

Appendix

Exhibit 1

Primary Market Size

Undergraduate Students: **6,023**

Graduate Students: **3,297**

Law Students: **1,667**

Source: American.edu > Fast Facts

Number of AU students above 21 years old (With estimated 30% of undergraduate students being 21):

$(.3 \times 6,023) + 3,297 + 1,667 = \mathbf{6,771 \text{ students of age}}$

Exhibit 2

Advantages and Disadvantages of Competitors near American University

Clyde's of Chevy Chase	
Advantages	Disadvantages
<ul style="list-style-type: none">• Cheap drinks• Popular for Seniors on Thursdays "AU Night"• Round bar, favorable layout<ul style="list-style-type: none">• Good atmosphere	<ul style="list-style-type: none">• Bad music• Gets very crowded easily• Drink specials only one night of the week• Very far away, students rarely go there any day but Thursday.

Malt Shop of Tenleytown	
Advantages	Disadvantages
<ul style="list-style-type: none">• Cheapest drinks in the area<ul style="list-style-type: none">• Close to AU Shuttle• Well known	<ul style="list-style-type: none">• Not well liked. People go to Malt Shop due to lack of options• Gets very crowded easily<ul style="list-style-type: none">• Terrible music• Frequently has trouble with underage enforcement laws

Murphy's Law of Tenleytown	
Advantages	Disadvantages
<ul style="list-style-type: none">• Recently opened, attracts curious customers• Good variety of beers	<ul style="list-style-type: none">• Gets very crowded easily. Smallest of all competitors• Drinks are priced somewhat high

<ul style="list-style-type: none"> Serving food is a large part of the business Close to AU Shuttle 	<ul style="list-style-type: none"> Little to no promotion among American University students
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Chef Geoff's	
Advantages	Disadvantages
<ul style="list-style-type: none"> Good awareness among students. Known for "Super Mugs" and "Daily Happy Hour" <ul style="list-style-type: none"> Closest bar to campus Large televisions throughout the establishment <ul style="list-style-type: none"> Fair selection of beer 	<ul style="list-style-type: none"> Small bar, few places to sit More of a restaurant than a bar <ul style="list-style-type: none"> Overpriced drinks Limited amount of time allocated to catering to American University students

Exhibit 3

Forward Looking Financial Statements

Year	AU Population (21+)	% of AU Population Interested in Bar (above 21)	Total AU Population Interested in Bar (above 21)	Avg Number of Nights Attending Per Week	Avg Number of Weeks in DC per Year	Avg Number of \$ Spent per Night Attended	Variable Cost	Total Revenue from AU
2011	6,771	98%	6635.58	1.685	30	20	18	6708571.38
2012	6839	95%	6497.05	1.685	30	20.52	18.468	6739299.006
2013	6907	92%	6354.44	1.685	30	21.05	18.95	6762747.31
2014	6976	88%	6138.88	1.685	30	21.60	19.44	6703203.16
2015	7046	90%	6341.4	1.685	30	22.16	19.95	7104372.87
2016	7116	91%	6475.56	1.685	30	22.74	20.46	7443296.02
2017	7187	92%	6612.04	1.685	30	23.33	21.00	7797776.66
2018	7259	93%	6750.87	1.685	30	23.94	21.54	8168502.12
2019	7332	93%	6818.76	1.685	30	24.56	22.10	8465165.37
2020	7405	93%	6886.65	1.685	30	25.20	22.68	8771733.20

Explanations:

Increase in 21+ pop: Anticipated annual 1% student population increase at AU
Changes in percentage interested: 98% comes from the initial conditions when the survey was distributed, and expected interest upon opening. The decrease takes into account the "new effect," where interest will be highest at first because the pub is a novelty, and that interest will wane over time as McVeasey's Pub is no longer

new. However, after several years of experience and increased long-term awareness among students, the interest will increase to 93% and plateau there. Average money spent per visit: According to the survey, respondents indicated they would spend an average of \$26.40 per visit. \$20 was used as an initial amount in order to be conservative in forecasting annual profit. Increases every year along with the average inflation rate of the last five years, which is 2.598%.²

Year	Tenleytown Population (21+)	% of Tenleytown Population Interested in Bar	Total Tenleytown Population Interested in Bar	Avg Number of Nights Attending Per Week	Avg Number of Weeks in DC per Year	Avg Number of \$ Spent per Night Attended	Variable Cost	Total Revenue from Non-AU	Other Revenues
2011	6787	5%	339.35	0.5	52	30	27	264693	21840
2012	6787	7%	475.09	0.5	52	30.78	27.70	380197.61	22932.00
2013	6787	9%	610.83	0.5	52	31.58	28.42	501525.19	24078.60
2014	6787	9%	610.83	0.5	52	32.40	29.16	514554.81	25282.53
2015	6787	9%	610.83	0.5	52	33.24	29.92	527922.95	26546.66
2016	6787	9%	610.83	0.5	52	34.10	30.69	541638.39	27873.99
2017	6787	9%	610.83	0.5	52	34.99	31.49	555710.15	29267.69
2018	6787	9%	610.83	0.5	52	35.90	32.31	570147.50	30731.07
2019	6787	9%	610.83	0.5	52	36.83	33.15	584959.93	32267.63
2020	6787	9%	610.83	0.5	52	37.79	34.01	600157.19	33881.01

“Other Revenues” are estimated from sales outside of the 21+ market. This is compiled of ticket sales for concerts and comedy nights, food from the underage market, and food sold during community functions in McVeasey’s Pub.

Year	Fixed Cost	Variable Cost	Book Profit
2011	29,220	6275937.9	689,946.44
2012	357,340	6407547	377541.66
2013	395843.69	6537845.3	354662.16
2014	435347.71	6495982.2	311710.61
2015	446658.05	6869066.2	343118.19
2016	458262.22	7186441	368105.21
2017	470167.87	7518138.1	394448.50
2018	482382.84	7864784.7	422213.20
2019	494915.14	8145112.8	442365.02

² http://www.inflationdata.com/inflation/inflation_rate/historicalinflation.aspx

Startup Cost Budget**Exhibit 4****Fixed Costs**

Leasing Costs

Annual Bank Repayment	\$29,220	
\$50/sq ft x 4,000 sq ft.	200,000	
Anticipated Triple Net Cost ³	<u>7,000</u>	
Total Leasing Cost		236,220

Furniture	4,000	
Construction	30,000	
Materials	7,000	
Labor	23,000	
Sound System	1,200	
Lighting	1,600	
Karaoke Machine	100	
Jukebox	<u>300</u>	
Total Design Cost		\$67,200

Staffing Costs

2 Chefs	31,200	
2 Waiting Staff	18,720	
Legal Fees	5,000	
2 Bartenders	31,200	
Financial/Accounting Executive	<u>35,000</u>	
Total Staffing Cost		\$121,120

Fixed Food/Beverage Costs

Deep Fryer	3,405	
Stove/Oven	3,699	
Pots and Pans	500	
Glasses	600	
Plates	250	
ABRA Liquor License ⁴	2,210	
Keggerators	2,000	
Draft Tower Taps	<u>320</u>	
Total Fixed Food Beverage Costs		\$12,984

³ <http://otr.cfo.dc.gov/OTR/cwp/view,a,1330,q,594394.asp>

⁴ <http://abra.dc.gov/abra/cwp/view,A,1272,Q,565750.asp#7>

Promotional Efforts		
Brand Ambassadors	600	
Sunglasses	200	
Facebook Advertisements	2,000	
Shuttle Stops	2,000	
T-shirts	2,000	
Water Bottles	600	
Total Promotional Costs		\$7,400
Total Fixed Costs		\$444,924
Variable Costs		
Raw Food Materials for First Month	6,000	
Alcohol for First Month	20,000	
Total Variable Costs		\$26,000
Total Startup Costs		\$470,924

Exhibit 5

Present Value Book Profit										
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
689,946	329,760	289,510	237,803	244,639	245,284	245,643	245,732	240,617	235,517	3,004,450

Exhibit 6

McVeasey's Pub Organizational Chart

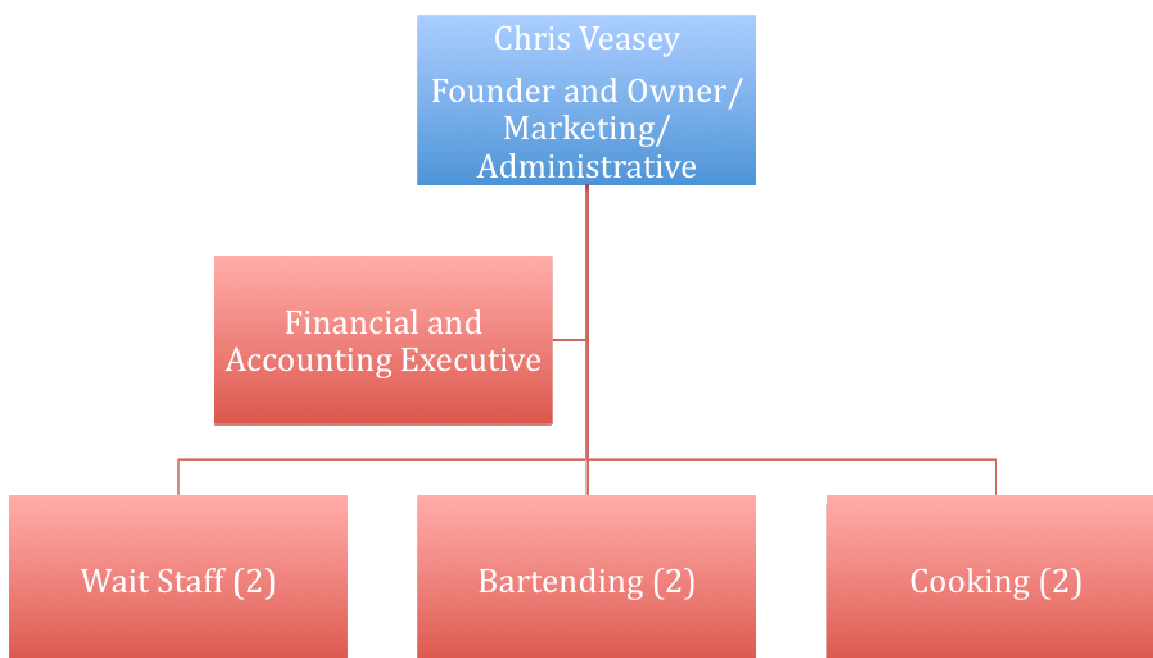
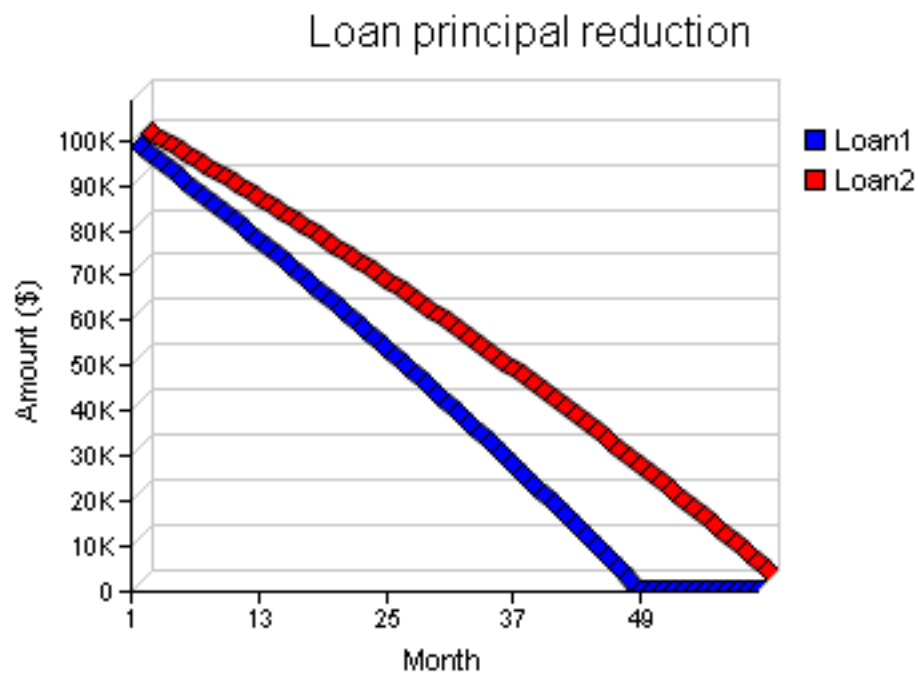


Exhibit 7

Small Business Loan from Bank of America

	Loan 1
Monthly payment	\$2,435
Total payments	\$116,901
Total interest paid	\$16,901
? Tax savings	\$7,436
Net amount paid	\$109,464
After-tax interest rate	4.49%

<< RECALCULATE

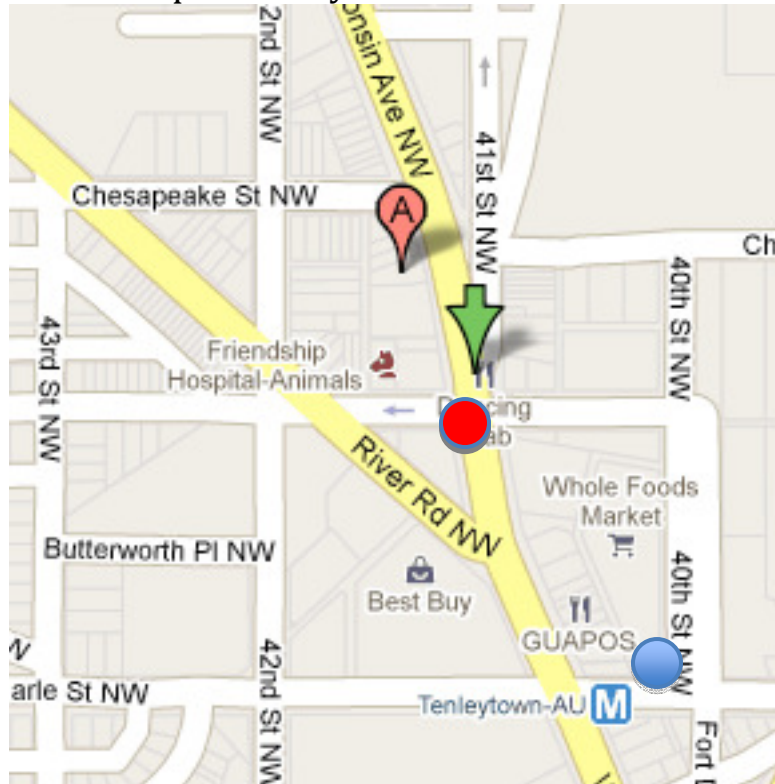


Loan principal reduction

Source: Bank of America,
<http://partners.leadfusion.com/tools/bofa/business04/tool.fcs>


Exhibit 8

Partial Map of Tenleytown



A: Murphy's Law

Arrow: Malt Shop

 Proposed Location, McVeasey's Pub

 AU Shuttle Tenleytown Stop

1. Default Section

* 1. Will you be enrolled at or live close to American University two years from now?

- ☐ Yes
- ☐ No

* 2. Will you be at least 21 years old two years from now?

- ☐ YES
- ☐ NO

* 3. Please name any bar or establishment in DC where you go for an alcoholic beverage at least once per month. Write NONE if you don't go to any.

* 4. How many nights per week do you usually go out?

- ☐ 0
- ☐ 1-2
- ☐ 3-4
- ☐ 5-6
- ☐ I party ev-er-y-day (7)

On which nights do you typically go out?

Exhibit 9

* 5. How satisfied are you with the bars and pubs close to American University's campus? 5 being completely satisfied and 1 being extremely dissatisfied.

	1	2	3	4	5
Satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Why?

* 6. How important are the following traits to you when seeking an ideal bar or pub to attend with your friends? Indicate on a scale of 1-5, 5 being extremely important and 1 being not important at all.

	1	2	3	4	5
Price of the drinks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Music	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Themed nights (Karaoke, comedy night, open mics, trivia)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Atmosphere	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Good food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ease of getting there	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hours of operation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dancing space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pool and/or Darts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is most important to you? Please list even if it has not been provided for you.

*** 7. How much would you be willing to spend on the following?**

Grilled Cheese	<input type="text"/>
Chili Cheese Fries	<input type="text"/>
Nachos	<input type="text"/>
Wings	<input type="text"/>

*** 8. If you saved money by avoiding the metro and/or cab services by going to a closer bar, would you spend that money on drinks?**

☐ Yes

☐ No

*** 9. If a pub opened close to campus and your residence that offered reasonably priced drinks, karaoke, live music, open mics, trivia, stand up comedy, food, and recreational games, would you ever go there?**

☐ Yes

☐ No

If you answered YES, how often would you go and how much would you be willing to spend during each visit?

*** 10. In your own personal opinion, do you think a bar with the described characteristics would be a hit among AU students?**

Additionally, thank you very much for taking the time to fill out my survey!

☐ Yes

☐ No

Why?

Exhibit 10

How important are the following traits to you when seeking an ideal bar or pub to attend with your friends? Indicate on a scale of 1-5, 5 being extremely important and 1 being not important at all.

	1	2	3	4	5	Response Count
Price of the drinks	1.9% (1)	1.9% (1)	7.5% (4)	28.3% (15)	60.4% (32)	53
Music	3.8% (2)	11.3% (6)	18.9% (10)	49.1% (26)	17.0% (9)	53
Atmosphere	1.9% (1)	0.0% (0)	9.4% (5)	41.5% (22)	47.2% (25)	53
Good food	20.8% (11)	13.2% (7)	32.1% (17)	22.6% (12)	11.3% (6)	53
Ease of getting there	1.9% (1)	1.9% (1)	17.0% (9)	52.8% (28)	26.4% (14)	53
Hours of operation	5.7% (3)	5.7% (3)	22.6% (12)	50.9% (27)	15.1% (8)	53
Dancing space	13.2% (7)	30.2% (16)	24.5% (13)	24.5% (13)	7.5% (4)	53
Pool and/or Darts	26.4% (14)	22.6% (12)	30.2% (16)	15.1% (8)	5.7% (3)	53

Exhibit 11

Shuttle Stop Advertisement



Exhibit 12

Water Bottles

(Design extended
outward)

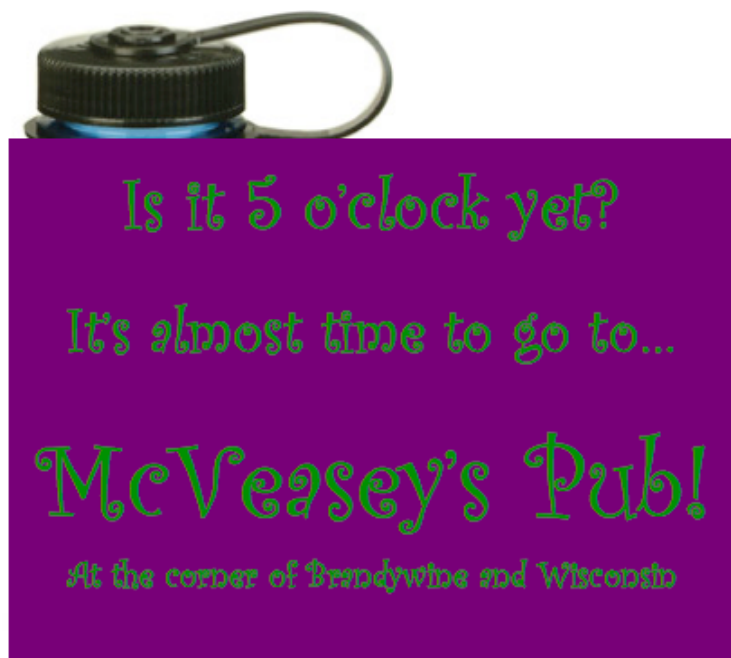


Exhibit 13



Source: cobweb.ecn.purdue.edu/~jfdoyle/dubpubs.htm



← High tables to be distributed throughout the bar without stools accompanying them.

Source: <http://images.solidcactus.com/autobarn/garage-party-table.jpg>