

LIC1B-2012-00666

ORIGINAL ALCOHOL BEVERAGE LICENSE APPLICATION

Submit to municipal clerk.

For the license period beginning 20 ending June 30 20 13

TO THE GOVERNING BODY of the: [] Town of [] Village of [x] City of Madison

County of Aldermanic Dist. No. (if required by ordinance)

- 1. The named [] INDIVIDUAL [] PARTNERSHIP [] LIMITED LIABILITY COMPANY [] CORPORATION/NONPROFIT ORGANIZATION

hereby makes application for the alcohol beverage license(s) checked above.

- 2. Name (individual/partners give last name, first, middle; corporations/limited liability companies give registered name):

CHOCOLATERIAN, LLC / POPULAR SNACKS INC

An "Auxiliary Questionnaire," Form AT-103, must be completed and attached to this application by each individual applicant, by each member of a partnership, and by each officer, director and agent of a corporation or nonprofit organization, and by each member/manager and agent of a limited liability company. List the name, title, and place of residence of each person.

Table with columns: Title, Name, Home Address, Post Office & Zip Code. Rows include LEANNE CORDISCO (President), KIMBERLY NEUBLE (V.P.), and LEANNE CORDISCO (Agent).

- 3. Trade Name: CHOCOLATERIAN Business Phone Number: 606.345.6565
4. Address of Premises: 2004 ATWOOD AVE MADISON Post Office & Zip Code: 53704

- 5. Is individual, partners or agent of corporation/limited liability company subject to completion of the responsible beverage server training course for this license period? [x] Yes [] No
6. Is the applicant an employe or agent of, or acting on behalf of anyone except the named applicant? [] Yes [x] No
7. Does any other alcohol beverage retail licensee or wholesale permittee have any interest in or control of this business? [] Yes [x] No
8. (a) Corporate/limited liability company applicants only: Insert state WI and date MAY 2012 of registration.
(b) Is applicant corporation/limited liability company a subsidiary of any other corporation or limited liability company? [] Yes [x] No
(c) Does the corporation, or any officer, director, stockholder or agent or limited liability company, or any member/manager or agent hold any interest in any other alcohol beverage license or permit in Wisconsin? [] Yes [x] NO

(NOTE: All applicants explain fully on reverse side of this form every YES answer in sections 5, 6, 7 and 8 above.)

- 9. Premises description: Describe building or buildings where alcohol beverages are to be sold and stored. The applicant must include all rooms including living quarters, if used, for the sales, service, and/or storage of alcohol beverages and records. (Alcohol beverages may be sold and stored only on the premises described.) 4 SEAS CAFE, 3000 FT^2 (900 FT^2 KITCHEN, REMAINING RETAIL) 1000 FT^2 STORAGE IN BASEMENT

- 10. Legal description (omit if street address is given above):
11. (a) Was this premises licensed for the sale of liquor or beer during the past license year? [] Yes [x] No
(b) If yes, under what name was license issued?
12. Does the applicant understand they must file a Special Occupational Tax return (TTB form 5630.5) before beginning business? [x] Yes [] No
13. Does the applicant understand a Wisconsin Seller's Permit must be applied for and issued in the same name as that shown in Section 2, above? [x] Yes [] No
14. Is the applicant indebted to any wholesaler beyond 15 days for beer or 30 days for liquor? [] Yes [x] No

READ CAREFULLY BEFORE SIGNING: Under penalty provided by law, the applicant states that each of the above questions has been truthfully answered to the best of the knowledge of the signers. Signers agree to operate this business according to law and that the rights and responsibilities conferred by the license(s), if granted, will not be assigned to another. (Individual applicants and each member of a partnership applicant must sign; corporate officer(s), members/managers of Limited Liability Companies must sign.) Any lack of access to any portion of a licensed premises during inspection will be deemed a refusal to permit inspection. Such refusal is a misdemeanor and grounds for revocation of this license.

SUBSCRIBED AND SWORN TO BEFORE ME

this 31 day of July, 20 12

Mercy E. Banta (Clerk/Notary Public) My commission expires 5/15/2016

Handwritten signature and printed name: (Officer of Corporation/Member/Manager of Limited Liability Company/Partner/Individual)

TO BE COMPLETED BY CLERK

Table with 4 columns: Date received and filed with municipal clerk, Date reported to council/board, Date provisional license issued, Signature of Clerk / Deputy Clerk.

P-410 A-6 (RUMMEL) 27261

City of Madison Supplemental Class B License Application

<input checked="" type="checkbox"/> Seller's Permit Certificate (Entity must match the Articles of Incorporation) <input checked="" type="checkbox"/> Federal Employer Identification # <input type="checkbox"/> Notarized Original Application Form <input type="checkbox"/> Notarized Supplemental Form <input type="checkbox"/> Orange Sign (Clerk's Office provides at time of application)	<input checked="" type="checkbox"/> Written Description of Premise <input checked="" type="checkbox"/> Background Investigation Form(s) <input type="checkbox"/> Notarized Transfer of Ownership <input checked="" type="checkbox"/> *Articles of Incorporation <input type="checkbox"/> *Notarized Appointment of Agent <small>* Corporation/LLC only</small>	<input type="checkbox"/> Floor Plans <input type="checkbox"/> Lease <input checked="" type="checkbox"/> Sample Menu <input checked="" type="checkbox"/> Business Plan
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1. Name of Applicant/Partner/Corporation/LLC CHOCOLATERIAN
 2. Address of Licensed Premise 2004 ATWOOD AVE, MADISON 53704
 3. Telephone Number: 608.345.6505 4. Anticipated opening date: SEPT 2, 2012
 5. Mailing address if not opening immediately 3126 ATWOOD AVE, MADISON, WI 53704

6. Have you contacted the Alderperson, Police Department District Captain, Alcohol Policy Coordinator, and the neighborhood association representative for the area in which you intend to locate? Yes No

7. Are there any special conditions desired by the neighborhood? Yes No

Explain. _____

8. Business Description, including hours of operation: CAFE SELLING DESSERTS, CHOCOLATE, WINE, QUICHE, COFFEE AND CREPES

9. Do you plan to have live entertainment? No Yes—What kind? _____

10. Detailed written description of building, including overall dimensions, seating arrangements, capacity, bar size and all areas where alcohol beverages are to be sold and stored. **The licensed premise described below shall not be expanded or changed without the approval of the Common Council.**

44 SEAT CAFE, 3,000 FT² SPACE (900 FT² KITCHEN, REMAINING RETAIL) 1,000 FT² DRY STORAGE IN BASEMENT. WINE/BEER TO BE SOLD AT P.O.S. AREA AND CAN BE CONSUMED AT TABLES IN THE SPACE.

11. Are any living quarters directly or indirectly accessible and under control of the applicant? Yes No
 Please note that alcohol may be sold and stored only on the licensed premise, not in living quarters.

12. Describe existing parking and how parking lot is to be monitored. ATTACHED, OFF STREET PARKING W/ A HANDICAP SPOT, MONITORED DAILY BY OWNERS

13. Describe your management experience, staffing levels, duties and employee training.
I RAN A FRENCH CAFE IN PENNA, HAVE HAD DIRECT EMPLOYEES UNDER ME FOR 15 YEARS, AND I HAVE A FULLY DOCUMENTED TRAINING PLAN.

14. Identify the **registered agent** for your Corporation or LLC. This is your corporation's agent for service of process, notice or demand required or permitted by law to be served on the corporation.
LEANNE CORDISLO 3126 ATWOOD AVE MADISON

Name _____ Address _____

15. Utilizing your market research, who would you project your target market to be?

"SOCCER MOMS" 35-45 YR OLD WOMEN

16. What age range would you hope to attract to your establishment? 16-70

17. Describe how you plan to advertise/promote your business. What products will you be advertising?

ISTHMUS, MADISON MAGAZINE - PROMOTE OURSELVES AS A PATISSERIE

18. Are you operating under a lease or franchise agreement? Yes (attach a copy) No

19. Owner of building where establishment is located: M+M REAL ESTATE INVESTMENTS

Address of Owner: 2000 ATWOOD AVE Phone Number _____

20. Private organizations (clubs): Do your membership policies contain any requirement of "Invidious" (likely to give offense) discrimination in regard to race, creed, color, or national origin? Yes No

21. List the Directors of your Corporation/LLC

LEANNE CORDISCO 3126 ATWOOD AVE, MADISON, 53704
Name Address

KIMBERLY VIZUBLEY 7006 BLUFF POINT, MADISON 53718
Name Address

Name Address

22. List the Stockholders of your Corporation/LLC

CORDISCO SAME 70
Name Address % of Ownership

VIZUBLEY _____ 30
Name Address % of Ownership

Name Address % of Ownership

23. What type of establishment are you? (Check all that apply) Tavern Nightclub Restaurant

Other Please Explain. PATISSERIE: RESTAURANT SERVING DESSERTS

24. What type of food will you be serving, if any? QUICHE & CREPE & DESSERTS

Breakfast Lunch Dinner

25. Please submit a sample menu with your application, if possible. What might eventually be included on your operational menu when you open? Appetizers Salads Soups Sandwiches Entrees

Desserts Pizza Full Dinners

26. During what hours of your operation do you plan to serve food? 7:00 - 10:00 PM

27. What hours, if any, will food service not be available? NON
28. Indicate any other product/service offered. _____
29. Will your establishment have a kitchen manager? Yes No
30. Will you have a kitchen support staff? Yes No
31. How many wait staff do you anticipate will be employed at your establishment? 6
During what hours do you anticipate they will be on duty? 7:00 AM - 10:00 PM
32. Do you plan to have hosts or hostesses seating customers? Yes No
33. Do your plans call for a full-service bar? Yes No
If yes, how many bar stools do you anticipate having at your bar? _____
How many bartenders do you anticipate you would have working at one time on a busy night? _____
34. Will there be a kitchen facility separate from the bar? Yes No
35. Will there be a separate and specific area for eating only? Yes No
If yes, what will be the seating capacity for that area? 44 SEAT
36. What type of cooking equipment will you have? Stove Oven Fryers Grill Microwave
37. Will you have a walk-in cooler and/or freezer dedicated solely to the storage of food products? Yes No
38. What percentage of your overall payroll do you anticipate will be devoted to food operation salaries?
80%
39. If your business plan includes an advertising budget, what percentage of your advertising budget do you anticipate will be related to food? ~~80%~~ 90%
What percentage of your advertising budget do you anticipate will be drink related? 10%
40. Are you currently, or do you plan to become, a member of the Madison—Dane County Tavern League or the Tavern League of Wisconsin? Yes No
41. Are you currently, or do you plan to become, a member of the Wisconsin Restaurant Association or the National Restaurant Association? Yes No
-

42. What is your estimated capacity? 90 PEOPLE

43. Pursuant to Chapter 38.02 of the Madison General Ordinances, all restaurants and taverns serving alcohol beverages shall substantiate their gross receipts for food and alcohol beverage sales broken down by percentage. For new establishments, the percentage will be an estimate.

Gross Receipts from Alcoholic Beverages	30 %
Gross Receipts from Food and Non-Alcoholic Beverages	60 %
Gross Receipts from Other	10 %
Total Gross Receipts	100%

44. Do you have written records to document the percentages shown? Yes No
You may be required to submit documentation verifying the percentages you've indicated.


Read carefully before signing: Under penalty provided by law, the applicant states that the above information has been truthfully completed to the best of the knowledge of the signer. Signer agrees to operate this business according to law and that the rights and responsibilities conferred by the license(s), if granted will not be assigned to another. Any lack of access to any portion of a licensed premise during inspection will be deemed a refusal to permit inspection. Such refusal is a misdemeanor and grounds for revocation of this license.

Subscribed and Sworn to before me:

this 31 day of July, 2012

Wendy E. Bantz
(Clerk/Notary Public)

My commission expires 5/15/2016


(Officer of Corporation/Member of LLC/Partner/Individual)

Appointment of New Liquor/Beer Agent

To be completed by Corporate Officer or Member of LLC

I, LEANNE CORDISCO, officer/member for CHOCOLATERIAN
(Corporation/LLC) doing business as CHOCOLATERIAN, authorize and appoint
LEANNE CORDISCO (Name) as the liquor/beer agent for the premise
located at 2004 ATWOOD AVENUE.

Subscribed and sworn to before me this

31 Day of July, 2012

Wendy E. Banta
Notary Public, Dane County, Wisconsin

My Commission Expires 5/15/2016

[Signature]
Signature of Officer/Member

To be completed by appointed Liquor/Beer Agent

I, LEANNE CORDISCO, appointed liquor/beer agent for
CHOCOLATERIAN (name of Corporation or LLC), being first duly sworn
say I have vested in me, by properly authorized and executed written delegation, full authority
and control of the premise described in the license of such corporation or limited liability
company, and I am involved in the actual conduct of the business as an employee, or have a
direct financial interest in the business of the licensee, therein relating to the intoxicating
liquor/fermented malt beverage. The interest I have in the business is 30 %.

Subscribed and sworn to before me this

31 Day of July, 2012

Wendy E. Banta
Notary Public, Dane County, Wisconsin

My Commission Expires 5/15/2016

[Signature]
Signature of Agent

The appointed Liquor/Beer Agent must complete the other side of this form.

This document is not yet filed.

Sec. 183.0202
Wis. Stats.



State of Wisconsin
Department of Financial Institutions

ARTICLES OF ORGANIZATION - LIMITED LIABILITY COMPANY

Executed by the undersigned for the purpose of forming a Wisconsin Limited Liability Company under Chapter 183 of the Wisconsin Statutes:

- Article 1. **Name of the limited liability company:**
Chocolaterian, LLC
- Article 2. **The limited liability company is organized under Ch. 183 of the Wisconsin Statutes.**
- Article 3. **Name of the initial registered agent:**
Leanne Cordisco
- Article 4. **Street address of the initial registered office:**
2000 Atwood Ave
Madison, WI53704
United States of America
- Article 5. **Management of the limited liability company shall be vested in:**
A manager or managers
- Article 6. **Name and complete address of each organizer:**
Kimberly Vrublely
7006 Bluff Point Dr
Madison, WI53718
United States of America

Leanne Cordisco
3126 Atwood Ave
Madison, WI53704
United States of America

Other
Information.

This document was drafted by:

Leanne Cordisco

Organizer Signature:

Kimberly Vrublely

Leanne Cordisco

Date & Time of Receipt:

5/22/2012 7:47:19 PM

Credit Card Transaction Number:

201205223007436

Chocolaterian Menu

Small Plates

Chocolate Fondue for 2 \$12
Your choice of dark or milk chocolate with assorted fruits and cakes for dipping

Chocolate Fondue for 4 \$24
Your choice of dark or milk chocolate with assorted fruits and cakes for dipping

Personal Chocolate Cake \$8
Chocolate genois, raspberry jam, chocolate buttercream, espresso liquor, chocolate fan

Badger Bait \$6
Chocolate brownie, sea salt caramel, dark chocolate shell

Drinks

Café Gourmand \$9
Espresso, trio of small bite desserts

Wisconsin hot chocolate \$6
A mix of dark and milk chocolate, Wisconsin milk and cream, cinnamon, whipped cream

Red Wine, by the glass \$8 - \$12
California, Washington and Oregon selections

White Wine Selections \$8 - \$12
Wisconsin, California, Washington and Oregon selections

Bubbles by the glass \$8
Prosecco and champagne

Coffee \$1.75, \$2.50, \$4.00

Espresso \$2, \$3

Café Au Lait \$4, \$6

Cappuccino \$4, \$6

Iced Coffee \$2.50

Tea \$3

Savory (If you must)

Wisconsin cheese plate \$12
Trio of award winning Wisconsin cheeses, nuts, dried cranberries, Potter's crackers

Wisconsin charcuterie plate \$12
A selection of Underground Food Collective charcuterie, Potter's crackers

6" Baguette Sandwich \$6
Madison sourdough baguette, salumi, cheese, mustard

Confections and Pastry

Christine's Gourmet Toffee \$16/lb

6 flavors: Butter, pecan, pistachio, cashew, coffee, bacon

Christine's Gourmet Caramel \$15/lb

3 flavors: sea salt, chai tea latte, gingerbread (seasonal)

Christine's Chocolate Toffee Bites \$15/lb

Teensy pieces of ground toffee folded into Belgian dark chocolate, sea salt

Macaroons \$2

6 flavors: Chocolate, caramel, pistachio, raspberry, lemon, cappuccino

Truffles \$2

Chocolate almond horns \$6

Almond cookie, sliced almond, chocolate

The South Philly \$6

Shortbread base, crème anglaise, raspberry jam, banana, chocolate

Caramel Cups

Sea Salt caramel inside a mini muffin wrapper, chocolate covered

Chocolate 'chips': small pringle sized chips of chocolate pressed between 2 sheets of acetate, formed over PVC rounds

Choc the monkey

Chocolateriat horse

Belgian frite basket of cookies to share

Chocolate mousse bowl

Cream puffs

The Paris mushroom number

Popular Snacks Retail Expansion Chocolaterian Patisserie and Café Business Plan

Prepared by
Leanne Cordisco
Kimberly Vruble
Popular Snacks, Inc
Madison, WI
Leanne@popularsnacks.com
Kimberly@popularsnacks.com
608.345.6565

Executive Summary

Popular Snacks Highlights

- Popular Snacks, Inc. was founded by Leanne Cordisco in 2009 and achieved break-even status in 2011 with the key product brand being Christine's candies.
 - Major Popular Snacks successes in 2011:
 - Christine's products were chosen to be in the Emmy's Awards SWAG bag
 - Secured the first national account, European Imports
 - Expanded the types of products available - added Christine's caramels - with huge success
 - Major Popular Snacks successes in 2010:
 - Leased a permanent commercial kitchen space for making confectioneries
 - Successfully ramped up production volumes to meet demand

Chocolaterian Highlights

- Creation of Madison's only European style patisserie and Chocolate Lounge, Chocolaterian
 - Chocolaterian will serve as a retail space for the Christine's brand of candies and better enable Popular Snacks to try new products with consumers before placing them for sale on the wholesale marketplace
 - Chocolaterian will operate as a 44 seat café with wine service and Wifi, selling gourmet plated desserts, cookies, candies and all types of chocolate confections. Limited savory items will be available
 - Location: 2005 Winnebago Avenue, Madison, WI. (the old Schenk Huegel Uniform Shop).
 - 1,500 square ft kitchen space, 1,500 square ft cafe space, with 1,000 square feet of dry storage in basement. Kitchen build-out necessary.
 - This location will house all operations for Popular Snacks, Inc.

Summary

- Popular Snacks seeks a \$90,000 loan for kitchen equipment and build-out to launch the patisserie and enable the increasing volume and profitability of the Popular Snacks wholesale business. The Christine's brand of caramels volume is almost equal to Christine's toffee sales, and being able to automate the packaging process would significantly streamline manufacturing. Details of expenditures for equipment and build-out are listed below:

○ 2 Commercial refrigerators	\$7,500
○ 1 Refrigerated display case	\$3,500
○ 1 Dishwasher	\$2,000
○ 1 Stainless Steel Table	\$700
○ 1 Espresso machine	\$3,125
○ Coffee Brewer	\$1,000
○ Coffee Grinder	\$1,000
○ Chocolate Tempering Machine	\$6,000
○ Packaging Machine, Package Machinery, Inc	\$15,000
○ Carpentry/Rehabilitation of windows	\$22,000
○ Installation of Kitchen HVAC	\$20,000

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Description of the Business

Popular Snacks is a wholesale gourmet candy business seeking to expand its operations into a retail café. As Popular Snacks is not a retail consumer friendly name/brand, the expansion of Popular Snacks further into the retail market will be under the brand name Chocolaterian. Chocolaterian is Madison, Wisconsin's only patisserie (Patisserie: Chocolate Lounge or Dessert Restaurant), a café that specializes in all manners of chocolates, pastries, candies and confections. Chocolaterian offers a gourmet sweet alternative to the coffee house with a 44 seat café, a customer viewable candy and dessert kitchen, wine, coffee and WiFi. Our women-owned business will be built into a franchise in 5 years, with expansion into Chicago, Portland, San Francisco, Boulder and New York City.

Market Information

Domestic Candy and Snack Market**

- \$300 million annually
- Chocolate is the most popular type of candy
- Candy sales increase in economic downturns
- 3 largest channels for candy sales
 - Supermarkets
 - Pharmacy chains
 - Convenience stores
- 4 largest retail occasions for candy
 - Christmas
 - Halloween
 - Easter
 - Valentine's Day
- Chocolate Lounges appearing in major cities
 - Las Vegas, NV
 - Asheville, NC
 - Chicago, IL
- The average American eats 6 times a day, 3 meals and 3 snacks

**Data from the All Candy Expo, May 2011

Consumer Demographics**

- The "Grey Goose" crowd
- Core chocolate consumer is a 32-45 year old woman
 - Buys candy to reward herself
 - Buys candy for her family as a treat
 - Buys candy as a meal substitute
 - Buys candy for an occasion

**Confirmed by Google Analytics data on Popular Snacks website and Facebook page

Revenue Channels

Popular Snacks Wholesale Business

Popular Snacks is sold in 40 stores in Wisconsin as well as in Illinois, Michigan, Iowa, Oklahoma, Ohio, Alabama and California. The company has seen year over year growth of 20%+ in each of its years in business. Popular Snacks has expanded from a Wisconsin business to a national business through a strategy of broker retention, online sales and social media based sales. Revenues for Popular Snacks are on track to exceed \$100k in 2012, a 40% increase over 2011.

Chocolaterian In House Retail and Wine Sales

The in house sales represent the largest portion of Chocolaterian's revenue. With hours from 7:00 AM to 9:00 PM, Chocolaterian will capture the morning rush as people look to buy sweets for their coworkers. The café will serve a limited savory menu as well as offer coffee drinks and wine. Chocolaterian expects to see a nightly rush of people looking for an alternative to crowded restaurants and bars.

Chocolaterian B2B plated desserts

Chocolaterian will offer a selection of plated gourmet desserts for wholesale distribution to Madison area restaurants. Discussions have taken place with Food Fight, Inc, a Madison-based restaurant chain for providing desserts to their restaurants. One of the owners of Food Fight Inc is the owner of 2000 Atwood Avenue, the location to be leased for the Chocolaterian location.

Chocolaterian Candy Supply Agreement (CSA)

Chocolaterian plans to offer a monthly contracted dessert box to Madison businesses and individuals called a CSA, or candy supply agreement. This is a twist on community supported agriculture agreements commonly found in Madison, also called CSA's. This allows the company to have an additional revenue stream as well as an avenue to test new recipes quickly.

Competition

Chocolaterian will be the only European style patisserie café operating in Madison, WI. Popular Snacks/Chocolaterian as compared to the following competitors:

Feature		Worse	Same	Better
Price	KP's Toffee, Milwaukee, WI			X
	Becky's Blissful, Pewaukee, WI			X
	Allo Chocolat, Waukesha, WI		X	
	Gail Ambrosius, Madison, WI			X
	DB Infusion Chocolates, Madison, WI			X
	Whole Foods (National Chain)			X
	Batch Bakehouse, Madison, WI			X
	Clausen's, Middleton, WI			X
	James J. Chocolates, Lake Mills, WI	X		
Availability	KP's Toffee, Milwaukee, WI			X
	Becky's Blissful, Pewaukee, WI			X
	Allo Chocolat, Waukesha, WI		X	
	Gail Ambrosius, Madison, WI		X	
	DB Infusion Chocolates, Madison, WI		X	
	Whole Foods (National Chain)	X		
	Batch Bakehouse, Madison, WI			X
	Clausen's, Middleton, WI			X
	James J. Chocolates, Lake Mills, WI			X
Quality	KP's Toffee, Milwaukee, WI		X	
	Becky's Blissful, Pewaukee, WI			X
	Allo Chocolat, Waukesha, WI		X	
	Gail Ambrosius, Madison, WI		X	
	DB Infusion Chocolates, Madison, WI		X	
	Whole Foods (National Chain)		X	
	Batch Bakehouse, Madison, WI		X	
	Clausen's, Middleton, WI	X		
	James J. Chocolates, Lake Mills, WI	X		

SWOT Analysis

Strengths

- The only chocolate lounge in Madison, WI
- Superb location with 4 display windows and parking lot
- Christine's brand already has loyal, local customers
- Excellent foot traffic and street visibility
- An existing, growing wholesale candy business to cover fixed expenses
- National presence and exposure at Emmy's elevates the Christine's brand name

Weaknesses

- Close to competition
- New brand name, must overcome disconnect between Popular Snacks and Chocolaterian
- Not centrally located, will have to overcome line of demarcation between east and west side

Opportunities

- Capturing customers from local restaurants and theaters for dessert sales
- Capturing morning commuters who buy desserts and/or candies for the office
- Partnering with local dairy and fruit producers to create new offerings
 - Goat milk caramels
 - Honey caramels
 - Raspberry, currant, strawberry fillings for chocolates and desserts
 - Local milk, cream and butter to use in desserts

Threats

- DB Infusion expanding operations to mimic Chocolaterian concept
- Gail Ambrosius moving and expanding her business to mimic Chocolaterian concept
- Sluggish economy

Operations

Popular Snacks products are made with no preservatives or artificial ingredients resulting in a product with limited shelf life. As a result, manufacturing product during the summer months for sale during the busy holiday season is not feasible. During especially busy times, the candy kitchen experiences capacity pinch points – most notably from October through December. It is during this time where the current kitchen space presents limitations in terms of manufacture.

Manufacturing

Current: Commercial Kitchen location at 151 E Badger Rd, Madison, WI. Several things currently drive a change of manufacturing site:

- Adjacent space converted to a methadone clinic in 2011
- Lease ended May 2012, currently renting month to month
- New lease terms are not favorable to signing
- No opportunity to expand to a retail space
- The HVAC in the current kitchen is not sized appropriately to allow timely candy cooling. Often during times of high demand, production of candy has to wait until ambient and surface temperatures have sufficiently cooled enough to allow manufacture of another batch. The kitchen employs various fans to aid in the cooling process, but this is not ideal as it creates additional temperature variation in the room which can cause poor chocolate tempering.
- The current space is out of room to stage large orders and stock inventory.
- Currently FedEx or UPS are not able to pick up from the current kitchen location leaving the owners to ferry product for shipping to and from a FedEx/UPS office. This not only cuts into management and production time, but also at times requires additional cost as a rental vehicle is required to handle the volume of boxes.

Future: 2005 Winnebago Ave, Madison WI

- Provide retail space for Popular Snacks and Chocolaterian brands
- 3,000 sq ft space, tripling size and capacity
- 7 year lease signed
- Significant increased foot traffic and street visibility
- New facility accommodate automation of caramel packaging to allow increased volume and lower labor costs, (requires 240v power and \$15,000 investment)

Labor

Current

- Leanne Cordisco
- Kimberly Vrublely
- One MATC Culinary Program intern, 3 month rotation

Future

- Leanne Cordisco
- Kimberly Vrublely
- 2 baristas
- 1 pastry chef
- 1 general kitchen worker
- 2 candy packagers

Distribution

- Retailers order directly from Popular Snacks, pay ground shipping FOB Madison
- European Imports Holiday Catalog, Popular Snacks delivers candy to Chicago for distribution
- Online sales, Buyer's Best Friend, Foodzie.com

Suppliers, Ingredients

- Sysco Foods, Baraboo WI
- Costco

Suppliers, Packaging

- Great Northern Company, Appleton, WI
- Belmark, DePere WI
- Excel Label, Madison WI
- American Printing, Madison WI
- Boxco.com
- Clearcellobags.com

Capacity

- Capacity at current location: Weekly production is 1,000 pounds of product
- Capacity at future location: Weekly production is 3,000 pounds

Personnel

Leanne Cordisco (Cordisco):

Chef/owner of Popular Snacks

She holds a Biomedical Engineering degree from the Pennsylvania State University and a BS in Business Management from Edgewood College. Cordisco has held positions of responsibility in restaurants throughout her engineering and business career. She managed front of the house operations before transitioning into a role as saucier in a 2 star French restaurant in Ephrata, PA. She started Popular Snacks with Sam Jacobsen in 2009 to recreate the candy of Sam's youth. After Jacobsen's death in 2010, Cordisco expanded Popular Snacks and took her candies national as well as earning a place in the Emmy's celebrity SWAG gift bags. Cordisco is responsible for the concept creation of Chocolaterian.

Kimberly Vrublely (Vrublely):

Director of Operations/co-owner of Popular Snacks

She holds a BS in Industrial Engineering from the University of Wisconsin - Madison, and an MBA from Edgewood College. She has experience in new product development, general process improvement for manufacturing and business processes, and operations management. Kimberly has been actively involved in helping with incremental process improvements for the manufacturing of the candy produced by Popular Snacks and brings experience related to supplier management, inventory control, and cost accounting.

Business Insurance

- Cincinnati Insurance Company
- \$1,000,000 liability

Corporate Status

Popular Snacks is an S corporation founded in 2008 with 1000 shares in existence, all privately owned. Cordisco owns 60% of the stock, Vrublely owns 30%, and the Jacobsen Foundation owns 10%.

Objectives

Popular Snacks has an objective for the Christine's Brand to continue with a 20%+ increase in revenue year on year. In the past three years, the Christine's brand has experienced growth every quarter with the exception of one (Q1 2011). With the successful incorporation of another Christine's product – caramels - into a national distribution catalog (European Imports), increasing presence in high end grocery chains (Metcalf's in Madison, Gelson's in Southern California, and Walt Churchill's Market in Ann Arbor, OH), and participation in the Fancy Food Show in New York, Popular Snacks is again on track to meet this goal in 2012. The Popular Snacks advertising strategy of securing a presence in national gourmet catalogs and airports has significantly aided revenue increases. In comparison, advertising in locally in the Madison only marketplace has not been nearly as beneficial. Lastly, the business has the following short term and long term plans to help ensure a continued growth rate:

Short Term (August 2012 – July 2014)

- Launch Chocolaterian brand
- Expand Christine's Toffee brand into 1 regional/national gourmet chain
- Launch Christine's Toffee 'Toffee Toppers', a ground toffee for ice cream cookies and cupcakes

Long Term (August 2014 – December 2018)

- Popular Snacks will be present on 1 nationally televised shopping channel
 - QVC, Home Shopping Channel
- Popular Snacks will be present in 5% of gourmet shops in America
 - Williams Sonoma, Harry and David's
- Presence in a regional or national coffee retailer
 - Ancora, Victor Allen's, Caribou, Starbucks
- Another WI tourist destination
 - Harley Davidson, Sprecher Brewing
- Popular Snacks will have Booth space at Wisconsin State Fair
- Popular Snacks will launch Sundae Singles ice cream sauce line
 - individual sundae-sized packets for national grocery store distribution
- Open Chocolaterian franchise shops in Chicago, Portland, Boulder and San Francisco
- Wine Wholesalers and Retailers
 - Napa, Sonoma, Oregon, Washington distribution
- Introduce Chocolate Troll product

Financial Data

- Loan applications
- Capital equipment and supply list
- Balance sheet (need: KMV)
- Breakeven analysis (need: KMV)
- Profit and loss statements
- Three-year summary
- Detail by month, first year
- Detail by quarters, second and third year (need: KMV)
- Assumptions upon which projections were based (need: KMV)
- Pro-forma cash flow
- Supporting documents
 - Tax returns of principals (partners in the business) for last three years, personal financial statements (all banks have these forms) (need, KMV/LAC)
 - Copy of proposed lease or purchase agreement for building space
 - Copy of licenses and other legal documents (need: LAC)
 - Copy of resumes of all principals (need: LAC/KMV)