



*“Education Beyond the Classroom”*

*Fiscal 2003  
Annual Report*

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## **Business Activities**

Flyer Enterprises is the student-run business at the University of Dayton in Dayton, Ohio. It receives financial support from the School of Business Administration, Department of Student Development, the Provost's Office, and Central Administration. Flyer Enterprises currently includes four businesses divided into two operating units: convenience stores and coffee shops. Two new ventures are expected to open in 2004-2005.

### **Convenience Stores**

**Rudy's Fly-Buy** is located at 438 Stonemill and opened in 1990 a non-profit corporation owned exclusively by Students of Dayton, Inc. In 1994, facing a lack of operating capital, the University of Dayton assumed ownership of Rudy's. Students of Dayton Inc. was dissolved as a corporation and Rudy's fell under the Department of Residential Services, where it remained until the development of Flyer Enterprises in 2001. Joe Belle, then Director of Residential Services, provided oversight and guidance for several years. Rudy's offers traditional convenience store products, as well as a line of clothing popular amongst students.

**Rudy's on the Hill** opened in 2002 in the lobby of Stuart Hall, a first-year residence hall. Dining Services financed the construction of Rudy's on the Hill with a capital loan payable at 6% over fifteen years. Rudy's on the Hill offers a similar product line as Rudy's Fly-Buy, with the exception of tobacco. Dining Services initially provided Advising and oversight for Rudy's on the Hill before the development of Flyer Enterprises.

### **Coffee Shops**

**The Blend** opened in 2000 in the Ryan C. Harris Learning Teaching Center of Roesch Library. The Blend offers espresso drinks, frozen smoothies, and pastries. A group of students working with Dr. Deb Bickford, the Associate Provost, developed the Blend. The Blend secured a capital loan through the University of Dayton to finance development.

**The Blend Express** opened in 2002 in the Atrium of Miriam Hall, and offers a similar product line as The Blend. The School of Business Administration provided a grant to Flyer Enterprises to finance development of The Blend Express.

### **New Ventures**

**The ArtStreet Café** will open in fall of 2004 at 318 Kiefaber St. Dayton Student Agencies, a club under Dr. Rebecca Wells, began development of the café in 1998. Flyer Enterprises completed a feasibility study in 2002 and the Board of Directors approved the formal business plan in 2004. The ArtStreet Café will offer soup, salads, sandwiches, and The Blend's coffee line. The University of Dayton provided full financing for the ArtStreet Café in exchange for a percentage of future profits.

**The Galley** will open in August, 2004 in the Kennedy Union Games Room. The Galley is Flyer Enterprises' first joint venture with Dining Services. Flyer Enterprises will manage daily operations of The Galley in exchange for a percentage of future profits.

## **Development of Flyer Enterprises**

Flyer Enterprises has its roots in Dayton Student Agencies (DSA), a club formed in the fall of 1998 under the guidance of Dr. Rebecca Wells. DSA's purpose was to expand the learning-by-doing experience of running small businesses through creating more businesses like the already existing Rudy's-Fly-Buy.

DSA's first actions as a club were to bring on new members and set them out to investigate three possible new venture opportunities. Those projects entailed a coffee shop, a bagel shop, and a spin-off venture of Rudy's clothing line. Nearly a year later, the coffee shop opened, as The Blend, and the other two projects were declared infeasible.

In November of 2000, Rudy's found its Board of Advisors to be ineffective, and set out to create a new board. At the same time, The Blend began to develop its own board. Managers from both entities began to work together to develop a common board to bring the business closer together and increase the learning opportunities for students involved. Dean Sam Gould of the SBA and Dean of Students William Scheurman agreed that there was a greater need for university oversight on the two businesses. Thus the idea of stronger oversight was integrated into the discussions and new members joined the group, including: Kathryn Brown, President in Training for The Blend; Robert Chelle, Director of the Crotty Center for Entrepreneurial Leadership; Richard Flaute, Executive in Residence; Todd Sharp, DSA Founder and NCR Employee; and Paula Smith, Director of Dining Services.

In an effort to capitalize on the experience of other student-run business programs, Mike Kaiser and Michelle Whittmann visited Harvard Student Agencies at Harvard University and The Corp at Georgetown University. The two spent two days talking with the students, faculty, alumni, and support staff that made each program work. Taking the ideas found at Harvard and Georgetown, the full DSA group began to form a structure that would work well at UD. With a move from a student club to an organization under the School of Business, DSA changed its name to Flyer Enterprises. In Fall 2001 Flyer Enterprises held its first Board of Directors meeting led by its first CEO, Michael Kaiser, and first Executive Advisor, Professor John Shishoff.

Flyer Enterprises operates as a holding company, with finances pooled at the corporate level and operations coordinated by an executive team. The Board of Directors has ultimate decision-making authority and grants authority to the Chief Executive Officer as it sees fit. Officers of the company include the Chief Executive Officer, the Chief Financial Officer, and division Vice-Presidents/Chief Operating Officers. An advisory council of area business leaders provides guidance on strategic issues.

### ***To our stakeholders and employees:***

Flyer Enterprises entered fiscal 2003-2004 facing many challenges and responded with an exceptional year. Over the past year, we clarified our purpose as an organization and continued to build on the strong foundations laid by our predecessors. Through integration, we increased operating efficiency and improved our financial performance. We prepared for our next growth phase by developing two ventures expected to open in the fall of 2004, both of which present innovative financial models that will place us in a strong financial position for years to come. Most importantly, we focused on providing an exceptional educational opportunity for our employees by engaging them in the management and development of our ventures.

### ***Strong Financial Results***

On sales of \$748,165.42, our operating units produced \$20,193.10 in net income. This compares favorably with a net loss of (\$40,948.10) on revenue of \$803,529.36 last year. Revenue in our coffee division continued to grow, increasing \$4,000 from last year, with The Blend recording its most profitable year to date. Rudy's on the Hill and The Blend Express moved through their introductory phase and both produced positive net incomes for the first time. Net income in our convenience store division increased from (\$33,296.51) to (\$9,101.91), highlighted by an increase in net income of over \$11,000 at Rudy's Fly-Buy; in 2004-2005, we expect Rudy's Fly-Buy to return to profitability for the first time in three years. We reduced our consolidated labor expenses by \$55,000 from last year, emphasizing our focus on operational efficiency and profits rather than sales. Declining revenue at our convenience stores, while anticipated, remains an area of concern we will focus on in 2004-2005.

We began to operate as a true holding company by moving cash management to the corporate level and eliminating inter-division loans. These efforts resulted in a reduction of our long-term liabilities from \$170,602.98 last year to \$101,511.31 this year. Our strengthened fiscal position will allow us to refinance our two remaining long-term liabilities in the first quarter of 2004-2005 by repaying The Blend's capital loan one year ahead of schedule, and lowering the interest rate of the Rudy's on the Hill note payable from 6% to 4% through a cash injection.

### ***Our Next Growth Opportunities***

Fiscal 2004-2005 presents our most significant growth opportunities to date as we prepare to open two ventures in the first quarter. Drawing its influence from open-air European

cafés, the ArtStreet Café will offer specialty sandwiches, a variety of salads, fresh pastries, and The Blend gourmet coffee. In developing the café, we completed an extensive analysis of the fast-casual sector, a niche of the food service industry ideally suited for the collegiate market and expected to grow significantly over the next ten years. The ArtStreet Café also presents an innovative financial model in which the University of Dayton financed all aspects of the Café's development for a percentage of future profits; should this model prove successful, we hope to apply it to current and future ventures.

Our second new enterprise presents our first joint venture with Dining Services. The Galley, located in the newly renovated Kennedy Union Games Room, will feature Twisted Cue soft pretzels, a variety of ice cream products, and The Blend's drip coffee. Dining Services financed development of The Galley and contracted Flyer Enterprises to manage operations for a share of annual profits. We eagerly anticipate the development of this model, as it could lead to additional growth opportunities within the next two years.

### ***A New Human Resources Strategy***

To combat our significant succession challenges, we developed and implemented a corporate-wide human resources strategy focused on leadership development. The key components of this included targeting first-year students for sales associate and barista positions, involving our employees in the management of the business, and integrating evaluation and recruiting processes throughout all divisions. This occurred primarily through the development of "concentrations," in which all employees declare an area of focus and work closely with individual managers.

We will expand these efforts over the next year to engage management candidates in three critical areas: personal development of leadership and teamwork skills; exposure to the strategy formulation process of the executive team; and case study analysis of previous Flyer Enterprises decisions. We anticipate that these efforts will provide prospective managers with the skills necessary to successfully lead Flyer Enterprises in the future.

### ***Involvement in the Community***

Over the past year, we renewed our efforts to involve ourselves in the University of Dayton community by supporting and sponsoring several initiatives. We held our first management retreat at Camp Kern, welcomed first year students at several events throughout orientation weekend, hosted the annual Rudy's 3-on-3 basketball tournament, sponsored

activities at Christmas on Campus, and increased our charitable donations to Coffee Kids. We held seminars in career development and interviewing techniques, presented Flyer Enterprises at the University of Dayton Career Fair, and sent several of our employees to the RISE Symposium, sponsored by the Davis Center for Portfolio Management and Securities Analysis. We are also proud to announce that all graduating managers received either positions at reputable companies such as PricewaterhouseCoopers, Ernst & Young, Xerox, and Starbucks, or admission into top graduate schools, such as New York University.

### ***Major Initiatives***

This year we will focus on stabilizing operations at our new ventures and making continuous improvements at current divisions. At Rudy's Fly-Buy and Rudy's on the Hill, we will work to increase revenue and net income by enhancing our clothing line and continuing to offer prepared food at Rudy's Fly-Buy on weekend nights. At The Blend and The Blend Express, we will increase drink consistency by outsourcing the majority of our training to Boston Stoker, our primary coffee vendor. We do not expect The Blend to continue to generate the excess cash it has over the past three years and will instead work to increase The Blend's brand recognition within the community to drive revenue at The Galley and the ArtStreet Café. We will continue to develop a coordinated information technology roadmap that will address our current and future technology needs. Lastly, we hope to begin to develop an academic program within the School of Business Administration directly tied to management experience within Flyer Enterprises.

We would finally like to thank our Board of Directors, the School of Business Administration, advisors from the University of Dayton and surrounding community, and our employees for your strong support. The heights we reached this past year are directly related to your dedication to Flyer Enterprises. The following pages offer additional insights into Flyer Enterprises from the management team, as well as detailed financial statements. Thank you for your continued support, and we look forward to an exciting year.

Sincerely,

Peter Pergola  
President & CEO  
Flyer Enterprises

## *Chief Financial Officer's Address*

Flyer Enterprises had a very successful year, most easily viewable through the financial growth and achievement of the fiscal 2003-2004 year. As Flyer Enterprises restructured positions this year to increase efficiency, the department of accounting was also changed to bring many accounting matters to a more centralized focus. We cut excess spending through variable costs, refinanced long-term liabilities, and devised new financial strategies for increasing sales. Due to these efforts Flyer Enterprises has attained great financial turnaround this year.

Flyer Enterprises produced net income of \$20,019.10 this year, compared to a net loss of (\$40,948.10) in 2002-2003. An increase in net income of \$60,967.20 demonstrates the tremendous strides that Flyer Enterprises has made to cut expenses. While sales for the year are slightly lower than in 2002-2003, \$748,165.42 compared to \$803,529.36, total expenses for all divisions decreased 24.7% for \$76,485.66. Payroll expenses declined by \$55,262.16, approximately a 27% reduction compared to last year. The cost of office and IT supplies was reduced by 26% due to stronger controls on purchasing and use of supplies. Fixed costs such as telephone lines and the electricity costs of running coolers were analyzed at the end of the year and have begun to be cut which will decrease maintenance costs even further. Rudy's Fly Buy and Rudy's on the Hill have reduced the number of vendors from approximately 40 to 20, simplifying the purchasing and accounts payable processes, and increasing efficiency of the accountant and purchasing manager positions.

After analyzing the times of highest and lowest customer traffic at The Blend and The Blend Express, we have limited the number of baristas needed to work during certain hours at the divisions, which dramatically cut labor costs. Implementations of new strategies to increase sales at all divisions began in April and were evaluated in the summer of 2004 in order to increase sales for future years. The Blend and The Blend Express began exploring new product lines such as Blimpie subs and Otis Spunkmeyer cookies at the Blend Express. Rudy's has begun focusing on prepared food sales, such as pizza by the slice, and hopes to further this strategy in the coming year to improve sales. Rudy's is also investigating a new extensive clothing line, which we expect to boost sales further.

At the beginning of the year a new centralized focus on accounting was implemented to simplify operations of accounting throughout the company. All financial statements are now prepared by the Vice President of Accounting, which allows for similarity between divisions.

Two staff accountants, one at The Blend and The Blend Express and one at Rudy's and Rudy's on the Hill, work closely with the VPA to ensure comparability in the accounting policies for all divisions. The challenge of further incorporating these positions and strengthening the communication and relationships between these positions and the CFO is something we have begun to address this year and we look forward to improving in 2004-2005.

Flyer Enterprises also focused on refinancing long-term liabilities this year. At the end of the 2004-2005 year, Flyer Enterprises had access to approximately \$17,000 in cash assets after paying of any short-term liabilities, which was used to refinance our outstanding notes. We have signed a new contract with Dining Services to reduce the interest rate of the Rudy's on the Hill loan from 6% to 4%. We will inject \$10,000 capital into the loan during July of 2004 in order to have lower monthly payments of \$843.84 per month compared to this year's payment of \$960.00 per month. The loan due for The Blend will end earlier than anticipated in December of 2004 due to a \$5,000 payment in July 2004. We have also eliminated all inter-divisional loans and have begun to create a more centralized view of Flyer Enterprises. We plan to move cash management to the corporate level for the 2004-2005 fiscal year.

At the close of this year, discussions on coordinating information technology into our business and rehiring an IT Coordinator resurfaced. We have plans to hire this position in the first quarter of the upcoming year. Our focuses this coming year will be on website development, higher utilization of software such as Peachtree Accounting and BookLog, and creating a central network drive for all divisions to access. It is our goal to improve the tracking of inventory through utilization of Peachtree at The Blend, The Blend Express and ArtStreet and improve our inventory procedures with BookLog at the convenience store locations. It is our goal to also make the Flyer Enterprises website more useful to employees, customers, and alumni by adding human resource software to help with hiring and better contact and product information for our stakeholders to access. The IT Coordinator will follow an IT Roadmap throughout the year to work to accomplish several technology projects as well as be a main contact source for our divisions regarding questions about our computers and networks.

Flyer Enterprises has had an exceptional year and we are encouraged by this year's success to continue implementation of new financial strategy and strive for furthering this positive financial position. The future year holds the challenges of exploring a new model of capitalizing a division of Flyer Enterprises with the Artstreet Café, and exploring a service

contract agreement with Dining Services for the new division, The Galley. We are eager to further centralize accounting through movement of cash management to the top, redefining similar accounting policies for all divisions, and implementing Peachtree software at all divisions. We are prepared to continue challenging ourselves with new opportunities and furthering the Flyer Enterprises company with continued dedication. We thank you for your continued support and encourage you to join in the excitement of another successful year.

Sincerely,

Jenna LaFrankie  
Vice-President & CFO  
Flyer Enterprises

### ***Rudy's Fly-Buy and Rudy's on the Hill***

Rudy's Fly-Buy and Rudy's on the Hill overcame several challenges and laid down the foundations for the future in the fiscal year 2003-2004. The two divisions struggled to adapt to the changes in Flyer Enterprises management structure, but in the end stabilized operations and become more financially successful. Although revenues decreased by \$39,293.26 during the year, profits in both divisions increased by a total of \$24,374.60, highlighting numerous operational improvements.

The management at Rudy's Fly-Buy worked hard to turn around previous negative financial trends in the store. A very low margin product has historically produced a large percentage of the store's revenue, which has made profitability difficult in the past. As a result, the management team found ways to increase profit margins, grow sales in high-margin products, and find more products attractive to their market. Prices were increased on historically price insensitive products and vendors who provided slow moving low margin products were eliminated. In addition, market research was conducted to discover what products or services Rudy's Fly-Buy could better provide to the University of Dayton students. The research established the desire among on-campus students for convenient prepared food during weekend nights. As a result, a four week test market analysis was conducted using a local pizza company's product, and the results revealed a high demand as well as a positive impact on weekend revenues.

Another focus of the management team was on making fiscally responsible decisions to cut previously large expenses. Payroll expenses decreased by \$35,203.32 over the course of the year, which was caused by the restructuring of the management team as well as the evaluation of daily sale's associate staffing. Additionally, the management team evaluated any potentially excess utility expenses and eliminated unnecessary use of different freezers, coolers, and telephone lines. We also significantly reduced inventory to increase product turnover and asset liquidity. Finally, initial steps were taken to further utilize Booklog, the Point of Sale system, to increase efficiency and cut additional payroll costs.

The final months of the school year were important in developing management successors for the following years. Nearly all of the management team graduated, and the new management team were all previous employees of the store. A large portion, 12 employees, of

the sales associate staff also graduated, and the Director of Human Resources spent a substantial amount of time recruiting, interviewing, and hiring an entire new staff.

Throughout the year, the management team spent time ensuring that many of Rudy's traditions were continued. Rudy's once again gave back to the University of Dayton community through the annual 3 on 3 tournament, and, of course, provided great opportunities for its employees to come together as a community through varying social events.

The top priority for Rudy's on the Hill during the year was to stabilize operations amidst the management restructuring of Flyer Enterprises. With managers splitting time between Rudy's Fly-Buy and Rudy's on the Hill, the appropriate allocation human capital had to be found in order to make the store a success. The new management structure had its difficulties, but Rudy's on the Hill ended the fiscal year with a \$2,103.49 net income, a \$13,230.73 turnaround from the previous year. The foundation was also laid for the simplification of the store management in the future through the research of sales and market trends. This research led to the decision to slightly alter the management of ROTH again in the upcoming year to allow for an easier allocation of time and resources where they are necessary.

Although much was accomplished during the 2003-2004 year, Rudy's still faces many challenges and successes in the near future. During the 2004-2005 year, Rudy's will focus on growing revenues for the first time in recent years, as well as continuing to increase profits. The initial test market for late night weekend pizza was promising, and the management team will continue to implement and evaluate the product line. Rudy's also will place a larger emphasis this upcoming year on increasing sales on the clothing line from 6% to 10% of total revenues. In an increasingly competitive on-campus market, it will also be important for Rudy's to evaluate its product line and store layout to better fit the student market's desires. Finally, Rudy's will spend time this upcoming year to plan renovations on the interior and exterior of the store, something that we have not completed since Rudy's opened. Thank you for your interest and your continued support.

Sincerely,

Adam Weber  
Vice-President & COO  
Flyer Enterprises

## *The Blend & The Blend Express*

The 2003-2004 fiscal year began for The Blend and The Blend Express with a great deal of change. Under a new corporate structure, we combined the two divisions under one management team, and made efforts to prepare both divisions for the future. In addition to long-range promise, these efforts also significantly improved financial performance. Overall revenue at The Blend and The Blend Express increased from \$174,830.25 in fiscal 2002-2003 to \$178,877.03 in 2003-2004, and net income increased by \$21,289.42 from 2002-2003.

The relationship between The Blend and The Blend Express blossomed and the once two different entities united behind one management team, experiencing far more consistency and camaraderie between the locations. In addition, the relationship between Flyer Enterprises, The Blend, and Rudy's Fly Buy also prospered under the new structure. Within Flyer Enterprises, we began to act as one team instead of several autonomous divisions. The Blend even began using Rudy's as a vendor for several products, including Altoid mints which we had previously purchased from an outside entity.

This year, we made two decisions that significantly influenced both divisions. First, we moved the majority of our dry goods purchases from U.S. Foods to the locally owned I-Supply Company. After experiencing initial difficulties, the switch proved successful by reducing overall expenses by over \$500. Second, we reduced our overall labor expenses by \$20,058.84 through a coordinated management structure and more efficient staffing.

This year our marketing efforts focused on implementing a new pricing strategy, that brought the majority of our products in line with industry standard. We also invested in new menu boards at both locations; doing so added to the overall design and provided better drink descriptions to our customers. The second semester proved to be very successful in mass advertising. With a well-established team of marketing concentrations, there was a great deal of paper advertising throughout campus. There was also the addition of campus-involved activities at The Blend. In addition to the traditional "March Madness, we also featured "Coffee Health Week" and a Blend sponsored "Easter Egg Hunt".

At The Blend Express, we implemented several new product lines that led to an overall increase in sales of \$10,829.49. Prior to the September opening of The Blend Express, we added a frozen drink line and self-serve coffee, both of which proved highly successful; frozen drink sales constituted 20% of total revenue in the first quarter. In addition, in January, we introduced

Blimpie subs and fresh baked Otis Spunkmeyer cookies to offer our customers enhanced food offerings.

The Blend and The Blend Express are both prepared for their future within Flyer Enterprises. In fiscal year 2004-2005, we will work to achieve significantly greater consistency between the two locations by outsourcing drink training to Boston Stoker, our longtime coffee vendor. This will help us increase coffee awareness to our employees and ultimately our customers. We will also introduce a new advertising campaign to take our customers on a coffee journey around the world by offering an eclectic variety of weekly featured blends from diverse coffee growing regions. Both of these initiatives are aimed at increasing our customer loyalty and further developing The Blend's brand on campus.

In 2004-2005, we expect the overall growth of coffee revenue to increase significantly with the opening of The Galley in August 2004, and the ArtStreet Café in September 2004. While we anticipate these openings will translate into a decrease in The Blend's revenue, their success will hinge on our ability to develop brand recognition throughout all divisions, which we hope to accomplish by introducing branded coffee cups in fall 2004.

The 2003-2004 year will be remembered as a time of change and growth. Our financial results are finally a reflection of all the hard work and pride that has always gone into running The Blend. The success is not because of the decisions or direction of any one or two individuals but because we are a team, a family and we will all look back at the past year with the pride and joy of knowing that we left both The Blend and The Blend Express better than we found them. Good things will be waiting in the future.

Sincerely,

Anne MacLean  
Vice-President COO  
Flyer Enterprises





## Notes to Financial Statements

1. **Consolidated Statements-** The term “consolidated” refers to the combination of all divisions; Rudy’s Fly-Buy, Rudy’s on the Hill, The Blend and The Blend Express, but does not include the expenses or liabilities of the corporate office. The corporate office is supported through a grant from the School of Business Administration at the University of Dayton.
2. **Work Study Payroll Expense-** The Federal government subsidizes a portion of the payment of students enrolled in the federal work-study program.
3. **Rent Expense-** Included in rent expense at Rudy’s Fly- Buy is the annual expense for the space of the building located at 438 Stonemill Rd., which is University property. The Blend rent expense is for the use of the space within the LTC.
4. **Repairs and Maintenance Expense-** This expense includes the cost of utilities: water, gas and electric, in addition to maintenance costs of divisions and the contract cost of with Reick Mechanical Services to do upkeep on the coolers at our convenience store divisions.
5. **IT Supplies Expense-** Included in this expense is the cost of the Booklog software service agreement; this software is used at the convenience store locations. The usage fees for Flyer Express machines and servicing of these machines along with computer maintenance fees are included in the expense of IT Supplies.
6. **Share of Administration Expense-** This expense is equal to 2% of projected revenue at each division, in order to help pay for University services that Flyer Enterprises uses, such as payroll, purchasing and accounts payable.
7. **Depreciation Expense-** Depreciation has been calculated on a straight-line basis using salvage lives of 7 years for equipment, 5 years for computers and 3 years for software. The buildings are depreciated over 20 years with original cost being listed at the note amount minus the value of equipment included in the note.
8. **Sales Tax-** Rudy’s on the Hill sales tax was not paid in full in the year 2003-2004 and will be included within the new financials for of the 2004-2005 year, at which time it will be paid.
9. **Cash on Hand-** Cash on Hand is the amount of petty cash; cash in the safes and drawers, within each division as of June 30, 2004. (Rudy’s Fly Buy- \$950, The Blend- \$552, Rudy’s on the Hill- \$600, The Blend Express- \$0)
10. **Cash in Checkbook-** This amount refers to the checking account balances in the Dayair Bank accounts for each division as of the end of the fiscal year. (Rudy’s Fly Buy- \$ 33,305.75, The Blend- \$23, 271.87, Rudy’s on the Hill- \$22,51.33, The Blend Express- \$15,734.17)
11. **Cash in Main Share-** This amount refers to the savings account balances in the Dayair Bank accounts for each division as of the end of the fiscal year. (Rudy’s Fly Buy- \$2,830.23, The Blend-\$8,036.7, Rudy’s on the Hill-\$8,155.93, The Blend Express\$1,117.40)
12. **Building Assets-** The value of the building asset is the combination of The Blend and Rudy’s on the Hill locations. These two divisions were established through a note to the University, which included costs for equipment as well as structure of the space and the building. The building value was calculated using the note total minus the value of all equipment received.

13. **Owner's Equity-** This value details the amount of equity that Flyer Enterprises has invested in its divisions, namely The Blend and Rudy's on the Hill, which will be owned by Flyer Enterprises at the time in which the loans are paid off in full. The equity represents the amount invested that is not a part of the note payable to the University.
14. **Accounts Payable to UD-** These short-term liabilities are for the expenses due to the University as of June 30, 2004, which have not yet been paid for by the divisions. These expenses include payroll, cost of goods sold which were purchased through the UD purchasing department, maintenance fees and rent expenses etc.
15. **Change in Cash Management-** At the close of this fiscal year cash assets will be managed at the corporate level. Cash from one division may help pay off the liabilities and renovation of other divisions in this new finance strategy.
16. **Long-Term Liabilities-** There are currently two existing long-term liabilities within Flyer Enterprises. The Blend expects to inject \$5,000 towards its note in July of 2004 and finish payments in December of 2004 at the stated 8% interest rate. Rudy's on the Hill has signed an agreement to begin in July of 2004 to reduce the interest rate of its liability from 6% to 4%, lengthen the time period by one year (total of 15 years beginning in July of 2004) and inject \$10,000 capital at this point.

## *Directors, Officers, & Managers*

### **Directors**

Dr. Deb Bickford	Associate Provost
Bob Chelle	Director of the Crotty Center
Dick Flaute	Executive in Residence
Dr. Pat Meyers	Dean of the School of Business Administration
Peter Pergola	CEO of Flyer Enterprises
Jane Rombach	Manager of the Davis Center for Portfolio Management
Dr. Bill Schuerman	VP Student Development and Dean of Students
John Shishoff	Director of Undergraduate Programs
Paula Smith	Director of Dining Services
Ken Soucy	Director of Purchasing
Dr. Rebecca Wells	Marketing Professor

### **Officers**

Peter Pergola	President & CEO
Jenna LaFrankie	Vice-President & CFO
Kate Homan	Vice-President & CFO (until December 31, 2003)
Adam Weber	Vice-President & COO
Anne MacLean	Vice-President & COO

### **Managers**

Ryan Bartolucci	Accountant
Heidi Fichtner	Marketing Assistant, Rudy's Fly-Buy
Lawrence Flack	General Manager, The Blend Express
Janine Gay	General Manager, Rudy's on the Hill
Lucy Goeke	Accountant
Chris Hake	Accountant
Amber Iwais	VP of Accounting
Patty Jehling	Director of Human Resources
Karen Korte	Director of Marketing
Sarah Mann	Director of Marketing
Mark Meyrose	General Manager, The Blend
Laurel Reeber	Chief Marketing Strategist
TJ Richter	Director of Human Resources
Dan Rodenfels	Director of Purchasing
Anne Sargeant	Director of Marketing
Pete Srsen	New Venture Developer
Brett Westerman	General Manager, The Blend Express
Richie Witka	General Manager, Rudy's Fly-Buy
Katie Wozniak	Marketing Assistant, Rudy's on the Hill