

You are starting a food truck business selling plated meals for \$10. Your spouse will keep working his/her job so you have figured that initially, your contribution to your household will only need to be about \$500 per month. You buy a used truck so, the startup costs for the business are \$43,500. You use a combination of \$21,500 of your own savings and a bank loan of \$25,000 @ 7% interest. Below are your base monthly expenses:

Description	Monthly Expenses	
	Expense	Details
Food Prep employee		\$10 per hour
Cashier		\$8 per hour
Rent (kitchen)	\$ 500.00	
Food Cost		\$2 per meal
Supplies	\$ 50.00	
Gas	\$ 500.00	
Loan Principal payment	\$ 350.00	
Loan Interest	\$ 150.00	
Insurance	\$ 300.00	
Payroll Service	\$ 50.00	
Payroll taxes	\$ 150.00	
Advertising	\$ 100.00	
Owner draw	\$ 500.00	
<b>Total Monthly</b>	<b>\$ 3,890.00</b>	

**April** is your first month in business and things go pretty much according to plan – You situate your truck from 11:00 – 2:00 on weekdays so you can sell to the lunch crowd from the local college, the courthouse and other nearby businesses downtown. The weather is still a bit chilly and you don't have much of a following yet so you sell an average of 15 meals each day (300 for the month) with revenues of \$750 per week or \$3000 per month. Your food prep employee works 15 hours per week and your cashier works 20 hours per week on the truck. You personally put in 7 hours each day that the truck runs, operating the business and another 2 hours per day taking care of paperwork (ordering food, keeping the books, etc.)

In **May**, there is an opportunity to begin selling at weekend festivals so you:

- Pay registration fees for festivals averaging \$75 per month.
- Increase hours for your food prep employee to 20 hours per week (\$800 per month total)
- Hire another part time cashier for weekends initially for 20 hours per week. (2 employees x 80 hours = \$1280)
- Because your employees are working more hours, payroll taxes increase to \$250
- This month you average 20 meals per week day and an additional 50 on the weekend for a total of 600 meals for the month.
- With the increased travel, and additional hours the generator is running, your gasoline expenses have increased to \$700
- You are now averaging about 50 hours per week operating the truck and 10 hours on administrative duties and planning for the business.

In **June**, you want to make sure you are ready for the 4<sup>th</sup> of July celebrations across the area so, you take your truck in for an oil change and tune up. In addition to the regular maintenance, the mechanic discovers a leak in your master cylinder.

- Your truck is out of commission for 2 days and the cost of repairs is \$1000.
- Because of the reduced number of days operating, your payroll is lower at \$1820 with payroll taxes at \$240
- The total number of meals sold this month is 560.
- Your cost of food remains the same, the two days you were closed you lost inventory to spoilage.
- Due to the down time, your gasoline costs for the month are reduced to \$650.

In **July**, you see an increase in business due to working in various community celebrations over the 4<sup>th</sup> of July holiday.

- You also are asked to provide lunch for 75 people for a local company picnic. You will invoice them and receive payment in 30 days.
- Your labor costs increase this month to \$2170 in wages and \$275 in payroll taxes because you pay time and a half for the hours worked on the holiday, plus your prep person worked an additional 5 hours preparing the food for the company lunch.
- Your total number of meals sold this month is 725, although 75 of these meals will not be paid for until next month.
- Your other expenses are the same as for May.

In **August**, your sales and expenses mirror May's except you receive payment of \$750 for the company picnic delivered in July.