multiple shifts. Schedules will be written by the general manager and posted every *two* weeks. The schedules will be written in a manner that allows management to increase or decrease hourly labor according to sales volume in order to maintain a consistent labor cost control.

The menu has been created in a manner to allow the preparation of many recipe ingredients to be done ahead of time. Proper labeling and rotation techniques, accompanied by ample storage facilities will ensure that high quality prepared product will be sufficiently available to meet the demands during peak business hours. Replenishment and ongoing preparation will continue during off peak business hours.

Management will be responsible for ordering, receiving and maintaining sufficient inventory to meet production demands. Ordering schedules will be staggered with perishable products being ordered multiple times per week to preserve freshness. Standard grocery and supply orders will be ordered less often, according to a predetermined schedule and storage capacity.

Management will adopt the use of operational checklists to verify that each work shift has been properly prepared for and to insure the operational standards are followed before, during and after work shifts.

The counter service style of Tijuana Tacos is by design intended to complement the guests overall perception of the restaurant, creating a designed guest experience. The restaurant layout, including the dining room, kitchen and serving line, has been designed for efficiency and flexibility to accommodate the fluctuation in customer traffic and peak meal periods.

The production of our menu and servicing of the guest begins with the arrival of the guest. Guests will be greeted with the aroma of the mesquite charcoal grill. A large menu board with the simple menu listing will be situated to one side of a glass window that separates the grill area from the guest.

The guest will place their order with the cashier and pay immediately. Awaiting guests will be given an order number that will be called out when ready. Orders will automatically be printed to a requisition printer located in the grill area. The grill cook will use the printed ticket to keep track of orders and staple to the bag once the order is completed.

The kitchen preparation line has been designed to be operated by a minimum staff of 1 line cook and a maximum of 4 cooks. This design allows line staffing to be adjusted to the business volume.



Shift changes for all staff will entail cleanup, restocking and preparation. All monies will be settled at the end of each shift. The closing shift will involve designated closing duties that will leave the restaurant clean and fully prepared for the next day opening crew.

Customer Service

Customer service at Tijuana Tacos will be given special emphasis throughout the operation. Customer surveys estimate that only 1 in 20 customers that have a problem in a restaurant will tell management about it. It will be our goal to provide a product in a manner that exemplifies highly responsive and proactive customer service.

Training programs will include specific material to teach our employees about service attitudes, customer perception and how to deal with guest complaints. Management will conduct periodic staff meetings intended to review policy, increase guest satisfaction and to keep a general line of communication between staff and management.

All guest complaints will be empathetically acknowledged by the staff and immediately referred to management. Programs will be in place to systematically deal with various types of guest complaints. More serious complaints will be documented and kept on file.

Customer feedback will be accomplished by customer surveys or the use of mystery shoppers.

Suppliers

Management will establish relationships with qualified suppliers (vendors) that can provide reasonably priced product, delivered according to the schedule that benefits the restaurant. Alternate suppliers will be identified for use if the regular supplier cannot deliver the products needed. The following table illustrates the suppliers we plan on doing business with:

Product	Main Supplier	Terms	Alternate Supplier
Grocery, supplies	Sysco Food Service	15 days	Ben E. Keith
Chicken	Martin Foodservice	7 days	Texas Meat Purveyors
Beverage	Coca-Cola Bottling	COD	Restaurant Services, inc.
Alarm Monitoring	ADT	Net 30	N/A
Pest Control	Rollins	Net 30	Integrated Pest Control



Management Controls

Management will practice sound management procedures in order to control costs, insure quality of product and provide friendly customer service. The following systems will be used by management:

POS System : Careful evaluation and dutiful research will be used in the selection of a POS (point of sale) system that best meets the needs of Tijuana Tacos. The POS system will be configured with requisition printing, a process which forces food and beverage items to be registered in the system before the items can be prepared. Requisition printing has proven to reduce costs by as much as 3-5%. The POS system will also be the control center to regulate the flow of service and item preparation. Built-in cash controls will help in tracking sales and receipts.

Time & Attendance System : The restaurant will use an automated time and attendance system. Management will evaluate systems that are integrated into the POS system as well as stand alone time clock systems. Hourly labor cost control and the ability to transfer information to our payroll processing will be key factors in system selection.

Scheduling System : Management will adopt a scheduling system that expedites the preparation of schedules, reflects anticipated labor budgets, and helps to regulate labor cost.

Operations Checklists : The restaurant will be managed with the use of various checklists. Consistent use of checklists will help to maintain quality control while ensuring that established procedures are followed. Checklists will be used by various personnel for customer service, purchasing, receiving and storage, preparation, cleaning, shift changes, opening and closings.

Order Guide. The restaurant will use an item specific order guide to track order history and maintain designated levels of product in inventory.

Weekly Inventory : Management will conduct a weekly inventory to determine valuation for use in the preparation of weekly profit and loss reports.

Daily Inventory Tracking : Daily inventory will be taken on specific items. Movement will be compared to sales data to ensure designated products have been properly accounted for.

Cash Audits : Management will conduct periodic cash audits for all cashier stations. Surprise shift audits are an effective tool to determine cashier/bartender under ringing.

Video Surveillance : Video surveillance will be in place to monitor activities and deter crime.

Safety Reviews : Periodic safety assessments will be performed to ensure that employees and guests are not exposed to dangerous or harmful conditions or actions.



Liability Reviews : Periodic assessments will also be done to evaluate the liability exposure of the restaurant. Alcohol awareness, employee relations and guest treatment will be scrutinized from time to time.

Administrative Systems

Daily Cash Control. Sales and receipts recorded by the POS system will be compared to actual cash and credit card deposits on a daily basis. Acceptable over/short amounts will be limited to \$5.00 per day. Discrepancies greater than \$5.00 will prompt management to conduct an immediate audit to account for the difference. Monthly totals will be compared to actual P&L statements for accuracy.

Cash, debit card and credit card receipts will be deposited in a deposit account that is kept separate from the general operating account. Transfers to the general operating account will be made as necessary. Separation of the two accounts is intended to aid in account reconciliation and cash flow management.

Weekly Prime Cost Report. The manager will prepare a weekly report that shows the gross profit margin after cost of goods sold and labor cost has been deducted from the sales revenue. The prime cost for this type of restaurant is expected to range from 60% to 65%. Proper control of the prime cost is the single most effective measure of management's ability to operate the restaurant. Weekly monitoring allows for quick reaction to adverse cost ratios.

Purchasing Records/Payables. A part time bookkeeper will process and record invoices and credits daily. Reports detailing cash expenditures, payments by check, and accounts payable transactions will be readily available. Check disbursements will be prepared by the bookkeeper. Check signing authority for the general operating account will be given to the general manager.

Accounting System/Service. The General Partner will be responsible for the timely preparation of monthly financial statements, including monthly Profit & Loss and Balance sheet. To accomplish this task Tijuana Tacos will employ a bookkeeping service or CPA.

Payroll Processing. Payroll checks will be issued bi-weekly. The general manager will run reports from the time & attendance system, make necessary adjustments, and prepare for transfer to the payroll system. Payroll will be processed by a payroll processing service.



Investment Analysis

Source of Funds

Funding for the venture will be provided by contributions from the partners and proceeds from bank financing. The proposed sources of funds are as follows:

Source of Funds	Amount
Principal Partner	\$ 20,000
Managing Operating Partner	\$ 5,000
Investment Partners (5 @ \$15,000 ea.)	\$ 75,000
Bank Loan	\$ 66,525
Total	\$166,525

The bank loan will be guaranteed by Tijuana Tacos, L.P. and by the Principal Operating Partner, RestaurantOwner, LLC.

Capital Contributions (Investment Roles)

The amount required from each of these investment roles, as shown in the Source of Funds section, is dependent upon the successful acquisition of funds from each of the listed sources. The funds will be used to fulfill the projected capital budget requirements as explained in the Financial Projections section. Adjustments to the amount of funds needed by each source may be necessary in the event of unforeseen circumstances. Allowances for that possibility have been addressed in the Partnership Agreement.

-Principal Operating Partner. The Principal Operating Partner will contribute \$20,000 to the capitalization. The Principal Operating Partner will also guarantee the bank loan.

The Principal Operating Partner will be limited to 15% of cash distributions until such time that the Investment Partners have received a 100% return on their original investment. Afterwards, the cash distribution percentage will be set at 50%. The Managing Operating Partner will contribute \$5,000 to the capitalization.

-Managing Operating Partner. The Managing Operating Partner will be limited in similar fashion to 5% of the cash distributions until such time that the Investment Partners have received a 100% return on their original investment. Afterwards, the cash distribution percentage will be set at 10%.

-Investment Partners. Investment Partners will have limited liability, a benefit provided to them through the limited partnership agreement. Each Investment Partner share will contribute \$15,000 to the capitalization. The



aggregate of Investment Shares will receive 80% of all cash contributions (16% per investment share) until such time that 100% of the original investment contribution has been repaid. Afterwards, the cash distribution will be reduced to match the equity percentage of ownership which is 8% per investment share or 40% for the aggregate.

Individuals may purchase multiple investment shares. Each Investment share will have a cash call ceiling of \$10,000 per share as a safeguard in case of negative cash flow.

Return on Investment (ROI) Analysis

Investment Role	How many of each	Amount of Contribution	Anticipated Recovery Time on Original Investment	Cash Distribution Share Until Original Investment is Recovered	Cash Distribution Share After Original Investment is Recovered	Average Annual Rate of Return on Investment (Over 5 years)
Principal Operating Partner	1	\$20,000	1.4 years	15%	50%	173%
Managing Operating Partner	1	\$5,000	1.4 years	5%	10%	148%
Investment Partners	5	\$15,000	1.4 years	16% (80%Aggregate)	8% (40%Aggregate)	52.8%

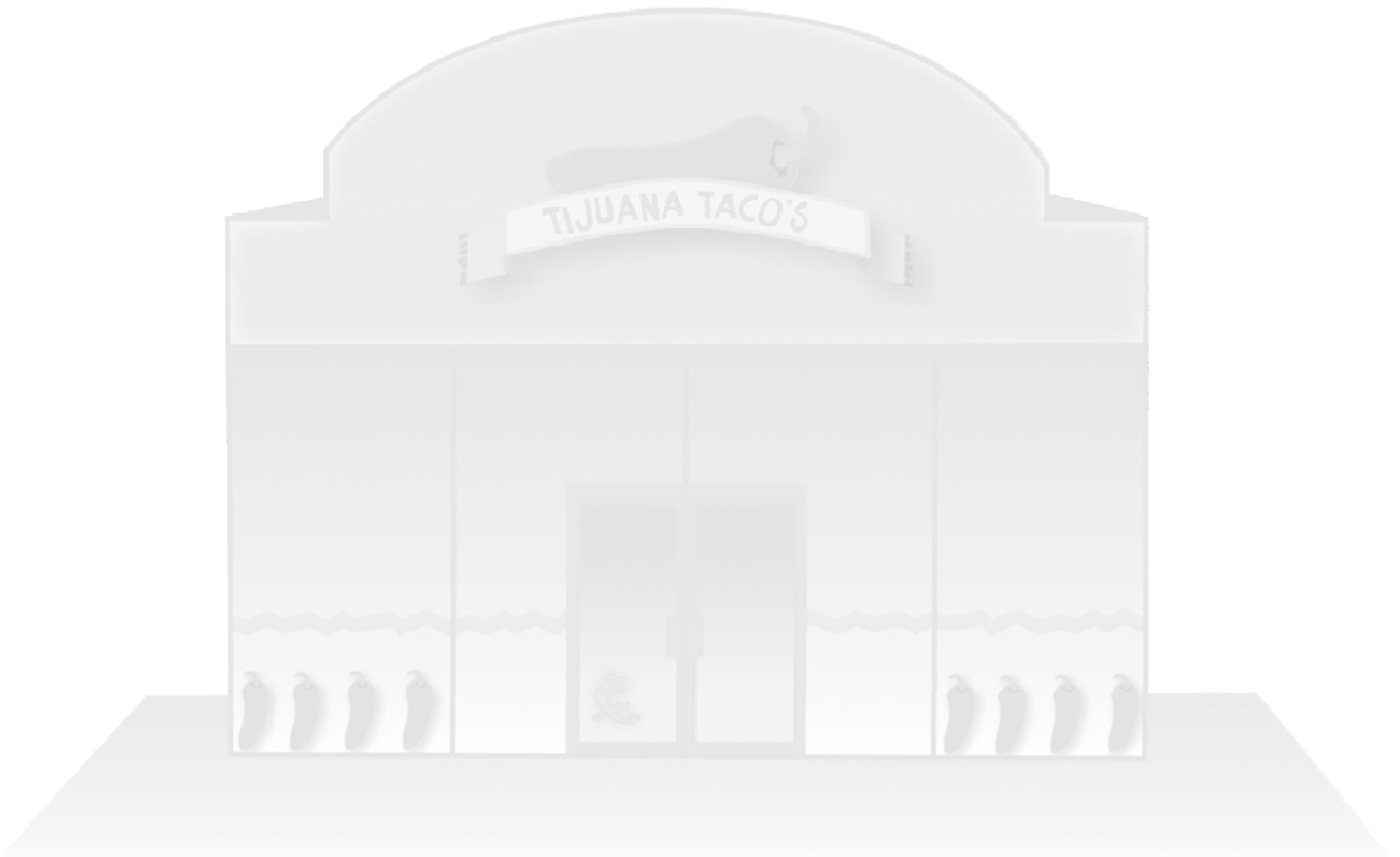
Equity Analysis

Investment Role	How many of each	Amount of Contribution	Ownership %	Cash Distributions %	Additional Cash Call Liability
Principal Operating Partner	1	\$20,000	50%	50%	Maximum \$25,000
Managing Operating Partner	1	\$5,000	10%	10%	None
Investment Partners	5	\$15,000	8%	8%	Maximum \$10,000

These tables suggest the anticipated ROI and equity distributions. They are intended to be a summary only and do not reflect unanticipated occurrences.



Please refer to the partnership agreement for clarification of equity and cash distributions.



Growth Plan/Exit Strategy

Expansion Plans

Tijuana Tacos' appealing menu, comfortable atmosphere and reasonable prices will position the concept for broad customer appeal in a wide range of markets.

The operating partner(s) will focus first and foremost on developing this concept to achieve a successful return on investment without the need for expansion. However, because of its broad appeal, the concept does lend itself to expansion opportunities. The comprehensive approach we've taken in the creation of the business philosophy, systems and controls will enhance our ability to deal with the expansion of the concept.

Investor Exit Options

The Partnership Agreement has provisions to allow investor partners to sell or forfeit their interest in Tijuana Tacos, L.P.

The basic premise for these provisions allow the Principal Operating Partner a first right of refusal. Specifics surrounding these provisions are addressed in the Partnership Agreement.

Investor Expansion Options

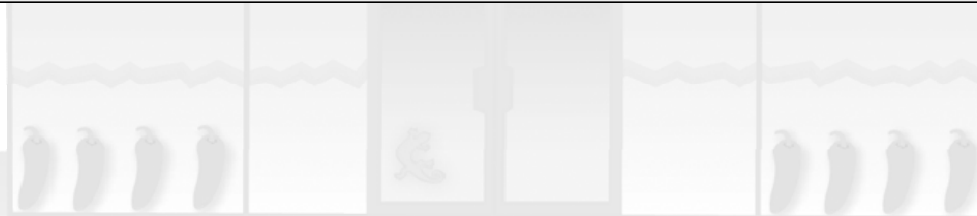
Investment Partners participating in this venture will have first right of refusal for the next Tijuana Tacos venture.



Financial Projections

Project Sources & Uses of Cash

Tijuana Tacos, L.P. Projected Sources & Uses of Cash Development & Startup Period		
SOURCES OF CASH:		
Equity Contributions	\$ 100,000	
Loan Financing	66,525	
TOTAL SOURCES OF CASH		\$ 166,525
USES OF CASH:		
Land & Building	0	
Leasehold Improvements	40,000	
Bar / Kitchen Equipment	50,000	
Bar / Dining Room Furniture	3,000	
Professional Services	2,500	
Organizational & Development	9,750	
Interior Finishes & Equipment	8,375	
Exterior Finishes & Equipment	3,000	
Pre-Opening Expenses	19,900	
Working Capital & Contingency	30,000	
TOTAL USES OF CASH		\$ 166,525



Capital Budget (Start-up Cost Projections)

Tijuana Tacos, L.P.	
Capital Budget	
	TOTAL COST
	Detail
LAND & BUILDING	0
Land	
Building - Construction / Contractor Fees	
LEASEHOLD IMPROVEMENTS	40,000
Construction Contract	40,000
Landlord Contribution	0
KITCHEN EQUIPMENT	50,000
DINING ROOM FURNITURE	3,000
PROFESSIONAL SERVICES	2,500
Architect & Engineering	0
Legal (lease & incorporation)	750
Project Consultant	0
Accounting & Tax	750
Name, Logo & Graphic Design	1,000
ORGANIZATIONAL & DEVELOPMENT	9,750
Deposits (utilities, sales tax, etc.)	2,000
Insurance Binder (property, casualty, liability)	1,200
Workers Comp. Binder	1,000
Building Permits	200
Other Licenses & Permits	350
Utility Deposits (gas, electric, water)	0
Change, Operating Banks & Petty Cash	1,000
Menus / Menu Boards	1,500
Lease Deposit	1,500
Travel, Research, Concept Development	1,000
INTERIOR FINISHES & EQUIPMENT	8,375
Kitchen Smallwares	1,500
Artwork & Specialty Decor	1,000
Security System	250
Music/Sound/Audio-Visual Systems	1,500
Cash Register / Point of Sale	2,000
Phone System	250
Office Equipment / Computer	1,500
Office Supplies	75
Interior Signs	300
Drive-Thru Signs & Equipment	0
Other	0
EXTERIOR FINISHES & EQUIPMENT	3,000
Landscaping	0
Exterior Signs & Decorations	3,000
Resurfacing	0
Parking Bumpers	0
Parking Lot Striping	0
Other	0
PRE-OPENING EXPENSES	19,900
Construction Period Utilities	2,000
Construction Period Building Lease	0
Construction Period Interest	0
Uniforms	0
Opening Inventories -	
Food & Beverage	1,000
Paper	300
Retail Merchandise	0
Other Restaurant Supplies	500
Marketing -	
Advertising	1,500
Public Relations	1,500
Opening Parties	1,500
Personnel -	
General Manager	8,000
Assistant Manager(s)	0
Hourly Employees	3,000
Payroll Taxes & Employee Benefits	600
WORKING CAPITAL & CONTINGENCY	30,000
Working Capital	20,000
Contingency	10,000
TOTAL PROJECT COST	\$ 166,525



Sales Projection

Tejas Tacos, LLC								
Weekly Sales Projection								
Number of Seats		38						
		Counter		Drive-Thru			Total Sales	% of Week Sales
		# of Customers	Sales	Number of Cars	# of Customers	Sales		
Monday	Breakfast	0	0	0	0	0	0	
	Lunch	70	525	0	0	0	525	
	Dinner	80	720	0	0	0	720	
	Day Totals	150	\$1,245	0	0	\$0	\$1,245	11.6%
Tuesday	Breakfast	0	0	0	0	0	0	
	Lunch	75	563	0	0	0	563	
	Dinner	85	765	0	0	0	765	
	Day Totals	160	\$1,328	0	0	\$0	\$1,328	12.4%
Wednesday	Breakfast	0	0	0	0	0	0	
	Lunch	85	638	0	0	0	638	
	Dinner	95	855	0	0	0	855	
	Day Totals	180	\$1,493	0	0	\$0	\$1,493	13.9%
Thursday	Breakfast	0	0	0	0	0	0	
	Lunch	85	638	0	0	0	638	
	Dinner	95	855	0	0	0	855	
	Day Totals	180	\$1,493	0	0	\$0	\$1,493	13.9%
Friday	Breakfast	0	0	0	0	0	0	
	Lunch	90	675	0	0	0	675	
	Dinner	120	1,080	0	0	0	1,080	
	Day Totals	210	\$1,755	0	0	\$0	\$1,755	16.4%
Saturday	Breakfast	0	0	0	0	0	0	
	Lunch	85	638	0	0	0	638	
	Dinner	120	1,080	0	0	0	1,080	
	Day Totals	205	\$1,718	0	0	\$0	\$1,718	16.0%
Sunday	Breakfast	0	0	0	0	0	0	
	Lunch	100	750	0	0	0	750	
	Dinner	70	630	0	0	0	630	
	Day Totals	170	\$1,380	0	0	\$0	\$1,380	12.9%
WEEK TOTALS	Week Totals	1,255	\$10,410	0	0	\$0	\$10,410	
	Sales Mix %	100.0%		0.0%		100.0%		
Catering / Parties/ Outside Sales	Ave. # of events /Week		2.0					
	Average Count		20					
	Per Person Average \$		\$7.50					
	Ave. Catering Sales Per Week				\$300		2.8%	
WEEK TOTALS - All Sales	Totals in \$						10,710	100.0%
RECAP: Key Sales Numbers:								
Annual Sales		\$556,920						
Average Monthly Sales		\$46,410						
Annual Sales Per Square Foot		\$464						
Annual Sales Per Seat		\$14,656						



Hourly Labor Projection

Tijuana Tacos, L.P.

Hourly Labor Projection Worksheet

- EARLY -		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday		WEEK	
Covers		70		75		85		85		90		85		100		850	
Total Restaurant Sales		\$525		\$563		\$638		\$638		\$675		\$638		\$750		\$4,425	
Position	Rate	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Labor \$	
Prep Cooks	\$ 7.00	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	\$294	
Fry 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	
Grill Cooks	\$ 9.00	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	\$378	
Counter	\$ 6.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Counter Cashier	\$ 7.00	4.0	1	4.0	1	4.0	1	4.0	1	4.0	1	4.0	1	4.0	1	\$280	
Asst. Mgr/Cashier	\$ 10.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Other	\$ 0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Other	\$ 0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Labor Cost Per Shift - \$		\$124		\$124		\$124		\$124		\$124		\$145		\$163		\$928	
Labor Cost Per Shift - %		23.6%		22.0%		19.5%		19.5%		18.4%		22.7%		21.7%		21.0%	

- PM SHIFT -		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday		WEEK	
Covers		80		85		95		95		120		120		70		625	
Total Restaurant Sales		\$720		\$765		\$855		\$855		\$1,080		\$1,080		\$630		\$5,985	
Position	Rate	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours	#	Labor \$	
Prep Cooks	\$ 7.00	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	\$294	
Fry 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	
Grill Cooks	\$ 9.00	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	6.0	1	\$378	
Counter	\$ 6.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Counter Cashier	\$ 7.00	0.0	0	0.0	0	7.0	1	7.0	1	0.0	0	0.0	0	0.0	0	\$8	
Asst. Mgr/Cashier	\$ 10.00	7.0	1	7.0	1	0.0	0	0.0	0	7.0	1	7.0	1	8.0	1	\$360	
Other	\$ 0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Other	\$ 0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Other	\$ 0.00	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	\$0	
Labor Cost Per Shift - \$		\$166		\$166		\$145		\$145		\$166		\$166		\$176		\$1,130	
Labor Cost Per Shift - %		23.1%		21.7%		17.0%		17.0%		15.4%		15.4%		27.9%		18.9%	

- DAY / WEEK TOTALS - HOURLY LABOR - (without Catering/Special Event Labor)		\$230		\$230		\$269		\$269		\$230		\$311		\$339		\$2,058	
Hourly Labor - \$		23.3%		21.8%		18.0%		18.0%		16.5%		18.1%		24.6%		19.8%	
Hourly Labor Cost - %																	

- CATERING / SPECIAL EVENT LABOR -		20		\$8		\$150		\$0	
Average Event Guest Count									
Per Person Average \$									
Average Sales Per Event									
Position	Rate	Hours	#	Hours	#	Labor Cost \$			
Sales Pers on Commission %	0.0%								

WEEKLY HOURLY LABOR with CATERING LABOR		2.0		\$32		\$64		\$2,122	
Ave. Number of Events Per Week									
Ave. Labor Cost Per Event									
Total Catering Labor Per Week									
Total Hourly Labor Per Week with Catering Labor									



Detailed Statement of Income & Cash Flow Year 1

Tijuana Tacos, L.P. Annual Operating Projection - Detail First Full Year of Operations				
	MONTHLY AVE		ANNUAL	
Sales:				
Food & Beverage	\$ 46,410	100.0%	\$ 556,920	100.0%
TOTAL SALES	46,410	100.0%	556,920	100.0%
Cost of Sales:				
Food & Beverage	15,315	33.0%	183,784	33.0%
Paper	928	2.0%	11,138	2.0%
TOTAL COST OF SALES	16,244	35.0%	194,922	35.0%
Gross Profit	30,167	65.0%	361,998	65.0%
Payroll:				
Salaries & Wages -				
Management	3,333	7.2%	40,000	7.2%
Hourly Employees	9,195	19.8%	110,344	19.8%
Total Salaries & Wages	12,529	27.0%	150,344	27.0%
Employee Benefits -				
Payroll Taxes - Mgt. Incentive	1,021	2.2%	12,253	2.2%
Worker's Comp.	626	1.3%	7,517	1.3%
Group Medical Insurance	400	0.9%	4,800	0.9%
Other	0	0.0%	0	0.0%
Total Employee Benefits	2,048	4.4%	24,570	4.4%
TOTAL PAYROLL	14,576	31.4%	174,914	31.4%
PRIME COST	30,820	66.4%	369,836	66.4%
Other Controllable Expenses:				
Direct Operating Expenses				
Auto Expense	50	0.1%	600	0.1%
Cleaning Supplies	150	0.3%	1,800	0.3%
Contract Cleaning	0	0.0%	0	0.0%
Extermination	150	0.3%	1,800	0.3%
Kitchen Utensils	75	0.2%	900	0.2%
Laundry & Linen	125	0.3%	1,500	0.3%
Licenses & Permits	50	0.1%	600	0.1%
Miscellaneous	550	1.2%	6,600	1.2%
Security System	75	0.2%	900	0.2%
Uniforms	0	0.0%	0	0.0%
Total Direct Operating Expenses	1,225	2.6%	14,700	2.6%
Music & Entertainment -				
Musak & Sound System	150	0.3%	1,800	0.3%
Other	0	0.0%	0	0.0%
Total Music & Entertainment	150	0.3%	1,800	0.3%
Marketing -				
Selling & Promotions	200	0.4%	2,400	0.4%
Advertising	200	0.4%	2,400	0.4%
Printed Materials	100	0.2%	1,200	0.2%
Research	0	0.0%	0	0.0%
Total Marketing	500	1.1%	6,000	1.1%
Utilities -				
Electrical	400	0.9%	4,800	0.9%
Gas	200	0.4%	2,400	0.4%
Water	150	0.3%	1,800	0.3%
Trash Removal	200	0.4%	2,400	0.4%
Total Utilities	950	2.0%	11,400	2.0%
General & Administrative -				
Accounting Services	300	0.6%	3,600	0.6%
Bank Charges	50	0.1%	600	0.1%
Bank Deposit Services	100	0.2%	1,200	0.2%
Cash (Over) / Short	50	0.1%	600	0.1%
Credit Card Charges	464	1.0%	5,569	1.0%
Dues & Subscriptions	25	0.1%	300	0.1%
Miscellaneous	100	0.2%	1,200	0.2%



Tijuana Tacos, L.P.
Annual Operating Projection - Detail
First Full Year of Operations

	MONTHLY AVE		ANNUAL	
Office Supplies	25	0.1%	300	0.1%
Payroll Processing	200	0.4%	2,400	0.4%
Postage	25	0.1%	300	0.1%
Legal & Professional Fees	400	0.9%	4,800	0.9%
Protective Services	0	0.0%	0	0.0%
Telephone	100	0.2%	1,200	0.2%
Training Costs	30	0.1%	360	0.1%
Total General & Administrative	1,869	4.0%	22,429	4.0%
Repairs & Maintenance -				
Building Repairs & Maint.	300	0.6%	3,600	0.6%
Equipment Repairs & Maint.	300	0.6%	3,600	0.6%
Grounds, Landscaping & Parking Lot	200	0.4%	2,400	0.4%
Total Repairs & Maintenance	800	1.7%	9,600	1.7%
CONTROLLABLE PROFIT	10,096	21.8%	121,155	21.8%
Occupancy Costs & Depreciation				
Occupancy Costs -				
Rent & Common Area Maintenance	1,500	3.2%	18,000	3.2%
Percentage Rent	0	0.0%	0	0.0%
Common Area Maintenance (CAM)	200	0.4%	2,400	0.4%
Equipment Rental	0	0.0%	0	0.0%
Real Estate Taxes	200	0.4%	2,400	0.4%
Personal Property Taxes	250	0.5%	3,000	0.5%
Insurance on Building & Contents	400	0.9%	4,800	0.9%
Liquor Liability	0	0.0%	0	0.0%
Total Occupancy Costs	2,550	5.5%	30,600	5.5%
Depreciation & Amortization -				
Building	0	0.0%	0	0.0%
Leasehold Improvements	118	0.3%	1,419	0.3%
Furniture & Equipment	713	1.5%	8,554	1.5%
Pre-Opening Costs	398	0.9%	4,780	0.9%
Total Depreciation	1,229	2.6%	14,753	2.6%
TOTAL OCCUPANCY & DEPREC.	3,779	8.1%	45,353	8.1%
Other (Income) Expense -				
Vending & Telephone Commissions	0	0.0%	0	0.0%
Grease Sales	0	0.0%	0	0.0%
Misc Other Income	0	0.0%	0	0.0%
Interest	462	1.0%	5,540	1.0%
Misc Other Expense	0	0.0%	0	0.0%
Total Other (Income) Expense	462	1.0%	5,540	1.0%
NET INCOME BEFORE INCOME TAXES	\$ 5,855	12.6%	\$ 70,262	12.6%
ADD BACK:				
Depreciation & Amortization	1,229	2.6%	14,753	2.6%
DEDUCT:				
Loan Principal Payments	(919)	(23.8%)	(11,032)	(2.0%)
CASH FLOW BEFORE INCOME TAXES	\$ 6,165	13.3%	\$ 73,983	13.3%



Summary Statements of Income & Cash Flow Years 1-5

Tijuana Tacos, L.P. 5 Year Operating Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales:					
Food & Beverage	\$ 556,920	\$ 584,766	\$ 614,004	\$ 644,705	\$ 676,940
TOTAL SALES	556,920	584,766	614,004	644,705	676,940
Cost of Sales:					
Food & Beverage	183,784	192,973	202,621	212,762	223,380
Paper	11,138	11,695	12,280	12,884	13,539
TOTAL COST OF SALES	194,922	204,668	214,902	225,647	236,920
Gross Profit	361,998	380,098	399,103	419,068	440,011
Payroll:					
Salaries & Wages	150,344	154,854	159,500	164,285	169,213
Employee Benefits	24,570	25,307	26,067	26,849	27,654
TOTAL PAYROLL	174,914	180,162	185,567	191,134	196,868
PRIME COST	369,836	384,830	400,468	416,780	433,736
Other Controllable Expenses:					
Direct Operating Expenses	14,700	15,141	15,595	16,063	16,546
Music & Entertainment	1,800	1,854	1,910	1,967	2,026
Marketing	6,000	6,180	6,365	6,556	6,753
Utilities	11,400	11,742	12,084	12,467	12,831
General & Administrative Expenses	22,429	23,102	23,785	24,509	25,244
Repairs & Maintenance	9,600	9,888	10,185	10,480	10,805
TOTAL OTHER CONTROLLABLE EXP.	65,929	67,907	69,944	72,043	74,204
CONTROL LABLE PROFIT	121,155	132,029	143,532	155,882	168,938
Occupancy Costs & Depreciation					
Occupancy Costs	30,600	31,518	32,464	33,437	34,441
Depreciation & Amortization	14,763	14,763	14,763	14,763	14,763
Other (Income) Expenses					
Other (Income)	0	0	0	0	0
Interest Expense	5,540	4,505	3,373	2,135	780
Other Expense	0	0	0	0	0
NET INCOME BEFORE INCOME TAXES	\$ 70,262	\$ 81,254	\$ 93,003	\$ 105,557	\$ 118,966
ADD BACK:					
Depreciation & Amortization	14,763	14,763	14,763	14,763	14,763
DEDUCT:					
Loan Principal Payments	(11,032)	(12,067)	(13,189)	(14,437)	(15,791)
CASH FLOW BEFORE INCOME TAXES	\$ 73,983	\$ 83,940	\$ 94,557	\$ 105,873	\$ 117,927
	13.3%	14.4%	15.4%	16.4%	17.4%



Return on Investment Projection

Tijuana Tacos, L.P.

5 Year Operating Projections

Year 1

Year 2

Year 3

Year 4

Year 5

PROJECTED INVESTMENT RETURNS

Distributable Cash Flow Percent*

Distributable Cash Flow

Cash Distribution:

Investment Partner/Member (LLC)

Operating Partner/Member (LLC)

Investment Partner/Member (LLC) Returns:

Net Investment After Cash Distributions - End of Year

Payback Period

Annual Return on Investment (before tax)

Average Annual Return on Investment

80%

\$59,187

\$47,349

\$11,837

\$27,651

1.4 yrs.

63.1%

52.8%

80%

\$67,152

\$38,079

\$29,073

\$0

50.8%

85%

\$80,373

\$32,149

\$48,224

\$0

42.9%

90%

\$96,286

\$38,114

\$57,171

\$0

50.8%

90%

\$106,135

\$42,454

\$63,681

\$0

56.6%

* It may be advantageous to retain a portion of the cash flow in the business for working capital, capital improvement reserves or for other reasons.

INVESTMENT ASSUMPTIONS

Total Equity Investment

Operating Partner/Member (LLC)

Equity Contribution

Cash Distribution Ratio Before Investor Payback*

Cash Distribution Ratio After Investor Payback

Investment Partner/Member (LLC)

Equity Contribution

Cash Distribution Ratio Before Investor Payback

Cash Distribution Ratio After Investor Payback

\$100,000

\$25,000

20%

60%

\$75,000

80%

40%

* Investor "Payback" is the point at which the investor recoups 100% of their Equity Contribution.

OPERATING ASSUMPTIONS - Years 2 - 5

Sales - % Increase Over Prior Year

Food & Beverage

Cost of Sales - Cost as a % of Sales

Food & Beverage

Paper

Salaries & Wages - % Increase over Prior Year

Salaries & Wages

Employee Benefits

Other Expenses - % Increase over Prior Year

Direct Operating Expenses

Music & Entertainment

Marketing

Utilities

General & Administrative Expenses

Repairs & Maintenance

Occupancy Costs

Depreciation & Amortization (assumed to be constant in years 1-5)

Other (Income)

Interest Expense (from annual interest expense on loan amortization schedule on "Assumptions" page)

Other Expense

Loan Principal Payments (from annual total principal payments on loan amortization schedule on "Assumptions" page)

5.0%

33.0%

2.0%

3.0%

3.0%

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Break-Even Cash Flow Projection

Tijuana Tacos, L.P. Cash Flow Break-Even Sales Volume

	MONTHLY		ANNUAL	
Sales:				
Food & Beverage	\$ 35,646	100.0%	\$ 427,747	100.0%
TOTAL SALES	35,646	100.0%	427,747	100.0%
Cost of Sales:				
Food & Beverage	11,763	33.0%	141,156	33.0%
Paper	713	2.0%	8,555	2.0%
TOTAL COST OF SALES	12,476	35.0%	149,711	35.0%
Gross Profit	23,170	65.0%	278,035	65.0%
Payroll:				
Salaries & Wages	11,889	33.4%	142,666	33.4%
Employee Benefits	1,963	5.5%	23,561	5.5%
TOTAL PAYROLL	13,852	38.9%	166,227	38.9%
PRIME COST	26,328	73.9%	315,938	73.9%
Other Controllable Expenses:				
Direct Operating Expenses	1,225	3.4%	14,700	3.4%
Music & Entertainment	150	0.4%	1,800	0.4%
Marketing	500	1.4%	6,000	1.4%
Utilities	950	2.7%	11,400	2.7%
General & Administrative Expenses	1,761	4.9%	21,137	4.9%
Repairs & Maintenance	800	2.2%	9,600	2.2%
TOTAL OTHER CONTROLLABLE EXP.	5,386	15.1%	64,637	15.1%
CONTROLLABLE PROFIT	3,931	11.0%	47,171	11.0%
Occupancy Costs & Depreciation				
Occupancy Costs	2,550	7.2%	30,600	7.2%
Depreciation & Amortization	1,229	3.4%	14,753	3.4%
Other (Income) Expenses				
Other (Income)	0	0.0%	0	0.0%
Interest Expense	462	1.3%	5,540	1.3%
Other Expense	0	0.0%	0	0.0%
NET INCOME BEFORE INCOME TAXES	(\$310)	(0.9%)	(\$3,721)	(0.9%)
ADD BACK:				
Depreciation & Amortization	1,229	3.4%	14,753	3.4%
DEDUCT:				
Loan Principal Payments	(919)	(2.6%)	(11,032)	(2.6%)
CASH FLOW BEFORE INCOME TAXES	(\$0)	(0.0%)	(\$0)	(0.0%)
BREAK-EVEN SALES				
Week			\$8,226	
Month			\$35,646	
Year			\$427,747	



Appendices

Menu Item Costing Worksheet

Menu Item : Pollo Asado Medio
 Item Description : 1/2 grilled chicken dinner

Product #	Menu Unit	Quantity	Ingredient	Unit Cost	Extension
CHIC	LB	1.5	3 LB Fryers	0.80	1.20
Y.ONION	LB	0.01	50 LB BAG YELLOW ONIONS	6.00	0.06
PINTO	OZ	4	PREPRD PINTO BEANS	0.03	0.12
TORTILLA	EA	3	PREPRD FLOUR TORTILLAS	0.06	0.18
SALSA	OZ	2	PREPRD SALSA	0.04	0.08
MARINADE	OZ	16	PREPRD MARINADE	0.01	0.12
				Food Cost	1.76
FOIL	EA	1	12"X18" HEAVY ALUM FOIL	0.03	0.03
TISSUE	EA	2	TISSUE PAPER	0.01	0.02
3oz CUP	EA	1	STYRO 3oz Portion Cup	0.02	0.02
4oz CUP	EA	1	STYRO 4oz Portion Cup	0.03	0.03
SACK	EA	1	Plastic Sack	0.02	0.02
NAPKIN	EA	2	Napkins	0.01	0.02
				Paper Cost	0.13
				Total Cost	3.78
				Menu Price	5.99
				Gross Profit	2.21
				Food Cost %	29.4%
				Paper Cost %	2.2%



Menu Item Costing Worksheet

Menu Item : Pollo Asado Entero
 Item Description : Wholed grilled chicken dinner

Product #	Menu Unit	Quantity	Ingredient	Unit Cost	Extension
CHIC	LB	3	3 LB Fryers	0.80	2.40
Y.ONION	LB	0.02	50 LB BAG YELLOW ONIONS	6.00	0.12
PINTO	OZ	8	PREPRD PINTO BEANS	0.03	0.24
TORTILLA	EA	6	PREPRD FLOUR TORTILLAS	0.06	0.36
SALSA	OZ	4	PREPRD SALSA	0.04	0.16
MARINADE	OZ	32	PREPRD MARINADE	0.01	0.24
				Food Cost	3.52
FOIL	EA	1.5	12"X18" HEAVY ALUM FOIL	0.03	0.05
TISSUE	EA	2	TISSUE PAPER	0.01	0.02
3oz CUP	EA	1	STYRO 3oz Portion Cup	0.02	0.02
4oz CUP	EA	1	STYRO 4oz Portion Cup	0.03	0.03
SACK	EA	1	Plastic Sack	0.02	0.02
NAPKIN	EA	4	Napkins	0.01	0.04
				Paper Cost	0.17
				Total Cost	7.37
				Menu Price	10.99
				Gross Profit	3.62
				Food Cost %	32.0%
				Paper Cost %	1.5%



Menu Item Costing Worksheet

Menu Item : Taco Al Carbon
 Item Description : Taco Al Carbon

Product #	Menu Unit	Quantity	Ingredient	Unit Cost	Extension
PULL	OZ	4	Pulled Chicken	0.08	0.32
ONION	OZ	0.5	Prepped Onion	0.01	0.01
TORTILLA	EA	1	PREPRD FLOUR TORTILLAS	0.06	0.06
SALSA	OZ	1	PREPRD SALSA	0.04	0.04
				Food Cost	0.43
TISSUE	EA	2	TISSUE PAPER	0.01	0.02
NAPKIN	EA	2	Napkins	0.01	0.02
SACK	EA	1	Plastic Sack	0.02	0.02
				Paper Cost	0.06
				Total Cost	0.96
				Menu Price	1.99
				Gross Profit	1.03
				Food Cost %	21.36%
				Paper Cost %	2.76%

