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9B21N005

GOURMET GUSTO: DELIVERING RENEWED SUCCESS

Trina Ruthes wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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It was early January 2019, and Lili Wong, account manager at the Commercial Bank of Texas (CBT) in Austin, Texas, was evaluating a loan request from Gourmet Gusto. Simon Burton and Sophie Lacroix, co-founders of the prepared meal delivery business, were intent on reigniting sales growth and restoring the company’s profitability. If granted, the US$390,000[[1]](#footnote-1) long-term loan they had applied for would be used to purchase a fleet of delivery trucks to improve operating efficiencies, reduce costs, and improve customer satisfaction. The business was also requesting a $50,000 working capital loan to help with operational cash requirements. Despite earning early success, high praise, and substantial equity investment, pressure for accelerated growth and hastily made strategic moves had resulted in stagnating revenues and declining profits. Burton and Lacroix believed a cost-cutting initiative, combined with a strategic return to the business’s roots, would restore success. As a Gourmet Gusto customer herself, Wong had a personal interest in the company’s viability; however, it was imperative she make a prudent and financially feasible decision for CBT.

AUSTIN, TEXAS[[2]](#footnote-2)

Austin, Texas, had a metropolitan population of 964,243 and was one of the fastest-growing cities in the United States. Residents had a median age of 33.6 years and a median household income of $71,543 in 2018, which represented a 5.6 per cent growth from the previous year. The city had been voted the number-one place to live in the country for the past three years due to its relatively low cost of living, booming job market, and high quality of life. It was renowned for its agreeable climate, scenic views, vibrant culture, trendy urban scene, and the active lifestyles of its inhabitants. Regarded as a hub for technology companies and start-ups, Austin ranked among the top four best cities to start a business. The city was nicknamed “Silicon Hills” and was home to the headquarters of Dell Technologies and Bumble Inc., offices for Facebook and Google, and around 6,500 start-up businesses. This flourishing economic and business landscape yielded $1 billion in venture capitalist funding per year. Major industries included professional; scientific and technical services; education services; health care and social assistance; management of companies and enterprises; utilities; and mining, quarrying, and oil-and-gas extraction. More recently, the food and beverage processing industry had grown immensely, accounting for 8.29 per cent of the city’s employment.

THE PREPARED MEALS INDUSTRy[[3]](#footnote-3)

The food and beverage industry had experienced several shifts in recent years. Dual-income households valued meal convenience, and the growing popularity of fad diets (such as keto and paleo) increased demand for food sources that complied with these regimens. High obesity rates continued to present health issues for many and prompted a desire for active, healthy lifestyles that incorporated locally sourced, antibiotic-free foods. The US prepared meals market reported revenues of $20.5 billion in 2018 and was expected to grow by 20 per cent by 2023. This expected growth was attributed to a strong economy, high consumer purchasing power, and government initiatives to combat obesity and educate the public on the importance of a healthy diet. Many US citizens did not enjoy cooking, as evidenced by the restaurant industry’s $830 billion in revenue for 2018. Within the prepared meals market, ready meals[[4]](#footnote-4) accounted for 67.1 per cent and meal kits made up 1 per cent. Consumers’ increased proficiency with technology helped the prepared meal industry access customers more easily using online methods.

The competitive landscape for prepared meals was fragmented and consisted of dominant players and small-scale operations. Customers benefited from a plethora of dining options in a range of cuisine types, meal qualities, and prices, which made them less loyal and more prone to switching between competitors. Ready-to-eat, grab-and-go grocery store meals; take-out and delivery; and prepared meals were popular because of their convenience. Customers could also choose to dine at restaurants and enjoy a more social atmosphere. Increasing in popularity, meal kit businesses such as Blue Apron Inc. and HelloFresh SE allowed customers to experience cooking in an easy and convenient way. Still, the most popular and cost-efficient option was cooking at home.

gourmet gusto

Company Background

Gourmet Gusto provided locally sourced, organic, and culturally diverse prepared gourmet meals to busy consumers who enjoyed good food and valued a healthy lifestyle. Burton and Lacroix founded the company in 2014 after identifying a gap in the prepared meals market. The founders had observed that most local businesses lacked diverse gourmet-level menu offerings. Burton, 32 years old, held a bachelor of engineering degree in software engineering from the Massachusetts Institute of Technology (MIT) and had worked for a few small technology start-ups in Austin. Lacroix, 30 years old, was a gourmet chef, trained at le Cordon Bleu cooking school in Paris, France. Nine years prior to founding the company, the couple had met in Paris, where Lacroix was completing her culinary training and Burton was backpacking through Europe. At the time, Burton was unhealthy and overweight, and Lacroix’s inventive, tasty, and healthy meal creations helped him obtain a healthy physique and increased energy levels. The couple believed they could bring the benefits of healthy and delicious food to customers via Gourmet Gusto. Presently, the company’s renewed success was of paramount importance to Burton and Lacroix, as they were expecting their first child. They wanted to ensure they were financially stable and able to balance work commitments with increased family obligations.

Gourmet Gusto was established as a private corporation using seed financing[[5]](#footnote-5) to fund its initial investments. By the end of its first year of operations, the business had delivered to 1,000 customers, earned impressive reviews, and was on track for continued growth. Gourmet Gusto received two subsequent rounds of investments from venture capitalists,[[6]](#footnote-6) leaving Burton and Lacroix with a 60 per cent equity share in the company. Although reticent to forego a large ownership stake, the couple welcomed the input from the “experienced” investors since neither had extensive prior business knowledge. In 2017, Gourmet Gusto onboarded a new group of shareholders who had a mandate to broaden the company’s strategic focus by introducing a meal kit line. As part of the deal, one investor representative was granted a seat on Gourmet Gusto’s board of directors, Burton was made chief executive officer, and Lacroix’s title was changed to vice-president of operations.

Current Operations

Product/Service Offerings

Gourmet Gusto delivered fresh prepared meals, food retail products, and meal kits to customers residing in Austin and the surrounding suburbs. The business was known for its gourmet meals and unique recipes, created by Lacroix. In 2018, the company reported 5,000 active customers, of which 45 per cent were members.[[7]](#footnote-7) Prepared meals, the primary source of revenue, were priced between $25 and $30 per two-person meal and were delivered in unique, biodegradable, oven-safe containers (which were more appealing to customers than packages for microwave heating). Retail, the fastest-growing segment, consisted of local snack and beverage products that Gourmet Gusto purchased for resale. Finally, meal kits accounted for less than 10 per cent of sales in 2018 and consisted of more basic, user-friendly meal offerings (see Exhibits 1 to 5).

To order, customers selected their meal and product choices for the upcoming week from a list of featured products. Customers subscribed to pre-set plans with a certain number of meals per week. Burton took great pride in the website and application software he had designed, which featured Lacroix’s beautifully crafted and highly appetizing menu items. The customer interface also featured important nutritional information, a list of the popular diets each meal adhered to, and the “story” behind the meal. Gourmet Gusto invested a great deal of time and money in presentation and visual marketing, since the owners both believed that “people love to look at food.” Promotional efforts were focused on email promotions, Instagram advertisements, and pop-up tasting shops.

Customers

Gourmet Gusto’s primary customer group accounted for 75 per cent of total sales and consisted of young professionals aged 25−35 who worked in the technology, finance, or start-up sectors. Despite having minimal or non-existent skills in the kitchen, many considered themselves to be foodies[[8]](#footnote-8) who valued local, organic, and quality meals with unique compositions. They enjoyed different cultural infusions and often shared images of meals through their social media accounts. Dual-income families with young children made up 20 per cent of the customer base and appreciated Gourmet Gusto’s healthy menu offerings. The remaining 5 per cent of customers consisted of small local businesses who occasionally purchased meals for company luncheons or meetings. This segment was the only group that paid for its orders on account.

The Facility and Suppliers

Gourmet Gusto was located just outside of Austin’s metropolitan core in a 743-square-metre warehouse that housed a large industrial-grade kitchen and food preparation and storage area, an ample packing and storage space, and an office space and meal photography studio. Gourmet Gusto operated one eight-hour shift per day for five days each week all year and employed 11 full-time workers, who each earned between $15 and $30 per hour depending on job title and function.

All meals featured locally sourced, mostly organic seasonal ingredients, wherever possible. The business had established strong relationships with local farmers and other small-scale food providers, who offered payment terms of net 30. After introducing the meal kits in 2017, however, it needed different ingredients, and this led to difficulties in the procurement and management of food supplier accounts and increased Gourmet Gusto’s costs.

Recent Struggles

Gourmet Gusto had initially experienced impressive success and rapid sales growth. Later, an increased reliance on equity financing brought on a heightened level of pressure to satisfy the lofty expectations of investors, who were seeking accelerated growth and large returns. As Burton and Lacroix relinquished more ownership of their business, they made strategic choices that diverted from Gourmet Gusto’s original mandate. The couple believed their most noteworthy strategic misstep was the 2017 decision to implement a meal kit line. The decision was based on investors’ belief that this would diversify and grow the customer base. In reality, adding this product line had damaged the business financially and operationally. Meal kits led to over-spending on promotion and other operating expenses, opened the business up to major competition, and squeezed margins. The foray into meal kits had also detracted from Gourmet Gusto’s competitive advantage of unique, quality, and intricate meal creations because meal kit offerings were more simplified and standardized.

THE PLAN

Re-Focus on Prepared Meals and Purchase a Fleet of Delivery Trucks

Burton and Lacroix’s plan was to return Gourmet Gusto to its original focus by removing the meal kit line and to improve operational efficiencies by managing product delivery internally with a fleet of delivery trucks. The founders believed this would restore profitability, reduce costs, and increase customer satisfaction. On top of the financial inefficiencies that accompanied meal kits, Gourmet Gusto also struggled with delivery delays that negatively impacted customer satisfaction. The business outsourced meal delivery to a third party, which was costly and time-consuming and impacted the perceived freshness of the meals. By assuming operational responsibility for product delivery, Burton would utilize his software design expertise to implement a new state-of-the-art product management system to ensure swift and seamless delivery to customers.

Financial Projections

Burton and Lacroix planned to purchase six dual-temperature delivery trucks[[9]](#footnote-9) with the $390,000 long-term loan. The loan had a five-year repayment schedule and an annual interest rate of 5 per cent.[[10]](#footnote-10) The owners would purchase the new trucks in April 2019, when the existing contract expired, and they projected fuel and repairs to be 2.0 and 1.5 per cent of sales, respectively. Gourmet Gusto currently paid the third-party delivery company $15,000 per month to deliver products to customers.

By eliminating meal kits from Gourmet Gusto’s product offering and refocusing resources on prepared meals, they expected sales for this segment to grow between 10 and 30 per cent in fiscal 2019. Burton and Lacroix estimated retail revenue to grow at the same rate as the previous year and membership fees to increase by 2 per cent. The couple also planned to establish ongoing relationships with local businesses, creating a revenue stream for catering that was projected to yield between $25,000 and $50,000 in its first year. Removing meal kits would improve margins and reduce the cost of goods sold to 50 per cent of sales. Age of inventory was also expected to decrease slightly, to 14 days.

The proposed changes would adjust several other expenses for the upcoming fiscal year. Administrative expenses were expected to decrease to 4 per cent of sales, and advertising spending would return to the 2017 dollar amount since the business would no longer need to promote meal kits. Lacroix also planned to hire a second full-time chef[[11]](#footnote-11) to help expand on the quality and variety of the prepared-meal menu offerings. The 2019 tax rate was estimated to be 12 per cent due to the absence of state-level corporate tax in Texas.

Burton and Lacroix projected the new catering revenue stream to increase the age of accounts receivable to eight days in 2019. A lower age of inventory, combined with pressure from suppliers for swift payment, would decrease accounts payable significantly, to 25 days. Burton and Lacroix believed this would be feasible since eliminating meal kits meant fewer suppliers and an enhanced focus on the management of purchases. To help offset the cash outlay used to pay suppliers back earlier, Gourmet Gusto was requesting a $50,000 working capital loan. The business experienced seasonal fluctuations and required an additional $10,000 over the summer months to help prepare for its busy fall season, when customers returned from summer holidays and were eager to establish meal routines. Finally, the owners planned to pay off the remaining shareholder loan in 2019.

DECISION

Wong considered all of the information Burton and Lacroix had provided to her in their application. Despite an earnest desire to see Gourmet Gusto succeed, it was imperative that she perform a thorough analysis to determine whether lending money to this new customer was the right move for the bank. Wong also had some questions about the viability of the couple’s proposed plan. Was it wise to abandon the meal kit line so soon after its introduction? Could the owners restore sales growth as quickly as expected? It was clear that this loan request was a final attempt to reignite sales growth and restore profitability for a business that had not long ago been regarded as having high potential for success, and Wong certainly felt the weight of this decision.

EXHIBIT 1: STATEMENT OF EARNINGS (for the years ending December 31)

|  |  | **2018** |  | **2017** |  | **2016** |
| --- | --- | --- | --- | --- | --- | --- |
| **Revenue** |  |  |  |  |  |  |
| Prepared Meals |  | $ 1,503,955 |  | $ 1,423,955 |  | $ 988,493 |
| Retail |  | 374,839 |  | 345,039 |  | 322,938 |
| Meal Kits |  | 191,444 |  | 228,382 |  | - |
| Membership Fees |  | 175,203 |  | 173,463 |  | 172,437 |
| **Total Revenue** |  | 2,245,441 |  | 2,170,839 |  | 1,483,868 |
| Cost of Goods Sold |  | 1,164,710 |  | 1,136,217 |  | 665,812 |
| **Gross Profit** |  | $ 1,080,731 |  | $ 1,034,622 |  | $ 818,056 |
|  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |
| Administrative Expenses |  | $ 113,172 |  | $ 100,287 |  | $ 42,752 |
| Depreciation |  | 18,834 |  | 18,834 |  | 15,624 |
| Management Salary |  | 65,000 |  | 50,000 |  | 40,000 |
| Wages |  | 422,240 |  | 422,240 |  | 359,840 |
| Rent/Lease |  | 136,000 |  | 136,000 |  | 136,000 |
| Utilities |  | 72,303 |  | 70,986 |  | 47,187 |
| Advertising |  | 75,000 |  | 50,000 |  | 40,000 |
| Insurance |  | 15,750 |  | 15,750 |  | 12,245 |
| Telephone, Internet, and Network |  | 11,227 |  | 11,071 |  | 7,270 |
| Delivery Expense |  | 162,345 |  | 172,148 |  | 89,329 |
| Miscellaneous |  | 1,737 |  | 1,787 |  | 1,083 |
| Total Operating Expenses |  | 1,093,608 |  | 1,049,103 |  | 791,331 |
|  |  |  |  |  |  |  |
| **Operating Income** |  | $ (12,877) |  | $ (14,481) |  | $ 26,726 |
|  |  |  |  |  |  |  |
| Income Tax |  | - |  | - |  | 4,009 |
|  |  |  |  |  |  |  |
| **Net Income** |  | $ (12,877) |  | $ (14,481) |  | $ 22,717 |

Source: Company files*.*

EXHIBIT 2: STATEMENT OF RETAINED EARNINGS (for the years ending December 31)

|  |  | **2018** |  | **2017** |  | **2016** |
| --- | --- | --- | --- | --- | --- | --- |
| Beginning Retained Earnings |  | $ 9,318 |  | $ 33,799 |  | $ 16,082 |
| Add: Net Income |  | (12,877) |  | (14,481) |  | 22,717 |
| Less: Dividends |  | 10,000 |  | 10,000 |  | 5,000 |
| Ending Retained Earnings |  | $ (13,559) |  | $ 9,318 |  | $ 33,799 |

Source: Company files.

EXHIBIT 3: BALANCE SHEETS (as at December 31)

|  |  | **2018** |  | **2017** |  | **2016** |
| --- | --- | --- | --- | --- | --- | --- |
| **ASSETS** |  |  |  |  |  |  |
| **Current Assets** |  |  |  |  |  |  |
| Cash |  | $ 2,716 |  | $ 7,686 |  | $ 4,232 |
| Marketable Securities |  | 19,604 |  | 48,392 |  | 35,129 |
| Accounts Receivable |  | 28,914 |  | 28,548 |  | 20,327 |
| Inventory |  | 47,865 |  | 51,052 |  | 18,241 |
| **Total Current Assets** |  | 99,099 |  | 135,678 |  | 77,929 |
|  |  |  |  |  |  |  |
| **Fixed Assets** |  |  |  |  |  |  |
| Kitchen Equipment, Cost |  | 255,750 |  | 255,750 |  | 200,500 |
| Packing Equipment, Cost |  | 100,000 |  | 100,000 |  | 75,000 |
| Leasehold Improvements, Cost |  | 50,000 |  | 50,000 |  | 50,000 |
| Furniture and Fixtures, Cost |  | 44,059 |  | 44,059 |  | 44,059 |
| **Total Cost** |  | 449,809 |  | 449,809 |  | 369,559 |
| Less: Accumulated Depreciation |  | 84,540 |  | 65,706 |  | 46,872 |
| **Total Fixed Assets, Net** |  | 365,269 |  | 384,103 |  | 322,687 |
|  |  |  |  |  |  |  |
| **TOTAL ASSETS** |  | $ 464,368 |  | $ 519,781 |  | $ 400,616 |
|  |  |  |  |  |  |  |
| **LIABILITIES** |  |  |  |  |  |  |
| **Current Liabilities** |  |  |  |  |  |  |
| Accounts Payable |  | $ 127,927 |  | $ 139,963 |  | 56,317 |
| **Total Current Liabilities** |  | 127,927 |  | 139,963 |  | 56,317 |
| **Long-Term Liabilities** |  |  |  |  |  |  |
| Shareholder Loan |  | 20,000 |  | 20,500 |  | 35,500 |
| **Total Long-Term Liabilities** |  | 20,000 |  | 20,500 |  | 35,500 |
| **Total Liabilities** |  | $ 147,927 |  | $ 160,463 |  | $ 91,817 |
| **EQUITY** |  |  |  |  |  |  |
| Preferred Stock |  | 150,000 |  | 150,000 |  | 75,000 |
| Common Stock |  | 180,000 |  | 200,000 |  | 200,000 |
| Retained Earnings |  | (13,559) |  | 9,318 |  | 33,799 |
| **Total Equity** |  | $ 316,441 |  | $ 359,318 |  | $ 308,799 |
|  |  |  |  |  |  |  |
| **TOTAL LIABILITIES AND EQUITY** |  | $ 464,368 |  | $ 519,781 |  | $ 400,616 |

Source: Company files

EXHIBIT 4: FINANCIAL RATIOS

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2018** |  | **2017** |  | **2016** |
| **PROFITABILITY** |  |  |  |  |  |  |
| **Sales** |  |  |  |  |  |  |
| Prepared Meals |  | 67.0% |  | 65.6% |  | 66.6% |
| Retail |  | 16.7% |  | 15.9% |  | 21.8% |
| Meal Kits |  | 8.5% |  | 10.5% |  | 0.0% |
| Membership Fees |  | 7.8% |  | 8.0% |  | 11.6% |
| Total Sales |  | 100.0% |  | 100.0% |  | 100.0% |
|  |  |  |  |  |  |  |
| Cost of Goods Sold |  | 51.9% |  | 52.3% |  | 44.9% |
| Gross Profit |  | 48.1% |  | 47.7% |  | 55.1% |
|  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |
| Administrative Expenses |  | 5.0% |  | 4.6% |  | 2.9% |
| Depreciation |  | 0.8% |  | 0.9% |  | 1.1% |
| Management Salary |  | 2.9% |  | 2.3% |  | 2.7% |
| Wages |  | 18.8% |  | 19.5% |  | 24.3% |
| Rent/Lease |  | 6.1% |  | 6.3% |  | 9.2% |
| Utilities |  | 3.2% |  | 3.3% |  | 3.2% |
| Advertising |  | 3.3% |  | 2.3% |  | 2.7% |
| Insurance |  | 0.7% |  | 0.7% |  | 0.8% |
| Telephone, Internet, and Network |  | 0.5% |  | 0.5% |  | 0.5% |
| Delivery Expense |  | 7.2% |  | 7.9% |  | 6.0% |
| Miscellaneous |  | 0.1% |  | 0.1% |  | 0.1% |
| Total Operating Expenses |  | 48.6% |  | 48.4% |  | 53.5% |
|  |  |  |  |  |  |  |
| Operating Income |  | (0.6%) |  | (0.7%) |  | 1.8% |
| Income Tax |  | 0.0% |  | 0.0% |  | 0.3% |
| Net Income |  | (0.6%) |  | (0.7%) |  | 1.5% |
|  |  |  |  |  |  |  |
| Return on Average Equity |  | N/A |  | N/A |  | 7.4% |

EXHIBIT 4 (CONTINUED)

|  |  | **2018** |  | **2017** |  | **2016** |
| --- | --- | --- | --- | --- | --- | --- |
| **LIQUIDITY** |  |  |  |  |  |  |
| Current Ratio |  | 0.77:1 |  | 0.97:1 |  | 1.38:1 |
| Acid Test |  | 0.40:1 |  | 0.60:1 |  | 1.06:1 |
|  |  |  |  |  |  |  |
| **EFFICIENCY** |  |  |  |  |  |  |
| Age of Accounts Receivable |  | 4.7 days |  | 4.8 days |  | 5.0 days |
| Age of Inventory |  | 15.0 days |  | 16.4 days |  | 10.0 days |
| Age of Payables |  | 40.2 days |  | 43.7 days |  | 30.6 days |
|  |  |  |  |  |  |  |
| **STABILITY** |  |  |  |  |  |  |
| Net Worth to Total Assets |  | 68.1% |  | 69.1% |  | 77.1% |
| Interest Coverage |  | N/A |  | N/A |  | N/A |

| **GROWTH** |  | **2017–2018** |  | **2016–2017** |
| --- | --- | --- | --- | --- |
| Total Sales |  | 3.4% |  | 46.3% |
| Prepared Meals |  | 5.6% |  | 44.1% |
| Retail |  | 8.6% |  | 6.8% |
| Meal Kits |  | (16.2%) |  | N/A |
| Membership Fees |  | 1.0% |  | 0.6% |
| Net Income |  | N/A |  | N/A |
| Total Assets |  | (10.7%) |  | 29.7% |
| Equity |  | (11.9%) |  | 16.4% |

Source: Company files*.*

EXHIBIT 5: STATEMENT OF CASH FLOWS (for the years ending December 31)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **2018** |  | **2017** |
| **OPERATIONS** |  |  |  |  |
| Net Income |  | $ (12,877) |  | $ (14,481) |
|  |  |  |  |  |
| Adjustments to Cash Basis: |  |  |  |  |
| Depreciation |  | 18,834 |  | 18,834 |
| Marketable Securities |  | 28,788 |  | (13,263) |
| Accounts Receivable |  | (366) |  | (8,221) |
| Inventory |  | 3,187 |  | (32,811) |
| Accounts Payable |  | (12,036) |  | 83,646 |
|  |  |  |  |  |
| Net Cash Flow from Operations |  | $ 25,530 |  | $ 33,704 |
|  |  |  |  |  |
| **Financing Activities** |  |  |  |  |
| Shareholder Loan |  | $ (500) |  | $ (15,000) |
| Preferred Stock |  | 0 |  | 75,000 |
| Common Stock |  | (20,000) |  | 0 |
| Dividends |  | (10,000) |  | (10,000) |
|  |  |  |  |  |
| Net Cash Flow from Financing Activities |  | $ (30,500) |  | $ 50,000 |
|  |  |  |  |  |
| **Investing Activites** |  |  |  |  |
| Fixed Assets—Kitchen Equipment |  | 0 |  | (55,250) |
| Fixed Assets—Packing Equipment |  | 0 |  | (25,000) |
| Fixed Assets—Leasehold Improvements |  | 0 |  | 0 |
| Fixed Assets—Furniture and Fixtures |  | 0 |  | 0 |
|  |  |  |  |  |
| Net Cash Flow from Investing Activities |  | $ – |  | $ (80,250) |
|  |  |  |  |  |
| Net Cash Flow |  | $ (4,970) |  | $ 3,454 |
| Beginning Cash |  | 7,686 |  | 4,232 |
| Ending Cash |  | $ 2,716 |  | $ 7,686 |
|  |  |  |  |  |

Source: Company files.

1. All currency amounts are in US dollars. [↑](#footnote-ref-1)
2. Laura Begley Bloom, “Is Austin, Texas, the Best City in America?,” *Forbes*, May 31, 2019, accessed June 18, 2020, [www.forbes.com/sites/laurabegleybloom/2019/05/31/is-austin-texas-the-best-city-in-america/#28fb2c6a65c5](http://www.forbes.com/sites/laurabegleybloom/2019/05/31/is-austin-texas-the-best-city-in-america/#28fb2c6a65c5); “Austin, TX,” Data USA, accessed June 18, 2020, https://datausa.io/profile/geo/austin-tx/#:~:text=The%20population%20of%20Austin%2C%20TX%

   20is%2048.8%25%20White%20Alone%2C,and%2087.5%25%20are%20U.S.%20citizens. [↑](#footnote-ref-2)
3. “Prepared Meals in the United States,” MarketLine Industry Profile, October 2019, accessed July 20, 2020, https://store.marketline.com/report/ohme9807--prepared-meals-in-the-united-states/; James Wang, “Food-as-Service: The $3 Trillion Meal Delivery Market,” ARK Invest, March 20, 2019, accessed July 21, 2020, <https://ark-invest.com/analyst-research/food-as-a-service-the-3-trillion-meal-delivery-market/>. [↑](#footnote-ref-3)
4. Ready-made meals were meals that arrived to customers pre-cooked and that required minimal effort to prepare (e.g., heating the food in the oven or microwave) prior to being consumed. [↑](#footnote-ref-4)
5. Seed financing (or seed capital) was equity raised by a business in the early stages of its capital-raising process. The money was usually obtained through close personal connections to the owners such as family and friends. [↑](#footnote-ref-5)
6. A venture capitalist (VC) was a private equity investor who invested funds (or capital) into businesses believed to have high potential for growth. In exchange for their investments, VCs were awarded equity stakes in the business. [↑](#footnote-ref-6)
7. Members paid a monthly fee and benefited from discounted prices and exclusive product offerings. [↑](#footnote-ref-7)
8. A foodie was a person who had a great interest in and appreciation for food. [↑](#footnote-ref-8)
9. The delivery trucks would be depreciated over 20 years. [↑](#footnote-ref-9)
10. Interest was charged on the loan balance outstanding at fiscal year-end. [↑](#footnote-ref-10)
11. Gourmet Gusto would pay the chef $30 per hour. [↑](#footnote-ref-11)