Taco Bell Franchise Expansion

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Abstract

With many options, fast food chains are a favorable choice for a quick, reasonable meal. This includes Taco Bell, a Mexican fast-food chain restaurant established in 1962 and owned by YUM! Brands. For over 60 years, Taco Bell has transformed into a billion-dollar business with over 350 franchisees worldwide (Kautz, 2024). They lead the United States market share in the Mexican fast-food industry, according to Kautz (2024). This proposal will discuss the finances of a new Taco Bell establishment on Cedar Crest Boulevard in Allentown, PA. It will cover the initial revenues, sales, and costs of this expansion by creating profit and loss and cash flow projections to forecast the success of the business over 12 months. Based on the projections' results, this new Taco Bell franchise will survive its first year of operations, proving that such an expansion would be successful and vital to the future development of YUM! Brands' Taco Bell franchises.

Keywords: Taco Bell franchise, profit and loss projection, cash flow projection, revenues, sales, operating expenses, cash outflows, cash inflows

Organization Introduction and Overview

In 2024, Kautz noted that Taco Bell, a subsidiary under YUM! Brands, has become one of the most recognizable companies globally, generating an annual revenue of approximately $10 billion. The company has been expanding its number of franchises since 1962 and is planning to open a new location for a traditional unit in the Lehigh Valley. This new restaurant will be positioned between routes 78 and 22, near Allentown's busy shopping complexes. Appealing to a diverse demographic, Taco Bell's marketing targets a wide age group of 18 to 34-year-old male and female consumers, as highlighted by Nguyen (2024). The area offers access to this target audience due to its proximity to suburban communities, large office buildings, hospitals, businesses, colleges, and schools.

In the fast-food market, it is anticipated to grow from $972.74 billion in 2021 to $1,467.04 billion by 2028, with a compound annual growth rate (CAGR) of 6.05 percent (Fortune Business Insights, 2024). These figures suggest that investing in a Taco Bell franchise could result in significant profitability, especially as the market is projected to continue expanding through 2028. However, it is important to analyze further the potential risks and rewards associated with such a project. To provide a comprehensive assessment, two financial forecasts will be developed: a profit and loss projection and a cash flow projection. These forecasts will outline the expected revenue and expenses, as well as the cash inflows and outflows during the first year of operation. These metrics will be used to assess the performance of a single Taco Bell franchise and determine its profitability over a 12-month period to gauge the project's long-term viability.

Overview of Key Items on the Income Statement

As a leader in the Mexican fast-food market, Taco Bell presents a great opportunity for opening a franchise. Taco Bell has been rapidly expanding and is now the fourth-largest restaurant brand in the United States (Oches, 2023). While the total cost to open a traditional unit Taco Bell franchise can be at least $1.2 million, research has shown that the average sales of a single Taco Bell franchise as of 2020 are around $1.6 billion each year (Aebischer, 2020). The whole Taco Bell franchise network makes more than $10 billion in sales each year, according to Aebischer (2020), which adds further reason to open a Taco Bell franchise. This section will present the key elements of the profit and loss projection and estimated startup costs essential to its launch.

Again, even though the investment is costly, the payout of establishing the franchise reveals that there likely will be high rewards. A reason to open a Taco Bell franchise involves not having to handle the everyday operations, as you do not have to be physically present to run the franchise. Plus, they have a strong parent company network in Yum! Brands, as they offer a large support network and established infrastructure (Aebischer, 2020). There are opportunities as well to place many YUM! Brands franchises within the same location for heightened exposure, foot traffic, and customer appeal.

Further, the total initial and reserve capital required is an investment of at least $575,600 and the beginning franchise fee is $45,000 (MacPherson, 2024). In addition, the net worth requirement is $5,000,000, and the cash requirement is $2,000,000 (Entrepreneur Media LLC, 2024). The marketing fees include a grand opening fee of $5,000 (one-time cost) and a continual fee of 4.25 percent of the restaurant's gross sales (MacPherson, 2024). The $5,000 grand opening cost has to be used within the initial six months of opening, and it cannot go over this amount. If they do not, YUM! Brands will reimburse the franchise for this amount. The royalty fee, a monthly percentage of the Taco Bell franchise's gross sales, is 5.5 percent (Entrepreneur Media LLC, 2024). In addition, after 25 years of a franchise agreement, the renewal fee after its expiration is $22,500 for a traditional franchise unit (MacPherson, 2024).

The new Taco Bell franchise will be open following the schedule below, which is a schedule that many of its franchises follow, according to Hours Guide (2024):

Monday - Thursday	7:00 a.m. - 1:00 a.m. (16 hours per day)
Friday - Saturday	7:00 a.m. - 2:00 a.m. (17 hours per day)
Sunday	7:00 a.m. - 12:00 a.m. (15 hours per day)

The total number of hours the Taco Bell franchise will be open per week is 113. The staff will be paid a salary of $12.70 per hour, according to Indeed (2024), the average salary for a Taco Bell employee. At the Taco Bell franchise, approximately 15 workers will work 39 hours per week without going into overtime. This salary expense would be approximated at $29,718 per month with an expected increase of 0.25 percent each month (Hayes, 2023).

For operating expenses, building and construction are about $550,000 for the first month. The franchise advertising will increase at a rate of 4.25 percent of the gross profit. But again, only a minimum of $5,000 will be covered by YUM! Brands, Inc. within the first six months of marketing. The initial equipment, signage, decoration, and POS are $375,000, a one-time cost in the first month. Telephone and mobile services for customer care fees are $455 for the full year and a first-month charge. Insurance for the franchise includes general liability ($6,953 annually), property ($4,330 annually), and unemployment insurance ($913 per employee x 15 = $13,695 yearly cost). Supplies for the franchise are approximately $280.432 for the year. Real property or the land cost is a one-time cost of $250,000, and legal services for the franchise are $10,000 in January 2024. Another one-time cost is the technology support for the year at $6,354. The additional trainee fee is $5,250 or $350 per 15 employees annually. Permits, licenses, and security deposits are approximately $74,000 in the first month. This expense information was obtained from the Taco Bell Disclosure Document and Sheykin (2024). Also, the federal (20 percent), state (10 percent), and local income taxes (10 percent) estimates were approximated to take about 40 percent of the net profit for a business.

Information regarding the Taco Bell franchise's total revenue and total cost of sales items were taken from the historical financial statement for the fiscal years 2022 and 2023. They helped to predict monthly values for a single Taco Bell franchise unit. There were approximately 8,555 traditional franchise units, and the sales and revenues demonstrated in this document were from all these collective units (YUM! Brands, Inc., 2024). To determine the values mentioned, this 8,555 was divided by each of these yearly 2022 and 2023 amounts to estimate what a traditional Taco Bell franchise would earn under total revenues and total sales costs. It was then divided by 12 to calculate how much it would be monthly in 2022 and 2023, which helped provide ideas of multiple assumption percentages (YUM! Brands, Inc., 2024). By the end of the first year, Taco Bell will be in the negative due to all the initial startup costs and the monthly operations expenses at -$2,747,902.89.

This knowledge of establishing a Taco Bell franchise provides key information for a profit and loss projection. Certainly, while a Taco Bell franchise is costly to launch, it can reap its rewards in sales for the owner of the franchise. This income projection demonstrates the 12-month forecast of the profits and losses after the franchise's opening. It dives into the operating expenses of opening the franchise and the expected sales and revenue it can anticipate receiving within the first year. As we move forward, the cash flow forecast of the new Taco Bell franchise will be introduced to demonstrate its cash inflows and outflows.

12-Month Pro Forma Income Statement

The forecasted income statement is broken down below. The first chart below depicts the calculations used to determine the monthly assumption percentages. These aided in forecasting the estimates for revenues, cost of sales, gross profit, operating expenses, net profit before taxes, and federal, state, and local income taxes from January 2024 to December 2024. The second and third charts show the overall amounts for each month and the whole year. Looking at the net operating profit, it can be determined how much the Taco Bell franchise will still need to fund its costs even with incoming revenue. This will be discussed further in the projected cash flow statement.

Taco Bell Profit and Loss Projection	Total of 8,555 units each of the predicted amounts were divided by 8,555 for one franchise and then divided for the average amount per month			
	2022 one unit (monthly)	**2023 one unit (monthly)**	**Monthly Assumption %**	**Computations**
Revenues				
Company sales	$ 9,760.37	$ 10,413.01	44.38%	Monthly Revenue*40.48%
Franchise and property revenues	$ 8,153.13	$ 7,227.74	30.80%	Monthly Revenue*28.10%
Franchise contributions for advertising and other services	$ 5,376.97	$ 5,825.05	24.82%	Monthly Revenue*22.64%
Total Revenues	$ 23,290.47	$ 23,465.81	0.75%	Monthly Revenue*(1+0.75%)
Costs and Expenses, Net (Cost of Sales)				
Company restaurant expenses	$ 7,461.52	$ 7,958.31	33.91%	Monthly Revenue*30.94%
General and administrative expenses	$ 1,860.51	$ 1,987.14	8.47%	Monthly Revenue*7.72%
Franchise and property expenses	$ 321.45	$ 311.71	1.33%	Monthly Revenue*1.21%
Franchise advertising and other services expense	$ 5,834.79	$ 6,273.13	26.73%	Monthly Revenue*24.38%
Total Cost of Sales	$ 15,458.80	$ 16,530.29	70.44%	Monthly Revenue*64.26%
Gross Profit	$ 7,831.68	$ 6,935.52		
		Approximated Costs		
Operating Expenses	$ 21,303.33	$ 22,579.39	96.22%	Total Revenue-COGS-SGA-Depreciation
Salary Expenses		$ 29,718.00	0.25%	Salary Cost+(29718*0.25%)
Marketing Fee			4.25%	Gross Profit*4.25%
Royalty Fee			5.50%	Gross Profit*5.50%
Initial Franchise Fee (One time cost)		$ 45,000.00		
Building & Construction Services (One time cost)		$ 550,000.00		
Equipment/Signage/Décor/POS (One time cost)		$ 375,000.00		
Telephone (Yearly Customer Care Fee)				
Yearly Insurance Fee		$ 13,695.00		
Equipment Maintenance		$ 24,556.67	0.17%	Equipment Maintenance+(24557*0.17%)
Supplies		$ 22,250.00	95%	Monthly Revenue*95%
Real Property (land costs) (One time cost)		$ 250,000.00		
Legal Services for Initial Startup (One time cost)		$ 10,000.00		
Interest		$ -	0%	
Depreciation		-	-	
Yearly Technology Support		$ 6,354.00		
Additional Trainee Fee (Assuming we maintain the same 15 employees)		$ 5,250.00		
Permits, licenses, security deposits (yearly/one time costs)		$ 74,000.00		
Subtotal for Expenses		$ 1,405,823.67		
Reserve for Contingencies		$ 140,582.37		
Total Expenses		$ 1,546,406.03		
Net Profit Before Taxes		$ (1,539,470.52)	0	
Federal Income Taxes			20%	Net profit before taxes*20%
State Income Taxes			10%	Net profit before taxes*10%
Local Income Taxes			10%	Net profit before taxes*10%
Net Operating Income				Gross profit-(Total Expenses + Fed. Tax + State Tax + Local Tax

Taco Bell Profit and Loss Projection	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Revenues						
Company sales	$ 10,491.41	$ 10,570.39	$ 10,649.96	$ 10,730.14	$ 10,810.92	$ 10,892.30
Franchise and property revenues	$ 7,282.15	$ 7,336.98	$ 7,392.21	$ 7,447.86	$ 7,503.93	$ 7,560.42
Franchise contributions for advertising and other services	$ 5,868.91	$ 5,913.09	$ 5,957.60	$ 6,002.45	$ 6,047.64	$ 6,093.17
Total Revenues	$ 23,642.47	$ 23,820.45	$ 23,999.78	$ 24,180.45	$ 24,362.49	$ 24,545.89
Costs and Expenses, Net (Cost of Sales)						
Company restaurant expenses	$ 8,018.22	$ 8,078.58	$ 8,139.40	$ 8,200.68	$ 8,262.41	$ 8,324.61
General and administrative expenses	$ 2,002.10	$ 2,017.17	$ 2,032.36	$ 2,047.66	$ 2,063.07	$ 2,078.61
Franchise and property expenses	$ 314.06	$ 316.42	$ 318.80	$ 321.20	$ 323.62	$ 326.06
Franchise advertising and other services expense	$ 6,320.36	$ 6,367.94	$ 6,415.88	$ 6,464.18	$ 6,512.84	$ 6,561.87
Total Cost of Sales	$ 16,654.74	$ 16,780.12	$ 16,906.44	$ 17,033.72	$ 17,161.95	$ 17,291.15
Gross Profit	$ 6,987.73	$ 7,040.33	$ 7,093.33	$ 7,146.73	$ 7,200.54	$ 7,254.74
Operating Expenses	$ 12,837.00	$ 12,933.64	$ 13,031.01	$ 13,129.11	$ 13,227.95	$ 13,327.53
Salary Expenses	$ 29,792.30	$ 29,866.59	$ 29,940.89	$ 30,015.18	$ 30,089.48	$ 30,163.77
Marketing Fee	$ 296.98	$ 299.21	$ 301.47	$ 303.74	$ 306.02	$ 308.33
Royalty Fee	$ 384.32	$ 387.22	$ 390.13	$ 393.07	$ 396.03	$ 399.01
Initial Franchise Fee (One time cost)	$ 45,000.00					
Building & Construction Services (One time cost)	$ 550,000.00					
Equipment/Signage/Décor/POS (One time cost)	$ 375,000.00					
Telephone (Yearly Customer Care Fee)	$ 455.00					
Yearly Insurance Fee	$ 13,695.00					
Equipment Maintenance	$ 24,598.75	$ 24,640.49	$ 24,682.24	$ 24,723.99	$ 24,765.73	$ 24,807.48
Supplies	$ 22,417.50	$ 22,586.27	$ 22,756.30	$ 22,927.62	$ 23,100.22	$ 23,274.12
Real Property (land costs) (One time cost)	$ 250,000.00					
Legal Services for Initial Startup (One time cost)	$ 10,000.00					
Interest	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-	-
Yearly Technology Support	$ 6,354.00					
Additional Trainee Fee (Assuming we maintain 15 employees)	$ 5,250.00					
Permits, licenses, security deposits (yearly/one time costs)	$ 74,000.00					
Subtotal for Expenses	$ 1,407,243.85	$ 77,779.78	$ 78,071.03	$ 78,363.59	$ 78,657.48	$ 78,952.71
Reserve for Contingencies	$ 140,724.38	$ 7,777.98	$ 7,807.10	$ 7,836.36	$ 7,865.75	$ 7,895.27
Total Expenses	$ 1,547,968.23	$ 85,557.76	$ 85,878.13	$ 86,199.95	$ 86,523.23	$ 86,847.98
Net Profit Before Taxes	$ (1,540,980.51)	$ (78,517.43)	$ (78,784.79)	$ (79,053.21)	$ (79,322.69)	$ (79,593.24)
Federal Income Taxes	$ (308,196.10)	$ (15,703.49)	$ (15,756.96)	$ (15,810.64)	$ (15,864.54)	$ (15,918.65)
State Income Taxes	$ (154,098.05)	$ (7,851.74)	$ (7,878.48)	$ (7,905.32)	$ (7,932.27)	$ (7,959.32)
Local Income Taxes	$ (154,098.05)	$ (7,851.74)	$ (7,878.48)	$ (7,905.32)	$ (7,932.27)	$ (7,959.32)
Net Operating Income	$ (924,588.30)	$ (47,110.46)	$ (47,270.88)	$ (47,431.93)	$ (47,593.61)	$ (47,755.94)

Taco Bell Profit and Loss Projection	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	YEARLY
Revenues							
Company sales	$ 10,974.30	$ 11,056.92	$ 11,140.16	$ 11,224.03	$ 11,308.52	$ 11,393.66	$ 131,242.70
Franchise and property revenues	$ 7,617.34	$ 7,674.68	$ 7,732.46	$ 7,790.67	$ 7,849.32	$ 7,908.41	$ 91,096.43
Franchise contributions for advertising and other services	$ 6,139.04	$ 6,185.26	$ 6,231.82	$ 6,278.73	$ 6,326.00	$ 6,373.63	$ 73,417.34
Total Revenues	$ 24,730.68	$ 24,916.86	$ 25,104.44	$ 25,293.43	$ 25,483.85	$ 25,675.69	$ 295,756.47
Costs and Expenses, Net (Cost of Sales)							
Company restaurant expenses	$ 8,387.28	$ 8,450.43	$ 8,514.04	$ 8,578.14	$ 8,642.72	$ 8,707.78	$ 100,304.29
General and administrative expenses	$ 2,094.25	$ 2,110.02	$ 2,125.91	$ 2,141.91	$ 2,158.03	$ 2,174.28	$ 25,045.38
Franchise and property expenses	$ 328.51	$ 330.98	$ 333.48	$ 335.99	$ 338.52	$ 341.06	$ 3,928.69
Franchise advertising and other services expense	$ 6,611.27	$ 6,661.04	$ 6,711.19	$ 6,761.71	$ 6,812.62	$ 6,863.90	$ 79,064.83
Total Cost of Sales	$ 17,421.32	$ 17,552.47	$ 17,684.61	$ 17,817.75	$ 17,951.88	$ 18,087.03	$ 208,343.19
Gross Profit	$ 7,309.36	$ 7,364.38	$ 7,419.83	$ 7,475.68	$ 7,531.96	$ 7,588.66	$ 87,413.29
Operating Expenses	$ 13,427.87	$ 13,528.95	$ 13,630.80	$ 13,733.42	$ 13,836.81	$ 13,940.97	$ 160,585.08
Salary Expenses	$ 30,238.07	$ 30,312.36	$ 30,386.66	$ 30,460.95	$ 30,535.25	$ 30,609.54	$ 362,411.01
Marketing Fee	$ 310.65	$ 312.99	$ 315.34	$ 317.72	$ 320.11	$ 322.52	$ 3,715.06
Royalty Fee	$ 402.01	$ 405.04	$ 408.09	$ 411.16	$ 414.26	$ 417.38	$ 4,807.73
Initial Franchise Fee (One time cost)							$ 45,000.00
Building & Construction Services (One time cost)							$ 550,000.00
Equipment/Signage/Décor/POS (One time cost)							$ 375,000.00
Telephone (Yearly Customer Care Fee)							$ 455.00
Yearly Insurance Fee							$ 13,695.00
Equipment Maintenance	$ 24,849.22	$ 24,890.97	$ 24,932.72	$ 24,974.46	$ 25,016.21	$ 25,057.96	$ 297,940.22
Supplies	$ 23,449.34	$ 23,625.87	$ 23,803.73	$ 23,982.93	$ 24,163.48	$ 24,345.39	$ 280,432.76
Real Property (land costs) (One time cost)							$ 250,000.00
Legal Services for Initial Startup (One time cost)							$ 10,000.00
Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	-	-	-	-	-	-	$ -
Yearly Technology Support							$ 6,354.00
Additional Trainee Fee (Assuming we maintain the same 1							$ 5,250.00
Permits, licenses, security deposits (yearly/one time costs							$ 74,000.00
Subtotal for Expenses	$ 79,249.29	$ 79,547.23	$ 79,846.53	$ 80,147.22	$ 80,449.30	$ 80,752.78	$ 2,279,060.78
Reserve for Contingencies	$ 7,924.93	$ 7,954.72	$ 7,984.65	$ 8,014.72	$ 8,044.93	$ 8,075.28	$ 227,906.08
Total Expenses	$ 87,174.22	$ 87,501.95	$ 87,831.19	$ 88,161.94	$ 88,494.23	$ 88,828.05	$ 2,506,966.86
Net Profit Before Taxes	$ (79,864.86)	$ (80,137.56)	$ (80,411.36)	$ (80,686.26)	$ (80,962.27)	$ (81,239.39)	$ (2,419,553.57)
Federal Income Taxes	$ (15,972.97)	$ (16,027.51)	$ (16,082.27)	$ (16,137.25)	$ (16,192.45)	$ (16,247.88)	$ (483,910.71)
State Income Taxes	$ (7,986.49)	$ (8,013.76)	$ (8,041.14)	$ (8,068.63)	$ (8,096.23)	$ (8,123.94)	$ (241,955.36)
Local Income Taxes	$ (7,986.49)	$ (8,013.76)	$ (8,041.14)	$ (8,068.63)	$ (8,096.23)	$ (8,123.94)	$ (241,955.36)
Net Operating Income	$ (47,918.92)	$ (48,082.54)	$ (48,246.82)	$ (48,411.76)	$ (48,577.36)	$ (48,743.63)	$ (1,451,732.14)

Overview of Key Items on the Cash Flow Statement

After reviewing the profit and loss projection, a 12-month cash flow forecast has been developed. It has determined whether this new Taco Bell franchise will generate additional or reduced cash flow. Based on the expected costs of the income section, the cash flow projection offers a foundation to access the anticipated revenue and the cash inflows and outflows of the Taco Bell franchise within the first year of its opening. This section of the paper will explain how key items, such as initial cash investments, loans, and expenses, will impact the cash flow forecast to determine if this Taco Bell franchise will be successful.

First, the franchise owner will take out $2,000,000 of cash as part of their initial investment into the new Taco Bell franchise. The franchise will also receive a $2,000,000 franchise financing loan from the parent company YUM! Brands (Aebischer, 2020). This cash investment and loan will be on hand before the beginning of the business in January 2024. The principal loan payment is estimated at 3 percent. This loan must be repaid within 3 years after opening. It is estimated to be paid off by January 2027, and the total to be repaid with interest is $2,093,847.09. Within the first year, the franchise will cash out and pay back $827,321. There is $40,000 worth of reserve money to serve as a cushion for any unanticipated expenses.

In addition, there is no collection from credit accounts because there have been no shipped customer purchases made on credit. This impacts the amount seen in the accounts receivable. Plus, there are no accounts payable items because there are no pending supply, inventory, or equipment costs from outside companies or suppliers. There are no depreciation costs in the first 12 months of opening. This can be further considered within the second year of the franchise. Inventory costs are 20 percent of the monthly sales (RestaurantOwner.com, 2016).

For cash outflows, the salary expense begins at $29,718 and steadily increases each month. Equipment maintenance, supplies, marketing, and royalty costs will also rise and be a monthly charge. One-time costs and yearly payments include the initial franchise fee, building and construction fees, equipment and signage, land costs, legal services, permits, licenses, security deposits, and insurance fees. Consequently, many of these initial costs will be paid to fund expenses before opening. Other items include the interest rate and the federal, state, and local income taxes. While the expenses outweigh the sales and revenue amounts on the income statement, the cash flow projects positive cash inflows and outflows. The cash flow demonstrates the funding the franchise will receive as well, which the income statement does not consider. None of the amounts on the cast flow go into the red, revealing that there are enough funds to cover expenses, and no debts will need to be repaid. As a result, this Taco Bell franchise will be able to survive the first year of operations, and its revenue and sales will continue to escalate. Overall, even with a costly initial startup, this new Taco Bell franchise will be able to be successful, as long as they have enough funds to back its expenses and continue to increase its monthly revenues.

12-Month Pro Forma Cash Flow Statement

Provided below is the 12-month pro forma cash flow statement. This demonstrates the foundation of the initial investment and financing that allows this new Taco Bell franchise to survive its first year in operation. It considers the total revenue that will be made in cash sales. This leaves the total cash available by December 2024 at $1,258, 201, considering both the cash inflows and outflows throughout the 12 months.

Taco Bell Franchise Cash Flow Projection

Cash Flow (12 months)						Taco Bell Franchise								Jan-24
	Pre-Startup EST	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Total Item EST
Cash on Hand (beginning of month)	2,000,000	2,642,305	1,901,844	1,756,547	1,609,210	1,459,775	1,308,187	1,154,386	998,310	839,898	679,042	515,759	357,961	2,642,305
CASH RECEIPTS (CASH IN)														
Cash Sales (Total Revenue)		23,642	23,820	24,000	24,180	24,362	24,546	24,731	24,917	25,104	25,293	25,484	25,676	295,756
Collections fm CR accounts		0	0	0	0	0	0	0	0	0	0	0	0	0
YUM! Brands, Inc. Financing/Loan	2,000,000													2,000,000
TOTAL CASH RECEIPTS	2,000,000	23,642	23,820	24,000	24,180	24,362	24,546	24,731	24,917	25,104	25,293	25,484	25,676	2,295,756
Total Cash Available (before cash out)	4,000,000	2,665,947	1,925,664	1,780,547	1,633,390	1,484,138	1,332,733	1,179,116	1,023,227	865,002	704,335	541,243	383,637	4,938,061
CASH PAID OUT														
Initial Franchise Fee (One time cost)	45,000													45,000
Royalty Fee		384	387	390	393	396	399	402	405	408	411	414	417	4,808
Buildings & Construction Fees	550,000													550,000
Salary expenses		29,792	29,867	29,941	30,015	30,089	30,164	30,238	30,312	30,387	30,461	30,610	30,610	362,485
Equipment/Signage/Décor/POS (One time cost)	375,000													375,000
Equipment Maintenance		24,599	24,640	24,682	24,724	24,766	24,807	24,849	24,891	24,974	24,974	25,016	25,058	297,982
Supplies (office & oper.)		22,418	22,586	22,756	22,928	23,100	23,274	23,449	23,626	23,804	23,983	24,163	24,345	280,433
Real Property (Land costs - one time cost)	250,000													250,000
Marketing Fee		297	299	301	304	306	308	311	313	315	318	320	323	3,715
Yearly Technology Support		6,354												6,354
Legal Services for Initial Startup (One time cost)	10,000													10,000
Additional Trainee Fee (Assuming we maintain the same 15 employees)		5,250												5,250
Telephone (Yearly Customer Care Fee)		455												455
Permits, licenses, security deposits	74,000													74,000
Yearly Insurance Fee	13,695													13,695
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Income Taxes		308,196	15,703	15,757	15,811	15,865	15,919	15,973	16,028	16,082	16,137	16,192	16,248	483,911
State Income Taxes		154,098	7,852	7,878	7,905	7,932	7,959	7,986	8,014	8,041	8,069	8,096	8,124	241,955
Local Income Taxes		154,098	7,852	7,878	7,905	7,932	7,959	7,986	8,014	8,041	8,069			225,735
SUBTOTAL	1,317,695	705,941	109,187	109,585	109,985	110,387	110,790	111,195	111,602	112,053	112,422	104,812	105,125	3,230,778
Loan principal payment		58,162	59,931	61,752	63,630	65,564	67,557	69,611	71,727	73,908	76,154	78,470	80,855	827,321
Reserve and/or Escrow	40,000													
TOTAL CASH PAID OUT	1,357,695	764,103	169,117	171,337	173,615	175,951	178,347	180,806	183,329	185,960	188,576	183,282	185,980	4,058,099
Cash Position (end of month)	2,642,305	1,901,844	1,756,547	1,609,210	1,459,775	1,308,187	1,154,386	998,310	839,898	679,042	515,759	357,961	197,657	879,962
ESSENTIAL OPERATING DATA (non cash flow information)														
Sales Volume (dollars)		23,642	23,820	24,000	24,180	24,362	24,546	24,731	24,917	25,104	25,293	25,484	25,676	295,756
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt (end of month)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory on hand (eom)		4,728	4,764	4,800	4,836	4,872	4,909	4,946	4,983	5,021	5,059	5,097	5,135	59,151
Accounts Payable (eom)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Conclusion

In the event that this new expansion secures substantial financial backing and a loan from YUM! Brands, it has the potential to thrive in its first year of operation. It is important to note that while the cash flow statement provides a strong financial foundation, the income statement shows negative figures. The expenses for setting up the Taco Bell franchise are expected to peak in January 2024, as many one-time and annual costs will be incurred during this period. However, in the following 11 months, the expenses remain relatively steady at around -$47,000-48,000. The overall net operating income amounts to -$1,451,732.14. Despite the negative net operating income, the business is sustained by the available cash reserves. With positive cash flow, the new Taco Bell franchise is projected to withstand its first year. Ultimately, the addition of another Taco Bell franchise in the Lehigh Valley presents a promising opportunity for the company to expand its market presence and grow its portfolio of traditional units.

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