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This is a business plan. It does not imply an offering of Securities.

# *Executive Summary*

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## **Company Vision**

Local's Backyard intends to be recognized as a purveyor of gourmet sauces, foods and restaurants. We don't have to worry about competition. We are the competition!

## **Business Overview**

- The Company intends to sell its products through grocery and other chain stores. Secondary sales will be made through the Company's restaurant and web site.
- Product marketing will start with online multi-media presentations, celebrity endorsements and affiliations with complementary businesses. To help business grow, the Company intends to move into the NASCAR market to provide mass exposure.
- Currently, there is not a gourmet grilling sauce sold in the mass market.
- The Local's Backyard sauces have a proven track record of sales on-line and through restaurants.

To this end, we seek investment from accredited investors and strategic corporate partners. A total of \$1,250,000 is being raised, which will be used to finance working capital to make the initial bottling purchase order and to open one restaurant.

## **Business Highlights**

- Excellent opportunity to invest in an exciting start-up company.
- Local's Backyard's sauces have unique tastes that will grow through word of mouth.
- The sauces are a consumable product, which will result in steady sales as the sauces are reordered.
- Management has a proven track record of performance in this industry.

# *Investment Summary*

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## **Introduction to the Company**

Local's Backyard was conceived by David Menges and is in the development stage. Local's Backyard will operate as a Nevada Limited Liability Company. A Nevada S corporation will be formed to manage and operate the restaurant.

### **To this point, the following has been accomplished:**

- The recipes have been perfected for 20 gourmet sauces.
- The restaurant's theme, layouts and menus have been created.
- A bottling company has been selected and the bottling costs and shipping configurations have been determined.
- A broker has been selected and appointments with buyers are being set.
- A website, [www.localsbackyard.com](http://www.localsbackyard.com), has been selling sauces for five years

### **To this point, the following still needs to be accomplished:**

- The company needs to be organized.
- Location for the North Las Vegas restaurant needs to be identified.
- An intellectual property and franchise attorney needs to be retained.

## **Investment Opportunity**

According to the business opportunities in front of us, as described in this business plan, and based on what we believe are sound business assumptions, our capital requirements are \$1,250,000. Local's Backyard intends to accomplish the following with the investment capital raised.

- \$200,000 to finance the initial purchase order to the bottling company.
- \$350,000 to open restaurant in North Las Vegas
- \$ 15,000 to fund the initial product development
- \$350,000 to fund first year NASCAR operations.
- \$ 90,000 to fund broker operations and sales for first year
- \$ 61,000 for first year payroll
- \$ 84,000 for working capital
- \$100,000 to fund travel expenses and purchase of demo supplies

## **Investor Compensation Structure**

Local's Backyard will operate as a Nevada Limited Liability Corporation with two classes of membership. The first class of membership will be made up of the management of the company and will own 60% of the shares of the Company. The second class of shares will be sold to

investors who will be treated as limited partners for tax purposes. 125 units will be offered at \$10,000 per unit. The first 25 units will be allocated a double portion of the investor pool.

## ***Business Description***

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### **Operations Overview**

Local's Backyard's operations will consist of 2 major parts. First will be the sales and marketing of the grilling sauces. Second will be the operations of the restaurant.

### **Location**

The Company intends to find a restaurant location somewhere near the I-15 corridor; preferably near the 215 interchanges. The restaurant will seat between 120 and 180 patrons and have a separate bar area and a small stage for entertainment. The theme of the restaurant will incorporate our alliance with NASCAR. There will be a small amount of gaming at the bar.

The restaurant will also house the corporate offices that will coordinate the sales of the grilling sauces and other administrative services.

The warehousing and shipping of our products will be handled by our bottling company for a nominal fee. Many of our proposed vendors will pick up from the bottling company for free and for those that require shipping, we will add on a small fee to cover our shipping costs. A small amount of inventory will be maintained in Las Vegas for sale to restaurant patrons.

# *Professional Advantages*

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## **Management Biographies**

### **David Menges**

Chief Executive Officer

Being born into the restaurant business, Chef David grew up learning the importance of correct food preparations. From the age of about two, he would follow his mother around the kitchen asking why and how she did certain things to certain foods. He learned from his father (a natural comedian) that two ways to make people happy was to feed them good food and make them laugh.

Chef David has always been sort of a cut-up, and has always been quite handy in the kitchen. His calling seemed to set before even he knew it. At the age of 13, Chef David earned a Cooking Merit Badge in the Boy Scouts for preparing his Scout Master a dinner consisting of T-bone steak, Baked Potato, and Freshly Baked (over the campfire) Ginger Bread. He would shortly become a Star Scout.

While hosting one of his frequent back yard cookouts in Key West one evening, David was approached by one of his guests (a local business owner) who suggested that they become partners in the restaurant business, and the first Local's Backyard was born. Chef David couldn't bear the thought of serving food that every other restaurant served, so he created his own menu, and a gourmet sauce to compliment each unique item on the menu. Uniqueness and unmatched great taste have become Local's Backyard's trademark quality. The sauces are made using no preservatives, yet their shelf life is phenomenal.

From the unique Gourmet Sauces to the laid-back ambience of Local's Backyard Gourmet Grille, Local's Backyard is unsurpassed by any business of its kind. To this point, Chef David has amassed numerous awards and accolades for his talent. He has been the topic of talk about a cooking show, or two.

While reading the Food section of a San Diego newspaper one day, David was amused by a "Potato Recipe Contest" in the San Diego area. He felt a strong challenge when the author of the story asked, "is there a potato ice cream out there"? "That was all it took", says the Chef. He laid the paper down, and about three hours later he had concocted "Sweet Potato/Mango Ice Cream". His wife and a friend that was visiting at the time loved it, and talked him into entering it in the potato contest. His Sweet Potato/Mango Ice Cream won 2nd place out of a few thousand entries. The Editor of the newspaper said it was actually the best in the contest, but one of the judges wouldn't relent her vote for another entry. Chef David has won several cooking competitions, but doesn't care for them. "I don't want to sound boastful, but where's the fun if you win all the time", David asks.

Other accolades have come from various newspapers, magazines, television stations, and The United States Navy. Chef David has extensive experience in running the day-to-day operations of a restaurant, and has owned restaurants in Key West, San Diego, and Las Vegas.

Chef David holds no aspirations of celebrity or stardom status. His only goal is to “make people happy”, with his unique creations. Through sheer diligence and a knack for unique creativeness, Chef David has made a dream become a reality, and Local’s Backyard is on a course to stand-alone in the culinary world.

**Gregory Croad**

Chief Operating Officer

Mr. Croad is a marketing manager with 30+ years of sales/marketing experience in a variety of fields from door-to-door sales, starting up his own successful business (Window Cleaning), to managing the sales, advertising, and promotional concerns of various businesses. Prior to joining he was (and currently is) employed by Blue Haven Pools, which is a major local swimming pool contractor, specializing in the construction of new swimming pools. Responsibilities include supervision of new pool construction, customer relations, and general problem solving. Most of Gregory’s experience lies within overcoming roadblocks and enhancing a project’s progress thru design, communications, and a “can do” attitude. Mr. Croad’s strengths lie in recognizing and overcoming potential stumbling blocks in the path of a project’s growth, and his wealth of experience (with various companies), suits him well as Chief Operating Officer for Local’s Backyard.

**Adam Hodson, CPA**

Chief Financial Officer

Mr. Hodson is a CPA with 5 years of public accounting experience. He was also the CFO of a Food Manufacturing company in Henderson, NV. He earned his Master’s Degree in Accounting with an emphasis in Tax Accounting from UNLV in 2003. He also earned his designation as a Certified Fraud Examiner in 2005. His specialty is entity setup and tax planning. His duties will include setting up the Company and the accounting functions and oversee the monthly reporting.

**Jerry Young**

Broker

Mr. Young, of Tropical Trading Co, has 34 years experience in the Specialty Food / Confection category. Jerry was the sole owner of Jerry Young and Associates, which was developed to assist small pioneering manufactures, reach their potential in the specialty food category. Jerry’s prior positions put him in a perfect position to do this thru all of the specialty food distributors through out the US. Prior to opening up Jerry Young and Associates Jerry held positions as Director of Sales for Tony Chachere, VP of Sales for Chef Williams Creole Foods, VP of Sales for Consolidated Brands, VP of Sales for Trolli Brands.

**Strategic Alliances**

In addition to the alliance with NASCAR, the Company is pursuing alliances with related companies to help cross promote products and to help share the cost of the NASCAR budget. Currently, negotiations are in the process with Johnsonville Brats, as they have expressed an interest in advocating Local’s Backyard Gourmet Kielbasa, Brat & Hot Dog Sauce in some of their advertising campaigns. Chef David has conceived a plan whereas Local’s Backyard would team with Johnsonville Brats and Aeroexhaust (a current sponsor for a NASCAR team), and each of the three entities would co-sponsor races and alternate the placement of their logos on different areas of the car. Both Johnsonville and Aeroexhaust like the idea, and are interested in furthering the plan.

# *Marketing Overview*

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## **Focus**

Company intends to grow by providing the best tasting sauces and foods, which will target customers, by combining managements experience in the restaurant business and the expansion of mass-market sales. Local's Backyard will cross sell and promote its products through its labeling, advertising and website. The restaurant will prosper by the selection of a correct location to generate foot traffic and also word-of-mouth advertising.

During the company's first year of business, Local's Backyard's goal is to get the sauces on the shelves of east coast supermarkets and to open the restaurant. Once the product is available for sale, the Company intends to do the following to make customers aware of our products:

- Targeted print marketing including coupons, airline magazines, and other media buys
- Product sampling and demos.
- Cross promotions between stores and mass marketing outlets
- Private labeling to other restaurants
- Internet advertising and promotions

## **Entry Strategy**

The Company has contracted with Tropical Trading Company, Ltd., out of Medina OH to create and implement a product roll out strategy that will cover distribution through many of the large retail outlets throughout the United States. Because the selected bottling company is located in Florida, primary distribution will be to stores on the East Coast. This will reduce shipping and warehousing costs and will also target geographically dense populations. The bottler (Florida Gourmet) has expressed their interest in establishing a bottling facility in the Western area of the country, i.e. Phoenix or Las Vegas, to serve their West Coast needs, as well as those of Local's Backyard.

The rollout strategy will be done in two phases each utilizing our relationship with our NASCAR driver. The first phase will be to meet with buyers to get our products on the store shelves. Our broker will get us appointments with all of the major buyers. These appointments will be scheduled in times and locations that correspond with the NASCAR schedule so that we can introduce our driver to the Buyers and give the Buyers free NASCAR tickets. We will also attend industry trade shows with our Driver (and his car) on display to attract attention.

Phase two will start after the Buyers place their orders. Once our product is on the shelf, we will use our Driver to promote the sauces in the city where the races are held. A few days before each event, the Driver (and his car) will make promotional appearances at the large stores in the area.

## *Exit/Payback Strategy*

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Management believes that it may be in the best interest of its shareholders to pursue an Initial Public Offering at some time in the future. However, there is no guarantee that revenues or market conditions will allow it to do so. It is also possible that Local's Backyard could become the target of an acquisition or merger, and it will entertain any such reasonable offers. The Company has no current plans to register the sale of any of its members' shares. There can be no assurance of the value of the shares when the shares first become marketable or transferable.

## *Performa Financials*

### **Short term**

Within the first year, the Company hopes to have the restaurant open and profitable. It is anticipated that the grand opening of the restaurant will occur in February in conjunction with the Local (Las Vegas) NASCAR race in March. Within the second year, the Company hopes to be on the shelves in most major outlets and be able to support the funding of the NASCAR schedule.

### **Long Term**

Once the restaurant is established, the cashflows should allow periodic payments back to investors by the second year of operations. The long-term success of the sauces will be determined by the penetration into the countries larger retail outlets. See appendix A for an estimate of sauce sales over the next 4 years as prepared by our Broker.

## *Conclusion*

The Company is poised for success. The sauces and menu items have already been created, tested and sold to the public. The glowing comments about the authentic taste and originality will create strong word-of-mouth advertising as well as a strong base of loyal customers. The opportunity to grow the company while no one else is providing sauces and foods of this quality is unique. As the Company grows, it will be noticed by the competition, which should provide opportunities to sell the Company within 3 to 5 years.

## *Compensation of Management*

<u>Personnel</u>	<u>Office</u>	<u>Ownership %</u>	<u>Annualized Compensation</u>
David Menges	CEO	20%	\$52,000
Greg Croad	COO	20%	\$0
Adam Hodson, CPA	CFO	20%	\$16,000

**LOCAL'S BACKYARD  
SALES FORECAST  
3/31/2006**

<b>Potential Customers</b>	<b># of Stores</b>	<b>2006 Q2</b>	<b>2006 Q3</b>	<b>2006 Q4</b>	<b>2007 Q1</b>	<b>2007 Q2</b>	<b>2007 Q3</b>	<b>2007 Q4</b>	<b>2008 Q1</b>	<b>2008 Q2</b>	<b>2008 Q3</b>	<b>2008 Q4</b>	<b>2009 Q1</b>	<b>2009 Q2</b>	<b>2009 Q3</b>	<b>2009 Q4</b>
Meijers	155	465	465	465	465	479	493	508	523	539	555	572	589	607	625	644
Spartans	90	270	270	270	270	278	286	295	304	313	322	332	342	352	363	374
Giant Eagle	198	594	594	594	594	612	630	649	669	689	709	731	752	775	798	822
Bigg's	14	42	42	42	42	43	45	46	47	49	50	52	53	55	56	58
Kroger 4 Divisions	425	594	594	594	594	612	630	649	669	689	709	731	752	775	798	822
Kash n Karry	170		510	510	510	510	525	541	557	574	591	609	627	646	665	685
Bi-Lo's	325		975	975	975	975	1,004	1,034	1,065	1,097	1,130	1,164	1,199	1,235	1,272	1,310
Lowe's	101		303	303	303	303	312	321	331	341	351	362	373	384	395	407
Harris Teeter	74		222	222	222	222	229	236	243	250	257	265	273	281	290	298
Ingles	83		249	249	249	249	256	264	272	280	289	297	306	315	325	335
Schnucks	107				321	321	321	321	331	341	351	361	372	383	395	407
Shop - n - Save	105				315	315	315	315	324	334	344	355	365	376	387	399
Publix	700				2,100	2,100	2,100	2,100	2,163	2,228	2,295	2,364	2,434	2,508	2,583	2,660
Albertson's - Texas	290				870	870	870	870	896	923	951	979	1,009	1,039	1,070	1,102
Albertson's - W. Coast	400				1,200	1,200	1,200	1,200	1,236	1,273	1,311	1,351	1,391	1,433	1,476	1,520
Sams Club / Wal-Mart	425							23,906	23,906	23,906	23,906	24,623	25,362	26,123	26,907	27,714
Costco	310							17,438	17,438	17,438	17,438	17,961	18,499	19,054	19,626	20,215
BJ's Wholesale Club	310							17,438	17,438	17,438	17,438	17,961	18,499	19,054	19,626	20,215
Cracker Barrel	205							3,690	3,690	3,690	3,690	3,801	3,915	4,032	4,153	4,278
Bed Bath and Beyond	105							3,690	3,690	3,690	3,690	3,801	3,915	4,032	4,153	4,278
Dollar General	8950							8,950	8,950	8,950	8,950	9,219	9,495	9,780	10,073	10,376
Family Dollar	4325							4,325	4,325	4,325	4,325	4,455	4,588	4,726	4,868	5,014
Dollar Tree	2590							4,325	4,325	4,325	4,325	4,455	4,588	4,726	4,868	5,014
<b>Cases sold per QTR</b>		1,965	4,224	4,224	9,030	9,089	9,217	93,111	93,392	93,680	93,978	96,797	99,701	102,692	105,773	108,946
Profit per case		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
<b>Gross profit</b>		5,895	12,672	12,672	27,090	27,267	27,652	279,333	280,175	281,041	281,934	290,392	299,104	308,077	317,319	326,839
Less 2% Commission		(88)	(190)	(190)	(406)	(409)	(415)	(4,190)	(4,203)	(4,216)	(4,229)	(4,356)	(4,487)	(4,621)	(4,760)	(4,903)
<b>Operating income</b>		<u>5,807</u>	<u>12,482</u>	<u>12,482</u>	<u>26,684</u>	<u>26,858</u>	<u>27,238</u>	<u>275,143</u>	<u>275,972</u>	<u>276,826</u>	<u>277,705</u>	<u>286,036</u>	<u>294,617</u>	<u>303,456</u>	<u>312,559</u>	<u>321,936</u>

**Locals Back Yard  
Bottling Estimates  
9/25/06**

	<u>Cost/Case(6)</u>	<u>Markup</u>	<u>Price/Case(6)</u>	<u>Markup</u>	<u>Retail/Unit</u>	Pallet Size	Truck Size
SW Apple	11.80	6.15	17.95	30%	23.34	225	4,950
Jamican Jerk	10.75	7.20	17.95	30%	23.34	225	4,950
Key Lime Honey Mustard	12.00	5.95	17.95	30%	23.34	225	4,950
Carribbean Steak Sauce	11.50	6.45	17.95	30%	23.34	225	4,950

	<u>Cost/Unit</u>	<u>Price/Unit</u>	<u>Retail/Unit</u>
SW Apple	1.97	2.99	3.89
Jamican Jerk	1.79	2.99	3.89
Key Lime Honey Mustard	2.00	2.99	3.89
Carribbean Steak Sauce	1.92	2.99	3.89

**Publix - 600 stores  
Opening order 4 cases per flavor per store**

	<u>Cost/Case(6)</u>	<u># of Cases</u>	<u>Total Cost</u>	<u>Total Price</u>	<u>Gross Profit</u>
SW Apple	11.80	2,400	28,320	43,080	14,760
Jamican Jerk	10.75	2,400	25,800	43,080	17,280
Key Lime Honey Mustard	12.00	2,400	28,800	43,080	14,280
Carribbean Steak Sauce	11.50	2,400	27,600	43,080	15,480
		<u>\$ 9,600</u>	<u>\$ 110,520</u>	<u>\$ 172,320</u>	<u>\$ 61,800</u>

Truckloads 2

