

Adventure Travel Lodging Company

Cobra Travel Adventure Group

14 Willow Lane
Seattle, WA 98101

Tony Tecce

This business plan raised well over \$200,000 for entrepreneurs seeking to build a number of resorts/lodges providing exciting "adventure travel" experiences. Owners housed guests in local hotels for three seasons before finally completing their flagship lodge. Plans are presently on hold for pursuing larger construction dreams.

EXECUTIVE SUMMARY

Cobra Travel Adventure Group (CTAG) is soon to become a leader in the fastest-growing segment of the travel industry: adventure travel. Growing at a solid 15 to 20 percent per year, the demand for adventure travel destinations far outweighs the current supply.

Due to this segment's infancy in the industry, there is no single travel outfitter that offers a broad range of adventure travel options. Yes, there are companies who sell differing packages, but they are the brokers. Somewhat like Hyatt Hotels, CTAG will own and operate a number of adventure travel resorts providing a consistent level of quality and service. An outstanding vacation that the guest can count on whether skiing in Canada or surfing in Costa Rica.

CTAG has 10 resorts/lodges slated for immediate development. These properties include our flagship ski resort in Victoria called Snowfall Lodge. It has taken two years to complete the process for obtaining a perpetual lease on 80+ square miles of pristine forest service land. As of October 2000 it was made official through a country-wide press release, CTAG was granted the land tenure. Snowfall Lodge will be the seventh destination ski lodge in Victoria, which commands most of the world's market share in this industry. These lodges are consistently sold out year after year. *The demand outweighs the supply.*

The other lodges include a fly fishing lodge in Utah, a Brazilian surf and yachting lodge, a mountain bike resort in Montana and a family ecological lodge in Washington. CTAG is approaching each property on an individual basis. Some will be developed from the ground up, others will be renovations of existing properties.

The CTAG goal is to develop the lodges within the next two years. By our fourth year, CTAG will be prime for DPO (direct public offering) or a buy-out from a larger travel/hotel company looking to expand into the adventure travel market. Either way, the exit strategy looks very profitable.

Cobra Travel Overview

Cobra Travel will act as the branded mother company for all of its adventure properties. Based in Seattle, Washington, the CTAG head office will oversee all functions of the properties including

ADVENTURE TRAVEL LODGING COMPANY

bookkeeping, sales, marketing and reservations. Included in Cobra Travel's responsibilities is the selection of the consultants and professional teams to design and develop each project; entitlement issues, recruitment and training of all personnel (including operations staff) and maintenance.

MARKETING & SALES

Our target market primarily consists of heads of household between the ages of 35 to 54 years old that have high household incomes (averaging \$107,000+/yr.). Their trips average about three to six nights, and 72 percent of the time they go on these trips with their children. Secondary markets include the broader, younger enthusiast.

The average market breakdown originates from the following geographical areas:

- 45 percent from North America
- 40 percent from Europe
- 4 percent from Asia
- 3 percent from Victoria
- 8 percent from other countries

The Company's marketing plan will comprise a mix of FAM tours, direct mailings, Internet, print ads plus free film and print publicity.

FAM tours are complimentary packages for industry professionals. We plan to offer these tours to writers from the nation's largest sports and travel publications including *Ski Magazine*, *Mountain Living*, *Snowboarder*, *Couloir*, *Outside*, *Hekler*, *Islands*, *Conde Nast*, *Adventure* and *Powder*. So far, three of the magazines have committed to articles. Publicity generated from such articles has contributed to many bookings for similar resorts in the area.

The direct mailings will be geared for the travel agent market, magazine subscription lists and clubs across the world. The mailings will include a number of brochures and FAM tour invitations for the industry professionals. The travel agent will be our front line for sales, therefore we will offer better than average commissions (15 percent) during our first two seasons of operation. Mailings will include package deals with group discounts.

The direct mailings will be sent worldwide and our brochure will be translated into Italian, German, French, Japanese, and Spanish and sent directly to potential contacts or to distributors. We are working with sporting goods distributors around the world who would be able to provide the starting platform for an international marketing campaign.

The web site will also generate a number of sales. The key to Internet sales is an impressive look with a product targeted to the people surfing the web. Adventure vacation packages are one of the products that generate a lot of interest on the web.

"Seventy percent of downhillers say they have access to the Internet and one-third of those who have that access had visited the homepage of the resort where they were skiing. The majority were between the ages of 25 and 54 with higher than average incomes."

Our Web site will be the most cost-effective form of our advertising campaign. We will build a custom Web site with up-to-the-minute weather conditions, live web cameras, booking availability, and trip details. To pull the potential customer to the site, we will have a unique Web cam for each property. The Web cam takes a picture every 60 seconds and is instantly available for viewing at the site. Our cams will show the view from each resort.

Print ads will be placed in various sports/travel publications. Our target market reads these magazines. These magazines, in most cases, act as a travel organizer for the guest (from accommodations to gear).

Currently, we have had numerous commitments from film and photo professionals to include footage from our resorts in their next projects. Rachel Luevano, one of the most respected sports photographers in the world, will be shooting the Mighty Moose Snowboarding team at our Victoria location in March 2000. Also, Stonecold Films, a ski/snowboard filmmaking company, is filming part of their next feature at our Snowfall Lodge.

MANAGEMENT SUMMARY

Cobra Travel, a Seattle, Washington, limited liability company, is headed by Robert Marians, Ed Macroid and Marcus Stock.

Robert Marians, Chief Operations and Financial Officer

Robert Marians's roots are in sales and the hospitality industry, having run a number of hotels and resorts in the Miami area. He was actively involved with all aspects of the travel business including management, marketing and front-of-house operations. Robert was general manager of Marriott's third-largest timeshare property in the world, as well as two resorts in the Miami area. Strengths lied in budgeting and project management in the hospitality industry. Marians has a strong entrepreneurial background having started four thriving businesses in the South Beach area. He started the companies from their inception, creating the business plan, acting as president reporting directly to the board of directors and shareholders and running day-to-day activities. Marians has started three restaurants, a retail store, prolific Internet mail order company, and an Internet consulting company. His Internet skills include design and marketing, which will prove to be of utmost importance to the success of this project.

With a B.A. in Business Administration and Computer Sciences, Marians and his corporate direction have been truly entrepreneurial. He has participated in the start-up of many companies, acting as the organizer, financial strategist and problem solver. Robert possesses dual citizenship between Canada and the U.S., helping ease the process of foreign investment. His expertise will have a prominent role in the success of CTAG.

Ed Macroid, Chief Project Manager

Ed Macroid serves as the chief project manager for the Lodges. His education includes a B.A. in Restaurant and Hotel Management from Sierra Nevada College at Lake Tahoe. His professional experience includes start-ups of numerous restaurants and hotel management in the Western portion of the United States.

Ed's operations experience has proved to be an invaluable asset to the prosperous future of CTAG.

Marcus Stock, Chief of Marketing and Public Relations

Marcus Stock has extensive sports/resort marketing and public relations. For over 10 years he was marketing manager of a snowboard manufacturing company, spearheading the marketing and promotions of some of the world's most popular snowboards. His education includes a B.A. in Business Administration. He is a member of numerous ski and snowboard industry professional associations.

Stock brings to the company inside contacts within the sports industry and media (print and film) professionals. His extensive sports industry and marketing knowledge is a primary asset to CTAG.

EXIT STRATEGY

There are two possible exit scenarios:

- DPO (Direct Public Offering)
- Buy Out

DPO: If a Direct Public Offering is agreed upon, CTAG will seek new capital to add new properties and cash out investors. Each investor would have the choice of retaining some or all of their ownership. The exact amounts involved would have to be agreed upon at that time.

Buy Out: The buy-out option may present itself even sooner than projected. Currently there is a mass consolidation taking place in the travel/lodging industry. Large hospitality companies like Starwood and Intravel are acquiring existing properties at an alarming rate. (Starwood has committed to acquiring over 300 properties within the next year.)

Intravel, dealing mainly in the golf and ski travel industry, has recently closed a deal with CMH (Canadian Mountain Holidays). CMH, the world's largest Heli-Ski outfitter, has sold off 50 percent of its operations to Intravel for an impressive \$40 million. Intravel also has a stake in resort properties such as Squaw Valley, Mt. Tremblant, Snowbird, etc.

In either scenario, owners of CTAG will be able to cash out handsomely.

SNOWFALL LODGE, VICTORIA

Executive Summary

Snowfall Mountain Lodge (sometimes referred to as the "Resort" or "Lodge") is the vision of Cobra Travel, LLC, (the "Company") a group of private investors from Seattle. Cobra Travel's goal is to develop a first-class backcountry resort, nestled in the pristine wilderness of Victoria, Canada. The Resort will be leading the new trend in tourism called Adventure Travel; created for the traveler who wants more than the run-of-the-mill vacation.

The Lodge will set in the midst of 80+ square miles of mountains, meadows, lakes and streams leased from the Victoria provincial government. Activities to be offered will include ski touring, guided snowcat skiing, mountaineering, rock climbing, hiking, fishing, snow-mobiling, and mountain biking. To add to the experience, the Resort will accommodate only 36 guests personifying the attention to detail, gourmet dining, comfortable rooms and the best in service.

A skilled and creative group of experienced planners, designers, builders and managers has been assembled by Cobra Travel to develop and operate the Lodge. The total project cost will be 4.8 million Canadian dollars (*3.4 million American funds). Management intends to raise all of the total project's costs through this offering. **All currency conversions are based on a 40 percent exchange rate.*

Background

The Largetoon region of Victoria has long been the focus of a wide range of outdoor recreational activities. Traditional uses such as hunting, fishing, hiking and mountaineering have been augmented by newer activities such as snowmobiling, telemark skiing, cat-skiing and heli-skiing. In recent years there has been increased interest in the provision of such outdoor recreation opportunities on a commercial basis. This trend is in keeping with the rapid worldwide development of the tourism industry into a segment known as adventure travel.

Adventure travel is the term used to describe a wide grouping of commercial outdoor recreation products from cat-skiing to whale-watching, that currently account for 10 to 20 percent of the U.S.

travel industry. In Victoria adventure travel generated direct revenues exceeding \$380 million (CDN) in 1997. As such, Victoria is the adventure travel market leader in North America earning substantially more than any other state or province.

Adventure travel is a relatively new phenomenon. It is experiencing very rapid growth since it is a type of tourism favored by the affluent, activity-conscious “Baby Boom” generation. In Victoria, adventure travel is expanding at a rate of between 15 and 20 percent per year. By the year 2006, it is forecasted to be generating over a half billion dollars in direct revenues.

A study undertaken by Tourism Canada on Adventure Tourism (1996) notes that Victoria currently accounts for a large majority of the Canadian adventure tourism product. This study also identified the geographical criteria necessary for the successful operation of various adventure tourism activities, and revealed that for mountain-related activities (skiing, hiking, etc.) the Largetoon region has the highest quality product in Victoria. It is not surprising, therefore, that substantial interest exists in the development of new adventure tourism activities, particularly snow-based commercial recreation activities on Koppes Lands in the Largetoons.

Snowcat skiing involves the use of caterpillar tracked 12-person vehicles to transport skiers to the top of mountains to access powder skiing. Snowcat skiing represents the intermediate step between the top-end heli-skiing product and lift-serviced skiing.

Snowcat skiing is fast becoming a popular alternative to both heli-skiing and destination ski resorts. The whole idea is simple: Small groups of skiers are chauffeured through the backcountry of a vast mountain range and then guided down wide-open bowls of powder. One can ski for a week without ever waiting in lift lines or worrying about congested runs. All skill levels, beyond beginner, can take advantage of the snowcat experience due to the advent of powder skis that float effortlessly through the deep powder.

Snowcat operations in the United States are becoming popular as off-chutes of established ski areas such as Aspen and Snowbird. These are snowcat-only operations; no lodging or meals are included. Only in Victoria does one see all-inclusive style snowcat resorts. The typical resort charges \$500/day (CDN) and includes basic accommodations, meals and guided skiing. Most snowcat packages last from three to six days, allowing for an average of 12,000 vertical feet of skiing per day.

The snowcat resort popularity has been fueled by the rising costs of conventional ski vacations. The average cost for two people to ski and stay in Vail for three days can easily exceed \$364 per person/day (including hotel, food and lift ticket). Ski areas are also more crowded due to the explosion of the snowboard market. No longer can a skier enjoy a day on the slopes; each run has to be executed with care to avoid potential collisions with others on the slopes. Quality of service has also diminished in the light of cost cutting and downsizing.

Site Selection

The key for the Resort is to have access to Kooops Land. Kooops Land is similar to Forest Service Land in the U.S. In Victoria, over 80 percent Kooops Land property is available for long-term lease. For our operation, a total of 55 square miles of Kooops Land will be needed for the snowcat access area.

Site selection is crucial in many respects, including the right combination of peaks, ridge lines, vertical, streams, meadows and accessibility. But, just finding a suitable area is not enough. Once the area has been located, the process of attaining tenure with the Ministry of Environment, Lands and Parks of Victoria is next. This process takes from one to two years, requiring studies and management plans that satisfy all of the governmental powers involved. Achieving land tenure is key. The process begins by submitting an Expression of Intent (EOI) with the government. Currently, we have been given proponent status to develop a management plan for operations in the Martins area. This means that no other entity can vie for this area.

ADVENTURE TRAVEL LODGING COMPANY

Continuing the process, the environmental impact studies and overlaid maps detailing use, migration paths, vegetation, roads, precipitation and lodge location have been completed. We expect to complete and redraft the management plan twice before being granted tenure which should be in the fall of 1999. Land tenure gives the company all legal commercial rights to a 55 square mile area with 10- to 20-year leases that can be renewed every three years, in effect an unlimited lease on the land.

This area is conveniently located just north of Jotsey, Victoria. From Jotsey, the area is 10 minutes by car, then 20 minutes by off-road vehicle or a quick seven-minute helicopter ride. The city of Jotsey, incorporated in 1888, located on the East Arm of Largetoon Lake in the heart of the Racht Mountains in Largetoons. Aircraft access is limited to a small airport in Jotsey with a 2,900 ft. runway accommodating 12 to 15 passenger planes and private jets. The next closest airport is located at Hotts, only 30 minutes from Jotsey, accommodating commuter (Air Canada and Canadian Regional Airlines) and private jet aircraft.

Jotsey is the perfect accentuation for the resort; offering air transportation, nightlife and plenty of turn-of-the-century ambiance.

The resort will be situated on the biggest lake in the center of the land tenure. This area of Canada, averaging 660 inches of snow per season, has many majestic mountain ranges perfectly suited for snowcat skiing, as well as most summer sports.

The Snowfall Mountain Lodge Experience

Winter—Our resort will take advantage of all that is available to create a skiing experience unsurpassed in quality and service. The main lodge will be a 18,000 sq. ft. log cabin with 25 guest rooms, a game room, sundry shop, and dining and meeting facilities.

The skiers' adventure begins with being picked up in town by helicopter which whisks the group to the main lodge. Once settled in, the guests convene in the dining room for the first four-course meal of their vacation. After dinner, everyone heads to the great room for introductions to their guides and basic backcountry tips, instructions, etc. The instructions include information about use of the avalanche transponders, the terrain to be covered during the upcoming days and ski rental fittings. The guests' mornings start with a hearty breakfast, followed by loading the cat for a day in the mountains.

On average, the group will get in three to four runs by lunchtime. Each run is carefully selected, by certified guides, to the ability of the skiers. Lunch is served at the cat, then back to the skiing for another five runs. Once back at the lodge, some apres-ski cocktails in the game-room or hot-tubbing to relax the muscles. Soon after, the dinner bell chimes and the group is amazed with another exquisite dining experience. The following days are just like the first; no one goes home unsatisfied.

Now for the skier with a family. We will be the only snowcat resort to provide a daily kid-focused ski camp. Kids between 5 to 16 years old will have the same opportunity for a great ski vacation, without their parents missing a turn. There will be a groomed area, near the lodge, equipped with a tow lift. Under qualified supervision, kids will get to ski, slide, eat and just play while their parents are off tackling the backcountry.

Summer—Our summer guests will have the opportunity to relax or enjoy all of the outdoor sports and recreation they can handle. From the Lodge we will offer hiking and mountain biking; from our day-lodge, guests can go fishing or water skiing in one of our boats, jet skiing, lounging at our sandy beach, swimming, aircraft sight-seeing, golf or enjoying all that the city of Jotsey has to offer.

Our main lodge will be the perfect place to get away from the hustle and bustle of the city. We will offer corporate retreats for play or work in a great atmosphere.

Also, throughout the summer we will host numerous events and seminars in the arts and environment.

The day lodge is located at the entrance to our land, directly on the Largetoon Lake facing Jotsey. This property, to be purchased by the Company, has a private beach, dock and a small log cabin. Equipment at the beach will include a ski boat, fishing boats, jet-skis, sailboards, inflatable air mattresses and shade umbrellas. The log cabin will house the snack bar for the guests.

From the day lodge, our van will take the guest into Jotsey. While in town, guests can shop at some of the many quaint boutiques or soak up some of the old-world charm. Spread throughout Jotsey are more than 200 well-built buildings; some dating back to 1888. The restoration of private residences, churches, businesses and government buildings has given this city a look and feel dating back to the turn of the century. Residential heritage structures, ranging from cottages to mansions, are everywhere in the region. Two of the most striking heritage churches are the Jotsey Congregational Church with its tall tower and stained glass windows, and the ornate St. Michael the Archangel Cathedral; both were built in the early 20th century.

As for golf, Jotsey is home to the Pinetree Point Golf Course and within 30 minutes of five other courses. Jasper Rock, an 18 hole course (par 72/5,933 yards) with spectacular views of Lookit Glacier, is five minutes from downtown Jotsey.

We also will offer aircraft sight-seeing packages. These packages would include a tour over the area and local glaciers via airplane or helicopter. Other packages will include guided and charter fishing tours, heli-hiking in backcountry glaciers and guided mountain biking.

Objectives

The Company is currently mapping roads and the lodge site; construction and development is to commence by June 2001. By winter 2001/2002 the Lodge will be ready to take on skiers from magazines and film for early publicity. The lodge will be able to take on paying guests in December 2001. Expansion, to be considered in June 2002, will be in the form of adding cats and accommodations at the existing location.

There are two possible exit scenarios:

- DPO (Direct Public Offering)
- Buy Out

The following is the proposed development schedule, to be implemented after financing is secured:

- Design—completed
- Approval/Permit—completed
- Road Mapping—currently underway
- Construction*—180 days - Summer 2001
- Start-up/Trail Cutting—150 days - Summer 2001

*The construction phase will include cutting cat trails along with the building of the Resort.

Competition

Direct competition within the area consists of nine resorts. The snowcat operations vary from ones without lodging to all-inclusive resorts. Our true competition is actually the all-inclusive resorts. These resorts offer lodging, guided snowcat skiing and meals. Currently there are only two heli-ski or cat-ski operations in the Largetoon region and 17 total operations in Victoria.

The following is a list of cat operations in Victoria:

- Cougar Paw Skiing, Inc. in Warnerville: 29 maximum occupancy on 39 square miles.
- Fife Lake Lodge in Kit Creek: 5 maximum occupancy on 10 square miles.

ADVENTURE TRAVEL LODGING COMPANY

- Mike's Northern Skiing at Benjamin Point, 24 maximum occupancy on 45 square miles.
- Cutter Lake Hotel in Boerne: 30 maximum occupancy on 5,000 square acres.
- Carlisle Adventures in Brunswick: 26 maximum occupancy on 55 square miles.
- Wild Bill's Lodge in Yelp: 22 maximum occupancy on 90 square miles.
- Noemi Lake Skiing in Overland: Day operation only, no lodge or food.

All of the resorts run at 90+ percent occupancy throughout the winter season. In 1996, heli and snowcat operations drew over 59,000 visitors spending over 60 million dollars.

Indirect competition includes heli-ski outfits. The helicopter operations are more expensive, up to \$1,000/day, and at the mercy of the weather. If conditions are bad, the helicopter can't fly, the skier can't ski!

Our resort will differ in the service. Investigation into our targeted guests has shown that quality service and attention to details far outweighs cost concerns. Some areas of quality service include the food, staff, amenities, and our kids program.

Development Team

The development team that we have assembled insures quality and style. The contractor and designer is Kurt Richie of Richie Design in Jotsey. He has completed over 110 projects in the Jotsey area. He deals in all aspects of construction management, contracting, computer and architectural design. The materials and assembly will be provided by Wilson Lubbock of Quality Post and Beam in Poteet, Victoria. This company has built quality homes and lodges, locally and internationally, since 1972.

Also providing an invaluable service to the company is Luevano Lumber. They have the lumber rights to the tenure area and are currently finishing road access in the area. They are providing us with their maps, projecting roads and cutting areas. They will work with us as to areas to thin out and areas to clear cut.

Also, we have the experience and know-how of Rachel Bastian. Her background includes print communications, local Jotsey and ski industry knowledge. To date, Rachel has helped open the doors of communication between Cobra Travel and the Victoria government and local community groups. Currently she is assistant editor of the *Satureen Weekly Express*, a local newspaper. She has also spent two years on the province's award-winning ski team, experience which has given her invaluable insights into the ski industry from behind the scenes.

Operating Performance

The Company believes Snowfall Mountain Lodge will be one of the most profitable backcountry ski resorts built in North America. Factors such as customer-service driven management, kid programs, gourmet dining, and the opportunity for off-season revenues will contribute to the success of the Lodge.

Brewpub

Hopstreet Brewery

32 Battery Way
Charlotte, NC 28202

Zachary David Robinson

The Hopstreet Brewery is seeking an outlay of \$280,000 from investors. This amount will be used to get a loan so The Hopstreet Brewery can purchase everything the brewpub needs to get started. This amount will give The Hopstreet Brewery the 20 percent it needs to acquire a \$1.4 million loan from the bank.

EXECUTIVE SUMMARY

The Hopstreet Brewery will be formed to bring patrons a warm and inviting dining experience like no other. The Hopstreet Brewery will feature an eclectic array of homebrewed beers and great food with something for everyone.

The Hopstreet Brewery will be a brewpub incorporated as a limited liability company. The business location will be in Noda in Charlotte and will be completed in spring 2006.

The head of The Hopstreet Brewery management team will be CEO and brewmaster Matt Hanson. Matt has received his brewing certification and has thorough experience of brewpubs. The rest of the management team will consist of a general manager and a kitchen manager/head chef. Aiding the management team are advisors who have restaurant and business experience.

Noda is a residential and commercial area that is being developed just a few miles away from downtown Charlotte. Nearly everything in Noda will be within walking distance. In fact, there will be over 900 residential units within a five-minute walking distance of the Hopstreet Brewery. Ultimately, Noda will be a thriving town of more than 4,000 residents and hundreds of businesses. Noda will be completed in nine phases, with a carefully planned mix of homes in addition to a large town center and four neighborhood centers. 500 homes will be completed in each phase with each phase taking 1–2 years to complete. The project is set to be completed in 2017.

The Hopstreet Brewery will serve a wide selection of homebrewed beers including ales, pilsners, and lagers. The Hopstreet Brewery will also feature a traditional American menu with appetizers, sandwiches, and main and side dishes. There will also be German specials present on the menu. These items are unique and could even be added to the full menu.

There is a lot of competition in food and drink industry. There are a few brewpubs, many bars, and many restaurants in the Charlotte area. However, The Hopstreet Brewery has competitive advantages that will help the brewpub meet or beat the competition.

BREW PUB

Brewpubs and microbreweries are growing tremendously in popularity. After meeting all requirements in a site assessment survey, the location of The Hopstreet Brewery should provide a great marketing opportunity. Furthermore, there are many attractions close to The Hopstreet Brewery. From 2003 to 2004, the brewpub industry experienced a growth rate of 4.6 percent. The craft beer industry has become accustomed to growth; the industry has grown every year for the past 35 years. Average beer sales at brewpubs for 2004 were \$341,480. Moreover, most brewpubs have a 40:60 alcohol to food sales ratio, meaning it is likely that average food sales was around \$512,000.

The marketing strategy of The Hopstreet Brewery is a combination of billboard advertisements, mailings, newspaper ads, kiosks, and promotion at local events. The Hopstreet Brewery will use the services of The Scout Group to help with sales strategy. In addition, The Hopstreet Brewery will use advertisements, a frequent dining program, specials, a happy hour, group events, pub crawls, brewpub tours, and sponsorships to get customers in the door and keep them coming back. Pricing of Hopstreet Brewery products will be based on competition, cost, and demand.

The Hopstreet Brewery is seeking an outlay of \$280,000 from investors. This amount will be used to get a loan so The Hopstreet Brewery can purchase everything the brewpub needs to get started.

MISSION

Vision: To bring a warm and inviting atmosphere to Noda and the surrounding Charlotte area.

Mission: The Hopstreet Brewery in Noda at Charlotte is dedicated to bringing patrons a warm and inviting dining experience like no other. With an eclectic array of homebrewed beers and great food, everyone will be able to find something they like.

Tagline: The Hopstreet Brewery, a place for good beer, good food, and good fun.

ORGANIZATION

Company Name

The Legal Name is: The Hopstreet Brewery, LLC.

Legal Form of Business

The Hopstreet Brewery is incorporated as an LLC located at the address: 32 Battery Way, Charlotte, NC 28202.

The location will move to Noda upon completion.

Management Summary

The Hopstreet Brewery management will primarily be the duty of CEO, Matt Hanson, with the aid of experienced business professionals Jason O'Connor, Richard Vanderburg, Jeff Wolpe. Also, part of the management team will be the Head Chef / Kitchen Manager and a Restaurant / Bar Manager who will be identified later.

Matthew Hanson, CEO and Brew Master BA in German, Duke University, Graduating 1994: Emphasis in Teaching.

The CEO, Matthew Hanson, is from Raleigh, North Carolina. Matt has a brewer's certification from the VLB Berlin three-year program and a teaching certificate from Duke University

Matt's brewing experience is evident from the several years that he spent in Germany. In fall of 1994, he began an apprenticeship for Bierbrauerei in Frankfurt, Germany. Most of his schooling was in Berlin, Germany, but halfway through the three year program, he moved to a smaller brewery that better reflected the kind of operation that he wanted to run. This brewery was in Hamburg, Germany, a part of the Munster Brauhaus.

While at the Brewery in Hamburg, Matt rotated through all aspects of the brewery including: Brewhaus, malting, machine maintenance, filtration, bottling and kegging, bar construction and maintenance, and the laboratory and lagging department. In a one year period, all areas of the brewery were visited twice.

Matt next attended school in Berlin at the Versuchsanstalt für Brauerei (VLB). This included both theoretical and practical classes in brewing techniques and other related areas to brewing. Schooling was twice a year for a period of 6 to 8 weeks.

In 1996, Matt moved to a family owned pub-brewery in Hamburg, Munster Brauhaus. There, he attended the same kind of school as in Berlin. New responsibilities in Hamburg included all aspects of brewing with a few exceptions (i.e. did not have a laboratory or a maintenance crew). Also, responsibilities included gastronomical aspects such as cooking for the pub, giving small tours, bartending, filling and tapping kegs for guests, working at festivals serving the brewery's beer and working with open fermentation. The final practical examination took place in the Beck's Brewery in Bremen.

In 1997, Matt returned home to receive his teaching certificate. Currently, he is teaching at Charlotte Community College, as well as serving on the Charlotte City Council. On the council he serves on several boards, including: Arts and Culture, Streets, Grant Review Committee, Finance and Audit, Community Center Site Selection Committee, Public Safety, and Technology Committee.

Jason O'Connor Has been running his own businesses for the past 25 years. Currently owns a Subway sandwich restaurant and is on the Board of Directors for the City Planning Committee. Has experience in the restaurant industry.

Richard Vanderburg Has been working as an entrepreneur for most of this life. Has had many successful entrepreneurship relationships in business and politics, has completed marketing plans for businesses and established a number of highly profitable companies from the ground up. Has lots of start-up and business experience.

Jeff Wolpe Developer of Noda, Charlotte. President of Prestwick Homes, one of the largest builders in the state. Lots of business experience and will have major effects on area.

Donald Bilson Sales representative for Food Services LLC. Has 26 years experience in restaurant and food industry.

Matt Hanson, CEO/Brew Master

1. Responsible for maintaining the vision, mission, and philosophy of the company
2. Oversees the brewery as a whole, maintaining the integrity of the operations along with the marketing and sales through advisors
3. Handles all phases of the brewing cycle for the all beer produced on site
4. Responsible for the investor relations of the company

General Manager

1. Handle customers
2. Handle employees—both front of the house and back of the house

BREW PUB

3. Prepare paperwork, i.e. count inventory and calculate food cost, complete product ordering, and prepare labor schedules for both FOH

Head Cook/Kitchen Manager

1. Head of the kitchen
2. Handle all aspects of food preparation
3. In charge of kitchen staff, organization, inventory, and orders

General Restaurant Staff

1. Bussers / Dishwashers (2–4)
2. Servers (3–5)
3. Hosts / Hostesses (2–3)
4. Bartenders (1–2)
5. Sous chef (1)
6. Line Cook (1–2)
7. Prep Cook (1–2)

Company Attorney

1. Responsible for establishing an LLC business form
2. Prepare and file necessary legal documentation
3. Responsible for contractual relations with investors and potential investors
4. Responsible for all legal proceedings

Accountant

1. Assist in directing the finances for the brewery
2. Manage all budgets, projections, and all statements necessary for tax filings
3. Assist in preparing financial reports to help make business decisions

BUSINESS OVERVIEW

Brewpub Description

A brewpub is a restaurant and microbrewery combination that makes its own beer and sells the majority of its beer on premise. A brewpub is also referred to as a home-brew house and a house brewery. The first American brewpub opened in 1982. As of July 2003, the Association of Brewers estimated over 1,000 brewpubs in the United States alone. There are brewpubs in many other parts of the world, although not commonly called “brewpubs.” Brewpubs are especially popular in European countries, but are growing rapidly in popularity in the United States.

The Hopstreet Brewery will follow these characteristics by offering German craft beers and traditional American food with German specials (if these specials are popular enough, they will be added to the menu).

The Hopstreet Brewery will open in May 2006. For the first couple years, only the bottom floor will be available for business and the second floor will be “white boxed” until further phases of Noda are completed.

Location—Noda at Charlotte

The location of the Hopstreet Brewery is Noda at Charlotte. Noda is a residential and commercial area that is being developed just a few miles away from historic Charlotte. Noda's style is new urbanism and somewhat resembles traditional European architecture. Nearly everything in Noda will be within walking distance. In fact, there will be over 900 residential units within a five minute walking distance of the Hopstreet Brewery.

Ultimately, Noda will be a thriving town of more than 4,000 residents and hundreds of businesses. Noda will be completed in nine phases, with a carefully planned mix of homes in addition to a large town center and four neighborhood centers. 500 homes will be completed in each phase with each phase taking one–two years to complete. Of the 500 homes released for sale, 450 homes have already been sold and the second phase will be released for sale in June 2005. In addition, there are already 26 businesses open. The project is set to be completed in 2017. Developer Carl Knutser's vision is for Noda to be one of the most recognized neighborhoods in the country and this seems possible as sales are more than double original expectation.

Seating

Seating in the first year will include the main floor with approx. 2,280 sq. ft of customer space and a beer garden. The second floor will be "white-boxed" until The Hopstreet Brewery is able to receive adequate customers. The beer garden will consist of 12 tables, but will only be available weather permitting. The bulk (or maybe all) of the kitchen will be off the back of the building. There will be approximately 12 seats along the bar, 18 tables, and additional space. It is estimated that there will be at least 87 seats. There will also be a public swimming pool located beside The Hopstreet Brewery which could be an area where customers could be served. This will allow for more seating. Depending on the season, we are hoping there will be approximately 135 seats in warm months and 87 in cooler months for year one.

The plan is to open the "white-boxed" second floor in year two or three. This area will be approximately 1,500 square feet and should allow for seating of 50 additional customers.

Decorations

The exterior decoration will be painted stucco, 2.5 stories in height, and Central European in design. The interior decor will be warm–natural–stone, wood, and brick in design. There will be wall hangings and memorabilia decorating the walls. The brew system will be shown off in a bay window that runs two stories tall. There will be a lodge–feel upstairs, supported by fire places, a small band stage, and large windows.

Parking

There will be on–street parking in front of The Hopstreet Brewery, a free public parking lot in the back, and on–street parking throughout the community.

PRODUCTS

Alcohol

The Hopstreet Brewery will feature numerous types of beers brewed on–site by Matt Hanson. To suit the tastes of everyone, The Hopstreet Brewery will also serve a few Anheuser–Busch products. Many breweries only serve the beer that is produced on–site, but to maximize business sales and profits, serving other beers and an assortment of liquor is a must.

Craft beers will be brewed in a one–of–a–kind system. The system will be the Kupferversion mit zwei Kupferhauben purchased brand new from SBP Breweries. The Hopstreet Brewery will use a 2500 bbl.

system. This system comes straight from Slovakia and is made of copper giving it a beautiful and unique look. The cost of this system is 323,200 Euro (\$417,006 US). The Hopstreet Brewery will make this system easily viewable to anyone in the restaurant, so they can enjoy its beauty and know where the beer they are drinking is coming from.

The Hopstreet Brewery will also make the presentation of beer a highlight. Unlike other drinking places, beers will be presented the way they were meant to be. Beers will not be served in the same simple glass; each beer will be presented in its own unique way according to tradition.

Main beers that will be brewed by The Hopstreet Brewery

- Pilsner (Pils)—Served in a tall, thinner-walled glass, this is the most “elegant” beer. It is bottom-fermented, has the most “bitter” taste (i.e. the most hops content) and is light in color. Ca. 5% alc./vol.
- Lager—Lager is a generic name for bottom-fermented beer. Pilsners are also lagers, but a lager is usually less bitter. The lager can be served in a number of glasses and the beer served by our brewery will be like the German, “Helles” beer: a light colored, somewhat malty beer. Ca.5% alc./vol.
- Dunkles—A Dunkles is the same as a lager, however, the color is darker and the beer is a little sweeter due to the residual sugars and caramelized malt. This beer will be served in a round beer glass that is, perhaps, known for being the “typical beer glass”. Ca. 5% alc./vol.
- Hefeweizen (a.k.a. Weizen or Weiss)—Hefeweizen is a beer served in a tall, wide-mouthed glass so that the head of the beer can reach a nice three-fingers height. This beer may contain slightly more alcohol at ca. 5.5% alc./vol. and will be made with barley malt and wheat malt (50/50). This is an ale (top fermented beer) and has a stronger flavor. This beer will be served more in summer and offered with banana juice or a slice of lemon. *Instead of brewing separate flavored beers, most of the flavor will be added by syrup to the Hefeweizen after brewing; this allows a wider range of flavoring (and makes the hard-headed brewer feel better about not brewing “candy beer”. . .)
- Koelsch—Koelsch is an ale yeast beer known in the Cologne Germany area and served in small, cylinder-style glasses. It is somewhat like a wheat beer. It is lightly colored and will contain a little less alcohol. Ca. 4.5% alc/vol.
- Alt Beer—Beer served in small glasses or special alt glasses that have a curvilinear line to them; darker in color; about 5%, ale yeast.
- Bitter Ales—Such as: Pale Ale (served in “water-style glass”). Ca. 5% alc./vol, light colored.
- Dark Ales/Stouts—These beers are a lot like the brand Guinness, which is an Irish beer. Ca 5% alc./vol. This beer is very dark and black in color and served in a English Pint Glass.
- Berliner Weiss—This beer is close to the Lambic style beers of Belgium. It is an ale yeast, lightly colored and soured with lactic acid. By itself (some like it this way) it may not be a very good tasting beer. This beer is served in a low, very-wide mouthed glass (“Pott” in German) and comes with a “Schuss” or shot of Waldmeister/Woodruff syrup or Himbeer/Raspberry syrup. The beer then takes on a green or red color, respectively.

Additional beers to be served are seasonal, specialty beers:

- Schwarz Beer—“Black” beer, lager yeast (bottom fermented), Ca.5% alc./vol. Served in a large “tulip” styled glass. This beer is a little sweeter than most.
- Doppelbock—A German strong beer that can be light, but is usually dark, and has at least 6% (usually Ca. 6.5% alc./vol). Served in a thick-rimmed glass or stoneware mug.

- Keller Beer—A lager that is unfiltered and cloudy—otherwise is very much like a lager in all ways.
- Hefedoppelbock—A rare wheat beer, ale, but the alcohol content is much higher at around Ca.6.5% alc./vol. Can be dark or light and served from Weizen glass.
- Stein Beer—This is a malty beer that is made by throwing a hot stone into the mash; this helps caramelize it and it becomes sweeter. This beer is considered a lager.
- Vollmond Beer—Really, just a gimmick, this beer is brewed under the full moon to give it mystic powers and make you drunk. It is a lager or really any kind of beer you brew in the middle of the night. We think this would be good for October.

The Hopstreet Brewery will also carry an assortment of hard liquors and wines. The selection of the liquors will be much the same as a standard bar or restaurant.

Food

The Hopstreet Brewery will also be a restaurant serving the general public at lunch, dinner, and after hours. There will be a full menu serving traditional American foods as well as German specialties and other seasonal dishes throughout the year.

Along with sales from the restaurant, we will also sustain revenue with growlers (glass jugs of beer filled on-site), bottled beer, keg beer, and promotional items, such as glasses, hats, key chains, bar towels, golf balls, clothing, and other trinkets.

Concept Menu

As stated, The Hopstreet Brewery will carry traditional American food with German specials. Most of the regular menu items will be similar to other brewpubs, restaurants, and bars. The menu may have a few additions or subtractions in the near future. Also included is non-alcoholic beverages offered.

Menu Items

Appetizers:

- *Nacho Platter*—Nachos topped with ground beef, shredded lettuce, tomatoes, cheese, black olives, chopped green onions, jalapenos and sour cream
- *Buffalo Wings*—One pound of spicy hot wings served with celery and ranch or blue cheese dressing
- *Homemade Giant Onion Rings*—battered in our special beer batter and deep fried to golden perfection
- *Bite-Sized Soft Pretzels*—served with sweet, hot, and horseradish mustard. A way to enjoy the little Kraut in all of us
- *Toasted Ravioli*—This favorite is served with marinara sauce and fresh parmesan cheese
- *Homemade Potato Chips*—Thinly sliced fresh—a basket full
- *Small salad*—Fresh field greens served with fresh Farmers' Bread
- *Chilli*—Our own special recipe served with chick peas, black olives, and topped with shredded cheese

Sandwiches: Served with Fries, Homemade Chips, or Hot German Potato Salad

- *Hamburger*—Thick 1/2 pound hamburger topped with lettuce, tomato, onion, pickles, & lettuce
- *BBQ Hamburger*
- *Swiss and Kraut Burger*—Our hamburger topped with Swiss cheese and finest sauerkraut
- *Steak Sandwich*—Marinated steaks served with grilled onions and grilled to perfection
- *Pulled Pork Sandwich*—Slow-cooked pork roast pulled and covered in bbq sauce

BREW PUB

- *Hand-Cut Cod*—battered in our own special beer batter and served on your choice of wheat or white bread
- *Reuben*—Corned beef served on rye bread with Swiss cheese, sauerkraut and Thousand Island dressing

Main Dishes:

- *Chicken Salad with Peanut Sauce Dressing*—Iceberg lettuce covered in our own special peanut dressing and chicken strips
- *Brick Oven Pizzas*—Pizzas served with your favorite toppings including: pepperoni, sausage, chicken, mushrooms, onions, black olives and peppers
- *Schimmelpizza*—Pizza topped with garlic, onions, artichoke hearts and mozzarella cheese
- *Reuben Pizza*—If you like reubens, then you'll love this Italian twist. Thousand Island dressing is the base on this pizza complete with caraway-seed encrusted dough; topped off with corned beef, sauerkraut, and Swiss cheese
- *Sausage Rigatoni*—Lean, fresh sausage in a red or white sauce and topped with fresh parmesan. Served spicy upon request
- *Pork Steak*—Slow grilled served with your choice of two sides. BBQ or dry
- *Pork Cordon Bleu*—Fresh pork chop filled with ham and Swiss cheese, breaded and fried
- *Grilled Chicken Breast*—Served with your favorite two sides and small salad
- *Smoked BBQ Ribs*—Served with your favorite two side dishes
- *Ribeye Steak*—Served with baked potato, broccoli and dinner salad

Sides:

German Cole Slaw; German Potato Salad; Baked Potato; Salad; Chips; Green Beans; Mashed Potatoes; Noodles; Broccoli; Onion Rings; Sauerkraut

Just For Kids:

Chicken Strips; Grilled Cheese; Hamburger; Pizza; PB&J Sandwich

Beverages:

Sodas; Iced Tea; Locally Roasted Coffee; Milk; Apple Spritzers

German Specials (appearing at different intervals)

Appetizers:

- *Landjaeger* with farmer bread and mustard served on wooden board (this is a German Summer Sausage)
- *Cheese and Sausage Platter*
- *German Farmer Bread* served with “hausgemachter braunschweiger” and chives
- *Schupfnudeln Mit Sauerkraut*
- *Pflammkuchen*
- *Radish and Salt*
- *Deutscher Salat*—German Salad

Soups:

Allgauer Cheese Soup; White Asparagus Cream Soup; Dumpling Soup; Chili Con Carne; German Potato Salad Soup

Main Dishes:

- *Bangers and Mash*—Six Nuernberg sausages served on a bed of kraut
- *Schnitzel*—Pork cutlet
- *Rhineland Pork*—Smoked pork chops served on a bed of our special kraut
- *Rinderrouladen Maultaschen*—German-style ravioli stuffed with hamburger and spinach
- *Weisswurst*—served with large soft pretzel and sweet mustard
- *Turkey Leg Dinner*
- *Trout and Boiled Potatoes*—served with German cream sauce
- *Flammkuchen*—pizza base but instead of a tomato sauce, the crust is covered with creme fraiche, bacon, onions, garlic, and cheese
- *White Asparagus*—served wrapped in Black Forest Ham
- *Bratwurst Dinner*
- *Wurstsalat mit Kaese (Schweizer Art)*

Sides:

Spaetzle; German Farmer Bread; German Potato Salad (warm or cold); Schupfnudeln and Kraut; German Salads; Fried Eggs; German Broth

The general menu will remain relatively unchanged throughout the course of business. However, as demand for special dishes are assessed, they might become available on the regular menu. The Hopstreet Brewery is also working on a system where leftover food items can be used in certain dishes the following day. These items might be used to make a soup, side dish, or other dishes. It is estimated that The Hopstreet Brewery will have \$20,000 worth of inventory at any one time (includes food, spices, etc.).

The Hopstreet Brewery will audition for a chef who has experience cooking German food. If a German chef is unattainable, The Hopstreet Brewery will find an American chef who is willing to learn.

COMPETITION

Competition can be broken up into three categories: brewpubs, bars, and restaurants. The Hopstreet Brewery will essentially be competing in all three categories which are somewhat related.

Brewpubs

All brewpubs in the Charlotte area are going to present some competition. There are no other planned brewpubs for Noda, so the listed brewpubs are the competition.

Competition: Brewpubs

Name	Distance	Location	Cost	Selection	Presentation	Atmosphere	Food	Beer
Tarheel Tavern	4.60	Very good	Above average	Good	None	Good	Very good	Good, but unoriginal
Charlotte Brewpub	18.72	Very good	Average	Diverse	None	Good	Good	Good
AleHouse	22.41	Good	Above average	Unique	None	Above average	Good	Mediocre at best

BREW PUB

The Hopstreet Brewery has some tough competition in this area, especially Tarheel Tavern. All of the brewpubs analyzed have a strong location and convenience. Tarheel Tavern is located in historic Saint Charles; Charlotte Brewpub is located in downtown Charlotte surrounded by huge businesses; and AleHouse sits on the water, attracting passing consumers. The Hopstreet Brewery will have a location that is better than these competitors though. The Hopstreet Brewery will be located in Noda, an area of soon to be some 4,000 residents. As The Hopstreet Brewery is being erected, the amphitheater, public swimming pool and stores will be nearing completion. The Hopstreet Brewery also shares the area of Charlotte with Tarheel Tavern. Charlotte is growing rapidly and contains many attractions such as Wild William's WaterPark and the IMAX theater.

Cost of products will be similar to these brewpubs, above average. The average meal price at these brewpubs is \$8 to \$10. The selection of foods at The Hopstreet Brewery will be different than competitors' American menu food and German specials will be served. In addition, The Hopstreet Brewery will also feature homebrewed beers different from others. To set itself apart in this category, The Hopstreet Brewery will offer beer with a longer ripening period (a minimum of 21 days versus 14) and a happy hour sampling special. The sampling special will feature a "shot" of every beer to give the customer a taste of everything. The brewing experience of Matt Hanson should also help set Hopstreet Brewery beer apart. Matt spent many years in Germany to receive his brewing certification and worked at numerous German breweries, giving him the knowledge and background to create great beer and run the brewpub.

Notice that no brewpub competitors have unique presentation for their products. This will be a selling point for The Hopstreet Brewery. All beers are meant to be delivered in a certain way. Serving beers in proper drinkware will stick out in the customer's mind. For example, the tall, widemouthed hefeweizen glass and the mini hammer tapped keg will be identifying factors for customers.

The Hopstreet Brewery will use these features to share the Charlotte market with Tarheel Tavern, and capture the Noda market. These features will be attraction points for The Hopstreet Brewery to take customers away from Tarheel Tavern and bring them to the Hopstreet Brewery.

Bars

Of the 26 businesses to open in Noda in phase one, there are no true bars besides The Hopstreet Brewery. This is good news because The Hopstreet Brewery could be one of the few drinking places close and the only within walking distance of many. There are numerous bars/pubs in the Charlotte area, however. Only some of these present competition because most people are not willing to drive long distances to get to a specific bar. There are over 50 bars within a ten mile radius of the Hopstreet Brewery. All of these undoubtedly demonstrate at least some competition. The ten closest bars to The Hopstreet Brewery represent more competition than others. These bars include:

Competition: Bars

Name	Distance	Location	Cost	Selection	Presentation	Atmosphere	Food	Other
Watering Hole	1.73	Okay	Average	Okay	None	Run-down	Average	Locals
Wilson's	2.50	Good	Average	Average	None	Good	Good	Chain rest.
Telly's	3.38	Horrible	Above average	Okay	None	Unfriendly	Average	Inside RV-park
Rotterdam	3.97	Poor	Below average	Poor	None	Run-down	Poor	Locals
Hingy's	3.98	Okay	Cheap	Poor	None	Unclean	Poor	\$0.25 food
O'Callahan	4.00	Poor	Average	Unique	None	Okay	Average	Irish
Maria's	4.10	Good	Above average	Good	None	Good	Very good	Italian
Brown Brewpub	4.10	Good	Average	Okay	None	Good	Above average	Local favorite
Green Lightpost	4.31	Okay	Average	Okay	None	Okay	Above average	
FlimFlam	4.34	Good	Above average	Good	None	Good	Good	Chain

The only bars that stand out from the crowd in this table are Maria’s and FlimFlam. Maria’s is, in fact, more of a restaurant than a bar and FlimFlam is part of a restaurant chain. After these two, all of the other bars seem to be average at best. The Hopstreet Brewery will by no means, be an average bar. The food and selection at most of these bars is lackluster and offers nothing unique. This will be an area for The Hopstreet Brewery to capitalize on.

A “beer” heading was not added to this group because none of these bars serve their own beer. They all serve generic products like Bud Light and an occasional microbrewed beer like Charlotte Brew. Therefore, fresh homebrewed beer is another area favoring The Hopstreet Brewery.

In addition, the atmosphere at a lot of these bars was nothing worth noting. Most of them were smoky, unclean, and just not really a fun place to be. However, some of these bars continue to be local hangouts, something that will take time for The Hopstreet Brewery to accomplish. Also, some of these bars have very low prices that will be unmatched for The Hopstreet Brewery, but the food is not as quality. Furthermore, none of these bars have any unique presentation, giving another advantage to The Hopstreet Brewery.

Restaurants

There are three restaurants that will be completed by the time of the opening of The Hopstreet Brewery. These restaurants are: Tony’s BBQ & Grill, Fast Chinese, and Pizza–To–Go. Fast Chinese and Pizza–To–Go sound generic, but Tony’s BBQ & Grill could pose as competition. Besides these, there are many restaurants close to The Hopstreet Brewery. Many of these restaurants, though, are considered fast food, and therefore are in a different category than that of The Hopstreet Brewery. More upscale, sit–down restaurants present more competition. Nearly 75 percent of the 50 closest restaurants to The Hopstreet Brewery are fast–food joints. The ten closest, besides those that have already been stated, are listed below.

Competition: Restaurants

Name	Distance	Location	Cost	Selection	Presentation	Atmosphere	Food	Other
Beth’s	2.25	Okay	Average	Okay	None	Okay	Average	Locals
Mong Kow	2.34	Poor	Cheap	Okay	None	Poor	Poor	Chinese
Won Ton	2.42	Okay	Cheap	Poor	None	Poor	Poor	Chinese
Main Street Grill	3.34	Okay	Cheap	Poor	None	Poor	Below average	
Pepperoni’s	3.40	Good	Average	Okay	None	Okay	Average	Pizza
Washington’s Tavern	3.72	Good	Above average	Very good	None	Good	Very good	Very unique
Charbroiled Treats	3.90	Okay	Average	Good	None	Okay	Good	Pizza and burgers
Dim Sum	3.91	Okay	Below average	Poor	None	Poor	Poor	Chinese chain
Le Kabob	3.97	Okay	Average	Okay	None	Run-down	Below average	Locals
El Maguey	4.08	Poor	Below average	Okay	None	Okay	Average	Mexican chain

Similarly to bars in the area, a lot of restaurants located close to The Hopstreet Brewery are just okay or poor. The Hopstreet Brewery should not have much trouble beating out these weak competitors, but will have trouble with some of the better restaurants. The goal of The Hopstreet Brewery will be to achieve equality with these restaurants, because they are local favorites and have been in the area for a long time.

The Hopstreet Brewery will beat out all of the restaurant competition in alcohol category. The Hopstreet Brewery will serve a large selection of homebrewed beers that will be unmatched by these

BREW PUB

restaurants. Once again, The Hopstreet Brewery must make use of its delivery and presentation as an advantage to this group. Also, these bars and restaurants will lack the brewpub experience that is evident at The Hopstreet Brewery.

MARKET ANALYSIS

After much research and analysis, The Hopstreet Brewery should have only minor problems in competing in the brewpub, bar/pub, and restaurant industry. There are only three brewpubs in the Charlotte area and the production of craft beers has grown seven percent over the past year. Furthermore, the niche market expanded three percent last year.

The brewpub is not the smoky, dirty bar where you cannot take your family, and it is not the expensive restaurant where you wouldn't take your friends. Brewpubs offer a family oriented atmosphere suitable for family and friends. They offer good food and quality unique beer. This is why brewpubs and small breweries are growing tremendously in popularity (seven percent production growth from 2003 to 2004) with over 1,400 nationwide.

Noda is projected to have annual economic impact of \$315 million. This will be cash flow on which businesses in Noda can capitalize on. Other than The Hopstreet Brewery, only three are restaurants and only one of these restaurants is similar to The Hopstreet Brewery (sit-down family restaurant). This means that once phase one is complete (Spring 2006), The Hopstreet Brewery will be one of the main options for the 450 resident homes of Noda.

A site assessment survey was done by the American's Brewers Guild which surveyed successful brewpub operations and identified some important site characteristics that were believed to have contributed to the businesses' success. This assessment follows.

Site assessment

Specification	Recommendation	The Hopstreet Brewery
15-mile radius population	150,000	822,865
Average per capita income	\$30,000	\$67,904
Percentage of population in target age group	50%	70%
Per capita consumption	Upper 1/3 of nation	Upper 1/10 of nation
Number of successful restaurants in area	5 or more	More than 5
Number of successful bars in area	3 or more	More than 3
Number of taprooms in area	1 to 3	2
Number of brewpubs in area	0 to 3	1
Foot traffic	Moderate to heavy	Heavy
Commerce	A must	Yes
Parking	Ample for pm business	Ample
Proximity to:		
Downtown	Important	Yes
Office	Important during lunch	Yes
Sporting facility	Asset	Yes
College	Post-grads an asset	Yes
Tourist attractions	Asset	Many
Expansion potential	Desirable	Yes
Aesthetics	Moderately important	Strong
Utility requirements	Must meet minimums	Yes
Access	Must be uncomplicated	Uncomplicated
Neighborhood support	Important	Yes

As you notice, The Hopstreet Brewery meets every requirement, and many with ease. Many of these requirements are explained or analyzed throughout the plan. There are some, though, that will be explained here. For instance, University of North Carolina at Charlotte is located close, satisfying the college requirement. There are many sporting facilities including Charlotte Family Club and the Noda YMCA. Furthermore, The Hopstreet Brewery is located in downtown Noda and has an abundance of offices just a

few miles away on Battery Way that employs thousands of workers. As Noda grows, The Hopstreet Brewery will beat these requirements with even more ease. The fact that The Hopstreet Brewery more than meets these requirements is in an indication that there is a market for a second brewpub in the area.

Attractions At-Hand

Attractions and amenities close to The Hopstreet Brewery will increase the number of consumers in the area and, therefore, increase the market. The amenities located within a short distance of The Hopstreet Brewery include:

- Wild William's WaterPark
- IMAX Theater
- North Carolina University at Charlotte
- Highway I-85
- Brookfield Mall
- Highway I-77
- Charlotte Airfield

All of these locations are recognizable consumer hot spots. Highways I-85 and I-77 are traveled by thousands of people every day. On interstate 85 at Battery Way, 28,506 cars traveling east and 30,849 traveling west pass by per 24 hours on average. Also, according to the Charlotte Department of Transportation, close to 20,000 vehicles travel on Battery Way each day. After the completion of Noda, this number is sure to rise.

The IMAX Theater attracts 54 million people annually. Wild William's WaterPark in Raleigh is the single largest attraction in the state and attracts four million people alone; it has even been called the most visited waterpark in the United States. Judging by the success of the Raleigh-based location, the Charlotte store should continue to gain popularity. As you will learn later, The Hopstreet Brewery already has plans to market there.

Charlotte already has a strong tourism industry; 1,600,000 already visit this historic city annually. These amenities, though, are an extra source of tourism. Take for instance, Ameristar Casino, which attracts over ten million visitors on an annual basis. Moreover, most people who fly into North Carolina travel through Raleigh-Durham International Airport, which is also close to The Hopstreet Brewery and where marketing will take place (see Marketing Strategy).

Brewpub Industry Analysis

The Hopstreet Brewery falls within the brewpub industry. There is no specific "industry" for this category yet, as it is relatively new. Therefore, there is no specific SIC code. For now, it is appropriate to place the brewpub under the drinking place code 5813 and the restaurant code 5812.

The craft beer segment includes brewpubs, microbreweries, and specialty brewers. Craft beer (micro-brewed beer) is the fastest growing segment of the beverage alcohol industry in the United States. There was a seven percent growth rate for craft beer volume in 2004, nearly double the growth rate posted in 2003 of 3.4 percent. More specifically, there was a 4.6 percent growth rate for brewpubs. "Craft beer volume growth outpaced that of imports, large brewers, wine and spirits in 2004," said Paul Gatza, Director of the Brewers Association. "The craft beer segment continues to show healthy and steady growth with many individual brewers enjoying double-digit volume increases," said Charlie Papazian, President of the Brewers Association. For 35 years, the craft beer industry has shown growth each year. "Americans increasingly prefer the flavor and diversity of fresh, locally-made beers," says Papazian. "Many Americans first discovered full-flavored beers at local breweries

BREW PUB

and now the diverse and exciting choices among those flavorful brews have become a regular part of their lifestyle.”

The continuance of the rising growth rate of the craft brew industry means good things for The Hopstreet Brewery. Growth is expected for the 2005 and 2006 years, and The Hopstreet Brewery will benefit from that growth.

Brewpubs have helped revive the beer and drinking places industry. There were a total of 986 brewpubs operating in the United States in 2004. This number includes the 51 brewpubs that opened their doors for the first time in 2004. Listed in the table below are annual beer sales for the brewpub industry.

Annual brewpub sales: Beer

Year	Total industry beer sales	Average brewpub beer sales
2004	\$336,700,000	\$341,480
2003	\$322,000,000	\$326,572
2002	\$312,800,000	\$317,241

Food sales for the brewpub industry were a little harder to come by. Although brewpubs are known more for their beers, food actually accounts for more sales than beer. Brewpubs in the Charlotte area reported a 40:60 ratio of alcohol to food sales. No specific industry food sales were attainable, so the following data was calculated using the previously stated ratio.

Annual brewpub sales: Food

Year	Estimated industry food sales	Estimated average brewpub food sales
2004	\$505,050,000	\$512,220
2003	\$483,000,000	\$489,858
2002	\$469,200,000	\$475,862

End Consumer

The end consumer of The Hopstreet Brewery can be broken down into three groups: locals, brew nuts, and visitors. Locals will be accounting for most of the business, but brew nuts and visitors will make up a respectable proportion. We expect locals to account for at least 80 percent of business, visitors 15 percent and brew nuts 5 percent.

Locals include people living in the Charlotte area, but more specifically citizens of the Noda development. Brew nuts are people who are basically obsessed with microbrewed beer. They will travel long distances just to try out a new beer. After visiting The Hopstreet Brewery, these nuts will forever remember not only our delectable beers, but the presentation of these products the way they were meant to be. Visitors are people visiting the Charlotte area. As you have already learned, there are various attractions close to The Hopstreet Brewery, so there will always be people going in and out of the area.

The majority of Hopstreet Brewery customers will be over the age of 21. However, these adults will bring their family and friends with them who may or may not be 21 and many others will visit who are not 21. In addition, even though people from every income level drink beer, our target group is those with income of more than \$30,000. In the end, it should be noted that people may not come to enjoy Hopstreet Brewery beers, they may simply come because they enjoy the food, atmosphere, and company.

As described, our end consumer is made up of three different groups. To determine the amount of locals we may encounter, radial studies must be completed. Within a 1-mile radius of The Hopstreet

Brewery there are 9,732 adults over the age of 21; 64,977 within a 5-mile radius; 253,434 within a 10-mile radius; and 574,995 within a 15-mile radius. Moreover, more than two thirds of these people have an average income of over \$30,000.

The demographic of the brew nut is hard to nail down. These are just people who love trying beer. This group is made up of people over 21, but mostly males. Some brew nuts are willing to travel further than others, so the general market is as large as the entire country.

The demographic of the visitor group is just that, a visitor. More than two thirds of adults in the United States aged 21 and older traveled in 2004. That makes visitors a very large group (greater than 125 million). Charlotte alone had over 1.5 million visitors last year, and that was before the construction of Noda.

MARKETING & SALES

Marketing Strategy

The marketing strategy of The Hopstreet Brewery is to uphold to the strictest standards of quality and family fun while serving up excellent food, beer, and atmosphere. This will provide the company with a strong reputation and encourage customers to tell others about their experience. The Hopstreet Brewery must prove itself among the many brewpubs, bars, and restaurants in the Charlotte area. When restaurants and drinking places open, people want to try them out immediately and first impressions can make or break companies in this industry. Therefore, The Hopstreet Brewery will make sure every experience is a positive one. The Hopstreet Brewery will focus on serving the finest beers and delivering them in a fashion unlike any other location. Also, the selection of foods will make sure there is something for everyone and leave the customer craving for more.

The Hopstreet Brewery will use traditional and nontraditional marketing efforts to promote the brewpub. Traditional marketing efforts will include billboard advertisements, direct mailings, and newspaper spots. Nontraditional marketing consists of indirect marketing. The combination of these marketing efforts will be used to create a “buzz” that will generate word-of-mouth marketing in the general public.

In the fall of 2005, billboard advertisements will be done promoting all of Noda. Many of these signs will contain advertisement for The Hopstreet Brewery. These signs will be located on highways 85 and 77, and other major roadways in the Charlotte area. The Hopstreet Brewery will also make use of billboard advertising independently around the same areas. The amount or placement of these billboards will not be assessed until Noda advertising has begun. The Hopstreet Brewery would like to have an advertisement on 370 east and west, 70 east and west, and two on Battery Way/Airport Road in each direction. The plan is to have these advertisements present three months before opening and have them remain until they are inefficient. In addition, Hopstreet Brewery owner, Matt Hanson, has already been in contact about having the brewpub added to the list of restaurants on highways 85 and 77.

There are currently over 5,000 people on the Noda mailing list which keeps interested consumers up to date with what is going on in Noda. It has already been mentioned in this mailer that a brewpub will be open in Noda phase one. Now that more information is available about The Hopstreet Brewery, advertisements and articles will begin appearing in this mailer by summer 2005. This mailer is designed and maintained by Noda development and will cost The Hopstreet Brewery nothing. The Hopstreet Brewery will push to have as many references as possible in this mailer. The Hopstreet Brewery will also begin placing advertisements in the Charlotte newspaper about the brewpub’s 2006 opening. An ad or two will be placed in the Sunday newspaper starting a month before opening. These ads will contain a

coupon so The Hopstreet Brewery can gauge their effectiveness and determine how long they should use newspaper advertising. Furthermore, the business section of the Charlotte newspaper often features articles about the opening of new businesses, and The Hopstreet Brewery is likely to be featured shortly before opening. There will soon be a daily Noda newspaper and The Hopstreet Brewery will do likewise with this newspaper.

Many different kiosks have been seen at Wild William' WaterPark in Charlotte, marketing and offering samples of products during events. The Hopstreet Brewery is in the process of setting up a kiosk at spring 2006 events. Hopefully, alcohol will be permitted at this event. If not, The Hopstreet Brewery will focus on handing out coupons, fliers, and merchandise. Wild William' WaterPark is a huge attraction and will offer The Hopstreet Brewery a lot of public visibility. Another strong place to advertise is Raleigh–Durham International Airport. The Hopstreet Brewery plans to have advertisements visible to customers as they pick up their luggage and walk out the door.

The Hopstreet Brewery will also participate in local events such as Oktoberfest and parades both before and after opening. At these events, merchandise, coupons, and fliers will be handed out. Moreover, The Hopstreet Brewery will hand out these things as much as possible at as many places as it can to give the brewpub as much promotion as possible.

Sales Strategy

The sales strategy of The Hopstreet Brewery is direct sales to customers from the brewpub. The main selling point will be beer, but food will be the second attraction. Focus, therefore, will be sale of these two groups at the brewpub. All advertising within the brewpub will be endorsement of Hopstreet Brewery products, events, promotions, and specials. There will be no advertising for products like Anheuser–Busch.

Part of The Hopstreet Brewery's sales strategy will be completed by MarketGroup Inc. MarketGroup Inc. specializes in converting first time customers into regular visitors. MarketGroup Inc. will send personalized letters, birthday coupons, emails, web promotions, etc to Hopstreet Brewery customers. The effectiveness of this will be measured by the amount of customers using these coupons or customers noting they received a letter. The cost of this service is \$350 a month. The Hopstreet Brewery will begin use of this service a few months after opening, and if it proves not to be cost effective, the brewpub will no longer use the service. MarketGroup Inc. has helped develop customer bases for many prominent Charlotte restaurants like Nook in the Square, Cathy's Cafe, and Dimanto's Italian Eatery.

The Hopstreet Brewery will complete a number of sales strategies on its own too. The brewpub will feature advertisement coupons in newspapers and mailings on a weekly basis. The Hopstreet Brewery will also offer frequent dining programs where after a customer has seven main dish items, he or she will be able to receive a free dish of choice.

The Hopstreet Brewery will have specials within the brewpub. There will be many daily specials that will include German dishes, but many will simply be discounts on regular menu items. The Hopstreet Brewery will also have happy hour specials with half price appetizers and beer from three to six o' clock every weekday. Likewise, a happy hour sampling special will be offered which will incorporate shot size samples of every craft beer.

The Hopstreet Brewery will offer to serve as a meeting place for local groups. The Hopstreet Brewery will contact church groups, senior clubs, tourist groups, and dating services about having events at the brewpub. The groups will receive discounts on all food and beverage items during the meeting, coupons for future use, and a tour of the brewpub.

The Hopstreet Brewery will also encourage pub crawls where people are driven around to different bars/ breweries. These are usually set up by a group of people looking to try out different drinking places. The

Hopstreet Brewery will periodically mention pub crawls in its advertisements and promote it at the brewpub. Moreover, there will be frequent tours of the brewing process where consumers will get a sample of freshly brewed beer at the end. In addition to these strategies, The Hopstreet Brewery will also be available for rental and catering upon request.

The last marketing/sales strategy that The Hopstreet Brewery will take on will be sponsorships. The Hopstreet Brewery will sponsor events at the local amphitheater such as concerts and pageants. The brewpub will try to be active in every event that takes place at the amphitheater because it is located only a few steps from The Hopstreet Brewery. The Hopstreet Brewery will also sponsor local sporting events and teams. This will include charity sporting events, softball leagues, and tournaments. The Hopstreet Brewery will use this form of advertising because it is relatively cheap and can serve as a strong form of advertisement.

Pricing

The pricing of products at The Hopstreet Brewery will be based on three measurements: competition, cost, and demand. All three of these measures will be important for The Hopstreet Brewery to realize its greatest profits.

Pricing of Hopstreet Brewery beer and food will be very similar to competition. If our prices are too high, consumers will choose to take their business elsewhere. If prices are too low, The Hopstreet Brewery's profit margin will not be utilized to the fullest. Much of our pricing will be based on the pricing of items at Tarheel Tavern because they will be a main competitor of The Hopstreet Brewery, and because it too is a brewpub.

Also considered when pricing, will be the cost of the goods sold by The Hopstreet Brewery. All products require different goods, quantities, and effort to be made. Obviously, products with higher priced goods, quantities, and effort are going to command a higher price.

The final factor considered in pricing will be demand. A lot of this demand will be based on consumer input. The Hopstreet Brewery will monitor sales to see which goods are selling better than others. As stated earlier, if some goods are not selling up to standards, they might be removed from the menu. Likewise, The Hopstreet Brewery would like to measure the price sensitivity of its customers. This will be done by making occasional price markups and markdowns on selected menu items. This will survey how much consumers are willing to pay for certain items.

From our research, most sales in the brewpub industry come from food items. However, the greatest profit margin is incurred from alcohol sales, mainly house brewed items. Pricing will change from time to time due to certain conditions, but will remain the same for the most part. Pricing will be reviewed on a monthly basis at a minimum.

Alcohol prices will vary depending upon competitor pricing, size, and cost of goods. The Hopstreet Brewery will price its beers similarly to competitors. Furthermore, larger beers will be more expensive, but will be a better deal per ounce than smaller beverages. The price of ingredients also plays a major role in the price of beer. Labor will not be included in cost of goods, because it will be performed by owner and brewmaster Matt Hanson.

RISK FACTORS

Obviously, there are many risks entering into the drinking place and restaurant industry. Many startups immediately fail and many are still losing money. Possible risks The Hopstreet Brewery faces have been considered and are being planned for. There are also many opportunities that The Hopstreet Brewery can capitalize on.

Risks

1. Lack of business. If The Hopstreet Brewery is not receiving sufficient business, major problems would arise. The outlook, however, looks very strong and there is a healthy market for brewpubs at the moment.
2. Missing inventory. The average alcohol shrinkage of a bar is 20 percent due to too many bartender freebies, mispourings, and incorrect orders. This can cost any business a lot of revenue. If it is noticed that an unreasonable amount of inventory is missing, The Hopstreet Brewery will likely hire PubCo to manage their liquor inventory. PubCo specializes in reducing shrinkage and saving owners plenty of money.
3. Competitors in Noda. After the development of each phase of Noda, there will be more competitors in the area. In phase one, there will only be three other restaurants in Noda, and two are more fast-food type. This leaves Marbella as the only direct competition. As new restaurants open in Noda, The Hopstreet Brewery will already be firmly established and ready to take on new competition.
4. Possible problems with brewing systems. Problems have arisen in other microbreweries with system problems preventing the production of beer. We plan on purchasing new, top-of-the-line equipment to reduce this risk.
5. Overhead costs exceeding sales would pose a problem if it occurred consistently. If the cost to maintain the equipment, building and other overhead costs exceed sales, The Hopstreet Brewery would be in serious disarray. The Hopstreet Brewery will fight this by reviewing finances on a monthly basis at a minimum and hiring an accountant.
6. Management and staff problems. Employees will initially be given a chance to settle disputes and correct mistakes depending on severity. However, some mistakes, such as stealing and harassment will result in immediate firing.
7. Competitive reaction. Competitors in the Charlotte area might react adversely to The Hopstreet Brewery. They might try to undercut pricing or partake in interfering with possible Hopstreet Brewery consumers. The Hopstreet Brewery does not want to go to war with any of its competitors. Actions to prevent this might be forming strategic alliances or supporting competitors.
8. Poor reviews in press. This would pose a major problem for The Hopstreet Brewery because the brewpub is counting on positive reviews to promote business. If this does happen, The Hopstreet Brewery will make greater efforts to improve the brewpub and its products like hiring a new chef or offering more discounts to get consumers back in the door.
9. Liquor related problems. Drunk-driving and other liquor related problems are often troublesome for drinking places. To prevent this, servers will be trained to determine when someone has had too much to drink. The Hopstreet Brewery will also call cabs, family members, or drive people to make sure they get home safely. However, much of The Hopstreet Brewery's customer base will live in Noda, and most residents will be within a ten minute walk.

Opportunities

1. Expansion. If The Hopstreet Brewery is highly successful, another brewpub may be opened in another area.
2. Introduction of new products. It has already been explained that if a German special item is extremely popular, it would be added to the menu. Furthermore, The Hopstreet Brewery will be constantly evaluating sales of items to determine if there is enough demand to add an item to the menu. This could include beer, an American dish, or a German special.

3. Development of surrounding area. The area of Charlotte is growing extremely fast and Noda will eventually have a population of over 10,000. The Hopstreet Brewery is right in the middle of this fast growing area and could see a large increase in customers upon completion of each phase. In addition, The Hopstreet Brewery may be able to sell products to water park guests, amphitheater spectators, and maybe even develop another beer garden.
4. Product sales outside of the brewpub. The Hopstreet Brewery will monitor sales of its products to determine the feasibility of sales at other bars, restaurants, and stores.
5. Strategic alliances with other businesses. The Hopstreet Brewery will try to form alliances with others to promote business. This could be beneficial to both sides. Businesses could advertise for each other, give away coupons, encourage consumers to visit, etc.

Investor Information

The Hopstreet Brewery is seeking an outlay of \$280,000 from investors. This amount will give The Hopstreet Brewery the 20 percent it needs to acquire a \$1.4 million loan from the bank. Investors will be paid back over a maximum 20-year period on a monthly basis. Please see financials for more details.

Forecasted income statement start-up operations

	Prior to Month 3	Month 3	Month 2	Month 1	Month 0	Total
Net sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of goods sold	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gross income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating expenses (overhead):						
Variable:						
Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,794	\$ 17,794
Payroll taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,135	\$ 2,135
Incentives	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Advertising	\$ 3,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 9,000
Legal	\$ 500	\$ 17	\$ 17	\$ 17	\$ 17	\$ 568
Accounting	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Electric	\$ 0	\$ 2,027	\$ 2,027	\$ 2,027	\$ 2,027	\$ 8,108
Telephone	\$ 0	\$ 300	\$ 300	\$ 300	\$ 300	\$ 1,200
Repair & maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,318	\$ 1,318
Gas	\$ 0	\$ 71	\$ 71	\$ 71	\$ 71	\$ 284
Supplies	\$ 0	\$ 659	\$ 659	\$ 659	\$ 659	\$ 2,636
Total variable expenses	\$ 3,500	\$ 4,574	\$ 4,574	\$ 4,574	\$ 25,821	\$ 43,043
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	\$ 6,590
Loan payment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investor payment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	\$ 527	\$ 527	\$ 527	\$ 527	\$ 527	\$ 2,636
Depreciation	\$ 0	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 10,000
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 1,155
Total fixed expenses	\$ 2,076	\$ 4,576	\$ 4,576	\$ 4,576	\$ 4,576	\$ 20,381
Total operating expenses	\$ 5,576	\$ 9,150	\$ 9,150	\$ 9,150	\$ 30,397	\$ 63,423
Net income before taxes	(\$ 5,576)	(\$ 9,150)	(\$ 9,150)	(\$ 9,150)	(\$ 30,397)	(\$ 63,423)

Forecasted annual income statement

	Year 1	Year 2	Year 3	Assumptions
Food & NA beverages sales	\$ 267,750	\$ 477,000	\$ 592,500	Data from Typical Bar & Restaurant according to Holder Group unless stated otherwise
<u>Cost of goods sold</u>	<u>\$ 85,680</u>	<u>\$ 152,640</u>	<u>\$ 189,600</u>	
Gross food profit	\$ 182,070	\$ 324,360	\$ 402,900	32% of food sales
Alcohol sales	\$ 178,500	\$ 318,000	\$ 395,000	60:40 Ratio of Food to Alcohol (from Saint Louis brewpubs) 20% of alcohol sales (percentage from US Foods)
<u>Cost of goods sold</u>	<u>\$ 35,700</u>	<u>\$ 63,600</u>	<u>\$ 79,000</u>	
Gross alcohol profit	\$ 142,800	\$ 254,400	\$ 316,000	
Merchandise sales	\$ 0	\$ 7,096	\$ 6,876	50% of merchandise sales (a guess for now)
<u>Cost of goods sold</u>	<u>\$ 0</u>	<u>\$ 3,548</u>	<u>\$ 3,438</u>	
Gross merchandise profit	\$ 0	\$ 3,548	\$ 3,438	
Total sales	\$ 446,250	\$ 802,096	\$ 994,376	
<u>Total cost of goods sold</u>	<u>\$ 121,380</u>	<u>\$ 219,788</u>	<u>\$ 272,038</u>	
Total gross profit	\$ 324,870	\$ 582,308	\$ 722,338	
Operating expenses (overhead):				
Variable:				
Payroll	\$ 120,488	\$ 216,566	\$ 268,482	27% of total sales
Payroll taxes	\$ 14,459	\$ 25,988	\$ 32,218	12% of payroll
Incentives	\$ 12,000	\$ 12,000	\$ 12,000	\$1,000 average monthly incentives to employees
Advertising	\$ 8,925	\$ 16,042	\$ 19,888	2% of total sales
Legal	\$ 200	\$ 200	\$ 200	Constant
Accounting	\$ 4,463	\$ 8,021	\$ 9,944	1% of total sales
Electric	\$ 13,988	\$ 24,663	\$ 30,431	3% of total sales + \$600 for Brewing System Power
Telephone	\$ 300	\$ 300	\$ 300	Constant
Repair & maintenance	\$ 8,925	\$ 16,042	\$ 19,888	2% of total sales
Gas	\$ 850	\$ 850	\$ 850	Constant
<u>Supplies</u>	<u>\$ 4,463</u>	<u>\$ 8,021</u>	<u>\$ 9,944</u>	(Includes bar loss) 1% of total sales
Total variable expenses	\$ 189,059	\$ 328,692	\$ 404,143	
Fixed:				
Officer's salaries	NA	NA	NA	
Officer's payroll taxes	NA	NA	NA	
Insurance	\$ 14,000	\$ 14,000	\$ 14,000	
Loan payment	\$ 103,164	\$ 103,164	\$ 103,164	\$1,120,000 Loan; 6%; 20 years
Investor payment	\$ 32,424	\$ 32,424	\$ 32,424	\$280,000 Investment; 10%; 20 years
Interest	\$ 6,000	\$ 6,000	\$ 6,000	
Depreciation	\$ 30,000	\$ 30,000	\$ 30,000	\$ 600,000 in equipment; Straight Line; 20 years
<u>Licenses & permits</u>	<u>\$ 2,772</u>	<u>\$ 2,772</u>	<u>\$ 2,772</u>	
Total fixed expenses	\$ 188,360	\$ 188,360	\$ 188,360	
Total variable expenses	\$ 189,059	\$ 328,692	\$ 404,143	
<u>Total expenses</u>	<u>\$ 377,419</u>	<u>\$ 517,052</u>	<u>\$ 592,503</u>	
Net income before taxes	-\$ 52,549	\$ 65,256	\$ 129,835	

Forecasted year 1 income statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food sales	\$ 7,500	\$ 11,250	\$ 15,000	\$ 19,500	\$ 21,000	\$ 22,500
Cost of goods sold	\$ 2,400	\$ 3,600	\$ 4,800	\$ 6,240	\$ 6,720	\$ 7,200
Gross food profit	\$ 5,100	\$ 7,650	\$ 10,200	\$ 13,260	\$ 14,280	\$ 15,300
Alcohol sales	\$ 5,000	\$ 7,500	\$ 10,000	\$ 13,000	\$ 14,000	\$ 15,000
Cost of goods sold	\$ 1,000	\$ 1,500	\$ 2,000	\$ 2,600	\$ 2,800	\$ 3,000
Gross alcohol profit	\$ 4,000	\$ 6,000	\$ 8,000	\$ 10,400	\$ 11,200	\$ 12,000
Merchandise sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of goods sold	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gross merchandise profit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total sales	\$ 12,500	\$ 18,750	\$ 25,000	\$ 32,500	\$ 35,000	\$ 37,500
Total cost of goods sold	\$ 3,400	\$ 5,100	\$ 6,800	\$ 8,840	\$ 9,520	\$ 10,200
Total gross profit	\$ 9,100	\$ 13,650	\$ 18,200	\$ 23,660	\$ 25,480	\$ 27,300
Operating expenses (overhead):						
Variable:						
Payroll	\$ 3,375	\$ 5,063	\$ 6,750	\$ 8,775	\$ 9,450	\$ 10,125
Payroll taxes	\$ 405	\$ 608	\$ 810	\$ 1,053	\$ 1,134	\$ 1,215
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 250	\$ 375	\$ 500	\$ 650	\$ 700	\$ 750
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 125	\$ 188	\$ 250	\$ 325	\$ 350	\$ 375
Electric	\$ 425	\$ 613	\$ 800	\$ 1,025	\$ 1,100	\$ 1,175
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 250	\$ 375	\$ 500	\$ 650	\$ 700	\$ 750
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 125	\$ 188	\$ 250	\$ 325	\$ 350	\$ 375
Total variable expenses	\$ 6,068	\$ 8,520	\$ 10,973	\$ 13,916	\$ 14,897	\$ 15,878
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 21,764	\$ 24,217	\$ 26,669	\$ 29,612	\$ 30,593	\$ 31,574
Net income before taxes	-\$ 12,664	-\$ 10,567	-\$ 8,469	-\$ 5,952	-\$ 5,113	-\$ 4,274

[continued]

Forecasted year 1 income statement (CONTINUED)

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Food sales	\$ 24,000	\$ 25,500	\$ 27,000	\$ 28,500	\$ 31,500	\$ 34,500
Cost of goods sold	\$ 7,680	\$ 8,160	\$ 8,640	\$ 9,120	\$ 10,080	\$ 11,040
Gross food profit	\$ 16,320	\$ 17,340	\$ 18,360	\$ 19,380	\$ 21,420	\$ 23,460
Alcohol sales	\$ 16,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 21,000	\$ 23,000
Cost of goods sold	\$ 3,200	\$ 3,400	\$ 3,600	\$ 3,800	\$ 4,200	\$ 4,600
Gross alcohol profit	\$ 12,800	\$ 13,600	\$ 14,400	\$ 15,200	\$ 16,800	\$ 18,400
Merchandise sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of goods sold	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gross merchandise profit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total sales	\$ 40,000	\$ 42,500	\$ 45,000	\$ 47,500	\$ 52,500	\$ 57,500
Total cost of goods sold	\$ 10,880	\$ 11,560	\$ 12,240	\$ 12,920	\$ 14,280	\$ 15,640
Total gross profit	\$ 29,120	\$ 30,940	\$ 32,760	\$ 34,580	\$ 38,220	\$ 41,860
Operating expenses (overhead):						
Variable:						
Payroll	\$ 10,800	\$ 11,475	\$ 12,150	\$ 12,825	\$ 14,175	\$ 15,525
Payroll taxes	\$ 1,296	\$ 1,377	\$ 1,458	\$ 1,539	\$ 1,701	\$ 1,863
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 800	\$ 850	\$ 900	\$ 950	\$ 1,050	\$ 1,150
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 400	\$ 425	\$ 450	\$ 475	\$ 525	\$ 575
Electric	\$ 1,250	\$ 1,325	\$ 1,400	\$ 1,475	\$ 1,625	\$ 1,775
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 800	\$ 850	\$ 900	\$ 950	\$ 1,050	\$ 1,150
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 400	\$ 425	\$ 450	\$ 475	\$ 525	\$ 575
Total variable expenses	\$ 16,859	\$ 17,840	\$ 18,821	\$ 19,802	\$ 21,764	\$ 23,726
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 32,555	\$ 33,536	\$ 34,517	\$ 35,498	\$ 37,460	\$ 39,422
Net income before taxes	-\$ 3,435	-\$ 2,596	-\$ 1,757	-\$ 918	\$ 760	\$ 2,438

Assumption:

- (1) Change in food and alcohol sales is based on Trailhead sales
- (2) Assumes 60:40 food to alcohol ratio

Forecasted year 2 income statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food sales	\$ 39,000	\$ 39,000	\$ 42,000	\$ 45,000	\$ 40,500	\$ 42,000
Cost of goods sold	\$ 12,480	\$ 12,480	\$ 13,440	\$ 14,400	\$ 12,960	\$ 13,440
Gross food profit	\$ 26,520	\$ 26,520	\$ 28,560	\$ 30,600	\$ 27,540	\$ 28,560
Alcohol sales	\$ 26,000	\$ 26,000	\$ 28,000	\$ 30,000	\$ 27,000	\$ 28,000
Cost of goods sold	\$ 5,200	\$ 5,200	\$ 5,600	\$ 6,000	\$ 5,400	\$ 5,600
Gross alcohol profit	\$ 20,800	\$ 20,800	\$ 22,400	\$ 24,000	\$ 21,600	\$ 22,400
Merchandise sales	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580
Cost of goods sold	\$ 250	\$ 258	\$ 265	\$ 273	\$ 282	\$ 290
Gross merchandise profit	\$ 250	\$ 258	\$ 265	\$ 273	\$ 282	\$ 290
Total sales	\$ 65,500	\$ 65,515	\$ 70,530	\$ 75,546	\$ 68,063	\$ 70,580
Total cost of goods sold	\$ 17,930	\$ 17,938	\$ 19,305	\$ 20,673	\$ 18,642	\$ 19,330
Total gross profit	\$ 47,570	\$ 47,578	\$ 51,225	\$ 54,873	\$ 49,422	\$ 51,250
Operating expenses (overhead):						
Variable:						
Payroll	\$ 17,685	\$ 17,689	\$ 19,043	\$ 20,397	\$ 18,377	\$ 19,057
Payroll taxes	\$ 2,122	\$ 2,123	\$ 2,285	\$ 2,448	\$ 2,205	\$ 2,287
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,310	\$ 1,310	\$ 1,411	\$ 1,511	\$ 1,361	\$ 1,412
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 655	\$ 655	\$ 705	\$ 755	\$ 681	\$ 706
Electric	\$ 2,015	\$ 2,015	\$ 2,166	\$ 2,316	\$ 2,092	\$ 2,167
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,310	\$ 1,310	\$ 1,411	\$ 1,511	\$ 1,361	\$ 1,412
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 655	\$ 655	\$ 705	\$ 755	\$ 681	\$ 706
Total variable expenses	\$ 26,865	\$ 26,871	\$ 28,838	\$ 30,807	\$ 27,870	\$ 28,858
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 42,561	\$ 42,567	\$ 44,535	\$ 46,503	\$ 43,567	\$ 44,555
Net income before taxes	\$ 5,009	\$ 5,010	\$ 6,690	\$ 8,370	\$ 5,854	\$ 6,695

[continued]

Forecasted year 2 income statement (CONTINUED)

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Food sales	\$ 39,000	\$ 42,000	\$ 34,500	\$ 34,500	\$ 37,500	\$ 42,000
Cost of goods sold	\$ 12,480	\$ 13,440	\$ 11,040	\$ 11,040	\$ 12,000	\$ 13,440
Gross food profit	\$ 26,520	\$ 28,560	\$ 23,460	\$ 23,460	\$ 25,500	\$ 28,560
Alcohol sales	\$ 26,000	\$ 28,000	\$ 23,000	\$ 23,000	\$ 25,000	\$ 28,000
Cost of goods sold	\$ 5,200	\$ 5,600	\$ 4,600	\$ 4,600	\$ 5,000	\$ 5,600
Gross alcohol profit	\$ 20,800	\$ 22,400	\$ 18,400	\$ 18,400	\$ 20,000	\$ 22,400
Merchandise sales	\$ 597	\$ 615	\$ 633	\$ 652	\$ 672	\$ 692
Cost of goods sold	\$ 299	\$ 308	\$ 317	\$ 326	\$ 336	\$ 346
Gross merchandise profit	\$ 299	\$ 308	\$ 317	\$ 326	\$ 336	\$ 346
Total sales	\$ 65,597	\$ 70,615	\$ 58,133	\$ 58,152	\$ 63,172	\$ 70,692
Total cost of goods sold	\$ 17,979	\$ 19,348	\$ 15,957	\$ 15,966	\$ 17,336	\$ 19,386
Total gross profit	\$ 47,619	\$ 51,268	\$ 42,177	\$ 42,186	\$ 45,836	\$ 51,306
Operating expenses (overhead):						
Variable:						
Payroll	\$ 17,711	\$ 19,066	\$ 15,696	\$ 15,701	\$ 17,056	\$ 19,087
Payroll taxes	\$ 2,125	\$ 2,288	\$ 1,884	\$ 1,884	\$ 2,047	\$ 2,290
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,312	\$ 1,412	\$ 1,163	\$ 1,163	\$ 1,263	\$ 1,414
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 656	\$ 706	\$ 581	\$ 582	\$ 632	\$ 707
Electric	\$ 2,018	\$ 2,168	\$ 1,794	\$ 1,795	\$ 1,945	\$ 2,171
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,312	\$ 1,412	\$ 1,163	\$ 1,163	\$ 1,263	\$ 1,414
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 656	\$ 706	\$ 581	\$ 582	\$ 632	\$ 707
Total variable expenses	\$ 26,903	\$ 28,872	\$ 23,974	\$ 23,981	\$ 25,951	\$ 28,902
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 42,599	\$ 44,568	\$ 39,671	\$ 39,678	\$ 41,648	\$ 44,599
Net income before taxes	\$ 5,019	\$ 6,699	\$ 2,506	\$ 2,508	\$ 4,188	\$ 6,707

Assumption:

- (1) Change in food and alcohol sales is based on Trailhead sales
- (2) Assumes 60:40 food to alcohol ratio

Forecasted year 3 income statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food sales	\$ 48,000	\$ 48,000	\$ 51,000	\$ 54,000	\$ 49,500	\$ 51,000
Cost of goods sold	\$ 15,360	\$ 15,360	\$ 16,320	\$ 17,280	\$ 15,840	\$ 16,320
Gross food profit	\$ 32,640	\$ 32,640	\$ 34,680	\$ 36,720	\$ 33,660	\$ 34,680
Alcohol sales	\$ 32,000	\$ 32,000	\$ 34,000	\$ 36,000	\$ 33,000	\$ 34,000
Cost of goods sold	\$ 6,400	\$ 6,400	\$ 6,800	\$ 7,200	\$ 6,600	\$ 6,800
Gross alcohol profit	\$ 25,600	\$ 25,600	\$ 27,200	\$ 28,800	\$ 26,400	\$ 27,200
Merchandise sales	\$ 671	\$ 651	\$ 632	\$ 613	\$ 594	\$ 577
Cost of goods sold	\$ 336	\$ 326	\$ 316	\$ 307	\$ 297	\$ 289
Gross merchandise profit	\$ 336	\$ 326	\$ 316	\$ 307	\$ 297	\$ 289
Total sales	\$ 80,671	\$ 80,651	\$ 85,632	\$ 90,613	\$ 83,094	\$ 85,577
Total cost of goods sold	\$ 22,096	\$ 22,086	\$ 23,436	\$ 24,787	\$ 22,737	\$ 23,409
Total gross profit	\$ 58,576	\$ 58,566	\$ 62,196	\$ 65,827	\$ 60,357	\$ 62,169
Operating expenses (overhead):						
Variable:						
Payroll	\$ 21,781	\$ 21,776	\$ 23,121	\$ 24,466	\$ 22,435	\$ 23,106
Payroll taxes	\$ 2,614	\$ 2,613	\$ 2,774	\$ 2,936	\$ 2,692	\$ 2,773
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,613	\$ 1,613	\$ 1,713	\$ 1,812	\$ 1,662	\$ 1,712
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 807	\$ 807	\$ 856	\$ 906	\$ 831	\$ 856
Electric	\$ 2,470	\$ 2,470	\$ 2,619	\$ 2,768	\$ 2,543	\$ 2,617
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,613	\$ 1,613	\$ 1,713	\$ 1,812	\$ 1,662	\$ 1,712
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 807	\$ 807	\$ 856	\$ 906	\$ 831	\$ 856
Total variable expenses	\$ 32,818	\$ 32,810	\$ 34,764	\$ 36,719	\$ 33,769	\$ 34,743
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 48,514	\$ 48,507	\$ 50,461	\$ 52,416	\$ 49,465	\$ 50,440
Net income before taxes	\$ 10,061	\$ 10,059	\$ 11,735	\$ 13,411	\$ 10,892	\$ 11,729

[continued]

Forecasted year 3 income statement (CONTINUED)

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Food sales	\$ 48,000	\$ 51,000	\$ 45,000	\$ 45,000	\$ 48,000	\$ 54,000
Cost of goods sold	\$ 15,360	\$ 16,320	\$ 14,400	\$ 14,400	\$ 15,360	\$ 17,280
Gross food profit	\$ 32,640	\$ 34,680	\$ 30,600	\$ 30,600	\$ 32,640	\$ 36,720
Alcohol sales	\$ 32,000	\$ 34,000	\$ 30,000	\$ 30,000	\$ 32,000	\$ 36,000
Cost of goods sold	\$ 6,400	\$ 6,800	\$ 6,000	\$ 6,000	\$ 6,400	\$ 7,200
Gross alcohol profit	\$ 25,600	\$ 27,200	\$ 24,000	\$ 24,000	\$ 25,600	\$ 28,800
Merchandise sales	\$ 559	\$ 542	\$ 526	\$ 510	\$ 500	\$ 500
Cost of goods sold	\$ 280	\$ 271	\$ 263	\$ 255	\$ 250	\$ 250
Gross merchandise profit	\$ 280	\$ 271	\$ 263	\$ 255	\$ 250	\$ 250
Total sales	\$ 80,559	\$ 85,542	\$ 75,526	\$ 75,510	\$ 80,500	\$ 90,500
Total cost of goods sold	\$ 22,040	\$ 23,391	\$ 20,663	\$ 20,655	\$ 22,010	\$ 24,730
Total gross profit	\$ 58,520	\$ 62,151	\$ 54,863	\$ 54,855	\$ 58,490	\$ 65,770
Operating expenses (overhead):						
Variable:						
Payroll	\$ 21,751	\$ 23,096	\$ 20,392	\$ 20,388	\$ 21,735	\$ 24,435
Payroll taxes	\$ 2,610	\$ 2,772	\$ 2,447	\$ 2,447	\$ 2,608	\$ 2,932
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,611	\$ 1,711	\$ 1,511	\$ 1,510	\$ 1,610	\$ 1,810
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 806	\$ 855	\$ 755	\$ 755	\$ 805	\$ 905
Electric	\$ 2,467	\$ 2,616	\$ 2,316	\$ 2,315	\$ 2,465	\$ 2,765
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,611	\$ 1,711	\$ 1,511	\$ 1,510	\$ 1,610	\$ 1,810
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 806	\$ 855	\$ 755	\$ 755	\$ 805	\$ 905
Total variable expenses	\$ 32,774	\$ 34,729	\$ 30,799	\$ 30,793	\$ 32,751	\$ 36,675
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 48,471	\$ 50,426	\$ 46,496	\$ 46,489	\$ 48,447	\$ 52,371
Net income before taxes	\$ 10,049	\$ 11,725	\$ 8,367	\$ 8,366	\$ 10,043	\$ 13,399

Assumption:

- (1) Change in food and alcohol sales is based on Trailhead sales
- (2) Assumes 60:40 food to alcohol ratio

Projected sales detail

	May	June	July	August	September	October
Year 1						
Projected sales	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food	\$ 7,500	\$ 11,250	\$ 15,000	\$ 19,500	\$ 21,000	\$ 22,500
Alcohol	\$ 5,000	\$ 7,500	\$ 10,000	\$ 13,000	\$ 14,000	\$ 15,000
Merchandise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue	\$ 12,500	\$ 18,750	\$ 25,000	\$ 32,500	\$ 35,000	\$ 37,500
Year 2						
Projected sales	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Food	\$ 39,000	\$ 39,000	\$ 42,000	\$ 45,000	\$ 40,500	\$ 42,000
Alcohol	\$ 26,000	\$ 26,000	\$ 28,000	\$ 30,000	\$ 27,000	\$ 28,000
Merchandise	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563	\$ 580
Revenue	\$ 65,500	\$ 65,515	\$ 70,530	\$ 75,546	\$ 68,063	\$ 70,580
Year 3						
Projected sales	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30
Food	\$ 48,000	\$ 48,000	\$ 51,000	\$ 54,000	\$ 49,500	\$ 51,000
Alcohol	\$ 32,000	\$ 32,000	\$ 34,000	\$ 36,000	\$ 33,000	\$ 34,000
Merchandise	\$ 671	\$ 651	\$ 632	\$ 613	\$ 594	\$ 577
Revenue	\$ 80,671	\$ 80,651	\$ 85,632	\$ 90,613	\$ 83,094	\$ 85,577

[continued]

Projected sales detail [CONTINUED]

	November	December	January	February	March	April	Total
Year 1							
Projected sales	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Food	\$ 24,000	\$ 25,500	\$ 27,000	\$ 28,500	\$ 31,500	\$ 34,500	\$ 267,750
Alcohol	\$ 16,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 21,000	\$ 23,000	\$ 178,500
Merchandise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue	\$ 40,000	\$ 42,500	\$ 45,000	\$ 47,500	\$ 52,500	\$ 57,500	\$ 446,250
Year 2							
Projected sales	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Food	\$ 39,000	\$ 42,000	\$ 34,500	\$ 34,500	\$ 37,500	\$ 42,000	\$ 477,000
Alcohol	\$ 26,000	\$ 28,000	\$ 23,000	\$ 23,000	\$ 25,000	\$ 28,000	\$ 318,000
Merchandise	\$ 597	\$ 615	\$ 633	\$ 652	\$ 672	\$ 692	\$ 7,096
Revenue	\$ 65,597	\$ 70,615	\$ 58,133	\$ 58,152	\$ 63,172	\$ 70,692	\$ 802,096
Year 3							
Projected sales	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total
Food	\$ 48,000	\$ 51,000	\$ 45,000	\$ 45,000	\$ 48,000	\$ 54,000	\$ 592,500
Alcohol	\$ 32,000	\$ 34,000	\$ 30,000	\$ 30,000	\$ 32,000	\$ 36,000	\$ 395,000
Merchandise	\$ 559	\$ 542	\$ 526	\$ 510	\$ 500	\$ 500	\$ 6,876
Revenue	\$ 80,559	\$ 85,542	\$ 75,526	\$ 75,510	\$ 80,500	\$ 90,500	\$ 994,376

Assumption:

- (1) Change in food and alcohol sales is based on Trailhead sales
- (2) Assumes 60:40 food to alcohol ratio

Break-even forecasted annual income statement

	Year 1	Year 2	Year 3	Assumptions
Food sales	\$ 361,698	\$ 360,333	\$ 360,375	Data from Typical Bar & Restaurant according to Holder Group
<u>Cost of goods sold</u>	<u>\$ 115,743</u>	<u>\$ 115,307</u>	<u>\$ 115,320</u>	32% of food sales
Gross food profit	\$ 245,955	\$ 245,026	\$ 245,055	
Alcohol sales	\$ 241,132	\$ 240,222	\$ 240,250	60:40 Ratio of Food to Alcohol (from Saint Louis brewpubs)
<u>Cost of goods sold</u>	<u>\$ 48,226</u>	<u>\$ 48,044</u>	<u>\$ 48,050</u>	20% of alcohol sales (percentage from US Foods)
Gross alcohol profit	\$ 192,906	\$ 192,178	\$ 192,200	
Merchandise sales	\$ 0	\$ 7,096	\$ 6,876	
<u>Cost of goods sold</u>	<u>\$ 0</u>	<u>\$ 3,548</u>	<u>\$ 3,438</u>	50% of merchandise sales
Gross merchandise profit	\$ 0	\$ 3,548	\$ 3,438	
Total sales	\$ 602,830	\$ 607,651	\$ 607,501	
<u>Total cost of goods sold</u>	<u>\$ 163,970</u>	<u>\$ 166,899</u>	<u>\$ 166,808</u>	
Total gross profit	\$ 438,860	\$ 440,752	\$ 440,693	
Operating expenses (overhead):				
Variable:				
Payroll	\$ 162,764	\$ 164,066	\$ 164,025	27% of total sales
Payroll taxes	\$ 19,532	\$ 19,688	\$ 19,683	12% of payroll
Incentives	\$ 12,000	\$ 12,000	\$ 12,000	\$1,000 average monthly incentives to employees
Advertising	\$ 12,057	\$ 12,153	\$ 12,150	2% of total sales
Legal	\$ 200	\$ 200	\$ 200	
Accounting	\$ 6,028	\$ 6,077	\$ 6,075	1% of total sales
Electric	\$ 18,685	\$ 18,830	\$ 18,825	3% of total sales + \$600 for Brewing System Power (www.jvnw.com)
Telephone	\$ 300	\$ 300	\$ 300	
Repair & maintenance	\$ 12,057	\$ 12,153	\$ 12,150	2% of total sales
Gas	\$ 850	\$ 850	\$ 850	
<u>Supplies</u>	<u>\$ 6,028</u>	<u>\$ 6,077</u>	<u>\$ 6,075</u>	1% of total sales
Total variable expenses	\$ 250,500	\$ 252,392	\$ 252,333	
Fixed:				
Officer's salaries	NA	NA	NA	
Officer's payroll taxes	NA	NA	NA	
Insurance	\$ 14,000	\$ 14,000	\$ 14,000	
Loan payment	\$ 103,164	\$ 103,164	\$ 103,164	\$1,120,000 Loan; 6%; 20 years
Investor payment	\$ 32,424	\$ 32,424	\$ 32,424	\$280,000 Investment; 10%; 20 years
Interest	\$ 6,000	\$ 6,000	\$ 6,000	
Depreciation	\$ 30,000	\$ 30,000	\$ 30,000	\$600,000 in equipment; Straight Line; 20 years
<u>Licenses & permits</u>	<u>\$ 2,772</u>	<u>\$ 2,772</u>	<u>\$ 2,772</u>	
Total fixed expenses	\$ 188,360	\$ 188,360	\$ 188,360	
Total variable expenses	\$ 250,500	\$ 252,392	\$ 252,333	
<u>Total expenses</u>	<u>\$ 438,860</u>	<u>\$ 440,752</u>	<u>\$ 440,693</u>	
Net income before taxes	\$ 0	\$ 0	\$ 0	

Forecasted year 1 break even income statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food sales	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142
Cost of goods sold	\$ 9,645	\$ 9,645	\$ 9,645	\$ 9,645	\$ 9,645	\$ 9,645
Gross food profit	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496
Alcohol sales	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094
Cost of goods sold	\$ 4,019	\$ 4,019	\$ 4,019	\$ 4,019	\$ 4,019	\$ 4,019
Gross alcohol profit	\$ 16,075	\$ 16,075	\$ 16,075	\$ 16,075	\$ 16,075	\$ 16,075
Merchandise sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of goods sold	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gross merchandise profit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total sales	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236
Total cost of goods sold	\$ 13,664	\$ 13,664	\$ 13,664	\$ 13,664	\$ 13,664	\$ 13,664
Total gross profit	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572
Operating expenses (overhead):						
Variable:						
Payroll	\$ 13,564	\$ 13,564	\$ 13,564	\$ 13,564	\$ 13,564	\$ 13,564
Payroll taxes	\$ 1,628	\$ 1,628	\$ 1,628	\$ 1,628	\$ 1,628	\$ 1,628
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 502	\$ 502	\$ 502	\$ 502	\$ 502	\$ 502
Electric	\$ 1,557	\$ 1,557	\$ 1,557	\$ 1,557	\$ 1,557	\$ 1,557
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 502	\$ 502	\$ 502	\$ 502	\$ 502	\$ 502
Total variable expenses	\$ 20,875	\$ 20,875	\$ 20,875	\$ 20,875	\$ 20,875	\$ 20,875
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572
Net income before taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

[continued]

Forecasted year 1 break even income statement [CONTINUED]

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Food sales	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142
<u>Cost of goods sold</u>	<u>\$ 9,645</u>	<u>\$ 9,645</u>	<u>\$ 9,645</u>	<u>\$ 9,645</u>	<u>\$ 9,645</u>	<u>\$ 9,645</u>
Gross food profit	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496
Alcohol sales	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094
<u>Cost of goods sold</u>	<u>\$ 4,019</u>	<u>\$ 4,019</u>	<u>\$ 4,019</u>	<u>\$ 4,019</u>	<u>\$ 4,019</u>	<u>\$ 4,019</u>
Gross alcohol profit	\$ 16,075	\$ 16,075	\$ 16,075	\$ 16,075	\$ 16,075	\$ 16,075
Merchandise sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Cost of goods sold</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Gross merchandise profit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total sales	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236
<u>Total cost of goods sold</u>	<u>\$ 13,664</u>	<u>\$ 13,664</u>	<u>\$ 13,664</u>	<u>\$ 13,664</u>	<u>\$ 13,664</u>	<u>\$ 13,664</u>
Total gross profit	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572	\$ 36,572
Operating expenses (overhead):						
Variable:						
Payroll	\$ 13,564	\$ 13,564	\$ 13,564	\$ 13,564	\$ 13,564	\$ 13,564
Payroll taxes	\$ 1,628	\$ 1,628	\$ 1,628	\$ 1,628	\$ 1,628	\$ 1,628
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 502	\$ 502	\$ 502	\$ 502	\$ 502	\$ 502
Electric	\$ 1,557	\$ 1,557	\$ 1,557	\$ 1,557	\$ 1,557	\$ 1,557
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
<u>Supplies</u>	<u>\$ 502</u>	<u>\$ 502</u>	<u>\$ 502</u>	<u>\$ 502</u>	<u>\$ 502</u>	<u>\$ 502</u>
Total variable expenses	\$ 20,875	\$ 20,875	\$ 20,875	\$ 20,875	\$ 20,875	\$ 20,875
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
<u>Licenses & permits</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
<u>Total operating expenses</u>	<u>\$ 36,572</u>	<u>\$ 36,572</u>	<u>\$ 36,572</u>	<u>\$ 36,572</u>	<u>\$ 36,572</u>	<u>\$ 36,572</u>
Net income before taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Forecasted year 2 break even income statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food sales	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028
<u>Cost of goods sold</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>
Gross food profit	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496
Alcohol sales	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019
<u>Cost of goods sold</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>
Gross alcohol profit	\$ 16,015	\$ 16,015	\$ 16,015	\$ 16,015	\$ 16,015	\$ 16,015
Merchandise sales	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591
<u>Cost of goods sold</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>
Gross merchandise profit	\$ 296	\$ 296	\$ 296	\$ 296	\$ 296	\$ 296
Total sales	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638
<u>Total cost of goods sold</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>
Total gross profit	\$ 36,729	\$ 36,729	\$ 36,729	\$ 36,729	\$ 36,729	\$ 36,729
Operating expenses (overhead):						
Variable:						
Payroll	\$ 13,672	\$ 13,672	\$ 13,672	\$ 13,672	\$ 13,672	\$ 13,672
Payroll taxes	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,641
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506
Electric	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
<u>Supplies</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>
Total variable expenses	\$ 21,033	\$ 21,033	\$ 21,033	\$ 21,033	\$ 21,033	\$ 21,033
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
<u>Licenses & permits</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
<u>Total operating expenses</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>
Net income before taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
[continued]						

Forecasted year 2 break even income statement [CONTINUED]

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Food sales	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028
<u>Cost of goods sold</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>	<u>\$ 9,609</u>
Gross food profit	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496	\$ 20,496
Alcohol sales	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019
<u>Cost of goods sold</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>
Gross alcohol profit	\$ 16,015	\$ 16,015	\$ 16,015	\$ 16,015	\$ 16,015	\$ 16,015
Merchandise sales	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591
<u>Cost of goods sold</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>
Gross merchandise profit	\$ 296	\$ 296	\$ 296	\$ 296	\$ 296	\$ 296
Total sales	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638
<u>Total cost of goods sold</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>	<u>\$ 13,908</u>
Total gross profit	\$ 36,729	\$ 36,729	\$ 36,729	\$ 36,729	\$ 36,729	\$ 36,729
Operating expenses (overhead):						
Variable:						
Payroll	\$ 13,672	\$ 13,672	\$ 13,672	\$ 13,672	\$ 13,672	\$ 13,672
Payroll taxes	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,641	\$ 1,641
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506
Electric	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
<u>Supplies</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>
Total variable expenses	\$ 21,033	\$ 21,033	\$ 21,033	\$ 21,033	\$ 21,033	\$ 21,033
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
<u>Licenses & permits</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
<u>Total operating expenses</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>	<u>\$ 36,729</u>
Net income before taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Forecasted year 3 break even income statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food sales	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031
Cost of goods sold	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610	\$ 9,610
Gross food profit	\$ 20,421	\$ 20,421	\$ 20,421	\$ 20,421	\$ 20,421	\$ 20,421
Alcohol sales	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021
Cost of goods sold	\$ 4,004	\$ 4,004	\$ 4,004	\$ 4,004	\$ 4,004	\$ 4,004
Gross alcohol profit	\$ 16,017	\$ 16,017	\$ 16,017	\$ 16,017	\$ 16,017	\$ 16,017
Merchandise sales	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573
Cost of goods sold	\$ 287	\$ 287	\$ 287	\$ 287	\$ 287	\$ 287
Gross merchandise profit	\$ 287	\$ 287	\$ 287	\$ 287	\$ 287	\$ 287
Total sales	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625
Total cost of goods sold	\$ 13,901	\$ 13,901	\$ 13,901	\$ 13,901	\$ 13,901	\$ 13,901
Total gross profit	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724
Operating expenses (overhead):						
Variable:						
Payroll	\$ 13,669	\$ 13,669	\$ 13,669	\$ 13,669	\$ 13,669	\$ 13,669
Payroll taxes	\$ 1,640	\$ 1,640	\$ 1,640	\$ 1,640	\$ 1,640	\$ 1,640
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506
Electric	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
Supplies	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506
Total variable expenses	\$ 21,028	\$ 21,028	\$ 21,028	\$ 21,028	\$ 21,028	\$ 21,028
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Licenses & permits	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
Total operating expenses	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724
Net income before taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

[continued]

Forecasted year 3 break even income statement (CONTINUED)

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Food sales	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031
<u>Cost of goods sold</u>	<u>\$ 9,610</u>	<u>\$ 9,610</u>	<u>\$ 9,610</u>	<u>\$ 9,610</u>	<u>\$ 9,610</u>	<u>\$ 9,610</u>
Gross food profit	\$ 20,421	\$ 20,421	\$ 20,421	\$ 20,421	\$ 20,421	\$ 20,421
Alcohol sales	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021
<u>Cost of goods sold</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>	<u>\$ 4,004</u>
Gross alcohol profit	\$ 16,017	\$ 16,017	\$ 16,017	\$ 16,017	\$ 16,017	\$ 16,017
Merchandise sales	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573
<u>Cost of goods sold</u>	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 287</u>
Gross merchandise profit	\$ 287	\$ 287	\$ 287	\$ 287	\$ 287	\$ 287
Total sales	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625
<u>Total cost of goods sold</u>	<u>\$ 13,901</u>	<u>\$ 13,901</u>	<u>\$ 13,901</u>	<u>\$ 13,901</u>	<u>\$ 13,901</u>	<u>\$ 13,901</u>
Total gross profit	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724	\$ 36,724
Operating expenses (overhead):						
Variable:						
Payroll	\$ 13,669	\$ 13,669	\$ 13,669	\$ 13,669	\$ 13,669	\$ 13,669
Payroll taxes	\$ 1,640	\$ 1,640	\$ 1,640	\$ 1,640	\$ 1,640	\$ 1,640
Incentives	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Advertising	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Legal	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Accounting	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506	\$ 506
Electric	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569	\$ 1,569
Telephone	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Repair & maintenance	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013	\$ 1,013
Gas	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71	\$ 71
<u>Supplies</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 506</u>
Total variable expenses	\$ 21,028	\$ 21,028	\$ 21,028	\$ 21,028	\$ 21,028	\$ 21,028
Fixed:						
Officer's salaries	NA	NA	NA	NA	NA	NA
Officer's payroll taxes	NA	NA	NA	NA	NA	NA
Insurance	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167
Loan payment	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597	\$ 8,597
Investor payment	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702	\$ 2,702
Interest	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Depreciation	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
<u>Licenses & permits</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>
Total fixed expenses	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697	\$ 15,697
<u>Total operating expenses</u>	<u>\$ 36,724</u>	<u>\$ 36,724</u>	<u>\$ 36,724</u>	<u>\$ 36,724</u>	<u>\$ 36,724</u>	<u>\$ 36,724</u>
Net income before taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Break even projected sales detailed

	May	June	July	August	September	October
Year 1						
<u>Projected sales</u>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Food	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142
Alcohol	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094
Merchandise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236
Year 2						
<u>Projected sales</u>	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Food	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028
Alcohol	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019
Merchandise	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591
Revenue	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638
Year 3						
<u>Projected sales</u>	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30
Food	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031
Alcohol	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021
Merchandise	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573
Revenue	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625
[continued]						

Projected sales detail (CONTINUED)

	November	December	January	February	March	April	Total
Year 1							
Projected sales	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Food	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 30,142	\$ 361,698
Alcohol	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 20,094	\$ 241,132
Merchandise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 50,236	\$ 602,830
Year 2							
Projected sales	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Food	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 30,028	\$ 360,333
Alcohol	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 20,019	\$ 240,222
Merchandise	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591	\$ 591	\$ 7,096
Revenue	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638	\$ 607,651
Year 3							
Projected sales	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total
Food	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 30,031	\$ 360,375
Alcohol	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 20,021	\$ 240,250
Merchandise	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573	\$ 573	\$ 6,876
Revenue	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 50,625	\$ 607,501

Forecasted cash flow start-up operations

	Prior to month -3	Month -3	Month -2	Month -1	Month 0	Total
Net income before taxes (without COGS)	(\$ 5,576)	(\$ 9,150)	(\$ 9,150)	(\$ 9,150)	(\$ 30,397)	(\$ 63,423)
Change in working capital accounts						
Current assets						
Cash/accounts receivable:	\$ 1,400,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,400,000
Bank loan	\$ 1,120,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,120,000
Capital equity	\$ 280,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 280,000
Current liabilities						
Accounts payable:	\$ 0	\$ 1,219,400	\$ 0	\$ 0	\$ 20,000	\$ 1,239,400
Building & real estate	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 500,000
Brew system	\$ 0	\$ 417,000	\$ 0	\$ 0	\$ 0	\$ 417,000
Equipment/furniture	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 100,000
Build-out	\$ 0	\$ 182,400	\$ 0	\$ 0	\$ 0	\$ 182,400
Inventory	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 20,000
Other fees	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 20,000
Total changes in current accounts	\$ 1,400,000	(\$ 1,219,400)	\$ 0	\$ 0	(\$ 20,000)	\$ 160,600
Net operating cash flows	\$ 1,394,424	(\$ 1,228,550)	(\$ 9,150)	(\$ 9,150)	(\$ 50,397)	\$ 97,177
Beginning cash balance	\$ 1,400,000	\$ 1,394,424	\$ 165,874	\$ 156,724	\$ 147,574	\$ 1,400,000
Ending cash balance	\$ 1,394,424	\$ 165,874	\$ 156,724	\$ 147,574	\$ 97,177	\$ 97,177

Year 1 forecasted cash flow statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Net income before taxes	(\$ 9,264)	(\$ 5,467)	(\$ 1,669)	\$ 2,888	\$ 4,407	\$ 5,926
Change in working capital accounts						
Current assets						
Cash/accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Changes in current accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net operating cash flows	(\$ 9,264)	(\$ 5,467)	(\$ 1,669)	\$ 2,888	\$ 4,407	\$ 5,926
Beginning cash balance	\$ 97,177	\$ 87,913	\$ 82,447	\$ 80,777	\$ 83,665	\$ 88,072
Ending cash balance	\$ 87,913	\$ 82,447	\$ 80,777	\$ 83,665	\$ 88,072	\$ 93,998

[continued]

Year 1 forecasted cash flow statement [CONTINUED]

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Net income before taxes	\$ 7,445	\$ 8,964	\$ 10,483	\$ 12,002	\$ 15,040	\$ 18,078	\$ 68,832
Change in working capital accounts							
Current assets							
Cash/accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current liabilities							
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Changes in current accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net operating cash flows	\$ 7,445	\$ 8,964	\$ 10,483	\$ 12,002	\$ 15,040	\$ 18,078	\$ 166,009
Beginning cash balance	\$ 93,998	\$ 101,443	\$ 110,407	\$ 120,889	\$ 132,891	\$ 147,931	\$ 97,177
Ending cash balance	\$ 101,443	\$ 110,407	\$ 120,889	\$ 132,891	\$ 147,931	\$ 166,009	\$ 166,009

Year 2 forecasted cash flow statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Net income before taxes	\$ 22,939	\$ 22,948	\$ 25,995	\$ 29,043	\$ 24,496	\$ 26,025
Change in working capital accounts						
Current assets						
Cash/accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Changes in current accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net operating cash flows	\$ 22,939	\$ 22,948	\$ 25,995	\$ 29,043	\$ 24,496	\$ 26,025
Beginning cash balance	\$ 166,009	\$ 188,948	\$ 211,895	\$ 237,890	\$ 266,933	\$ 291,429
Ending cash balance	\$ 188,948	\$ 211,895	\$ 237,890	\$ 266,933	\$ 291,429	\$ 317,454

[continued]

Year 2 forecasted cash flow statement [CONTINUED]

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Net income before taxes	\$ 22,998	\$ 26,047	\$ 18,462	\$ 18,474	\$ 21,524	\$ 26,093	\$ 285,043
Change in working capital accounts							
Current assets							
Cash/accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current liabilities							
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Changes in current accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net operating cash flows	\$ 22,998	\$ 26,047	\$ 18,462	\$ 18,474	\$ 21,524	\$ 26,093	\$ 451,052
Beginning cash balance	\$ 317,454	\$ 340,451	\$ 366,498	\$ 384,960	\$ 403,434	\$ 424,959	\$ 166,009
Ending cash balance	\$ 340,451	\$ 366,498	\$ 384,960	\$ 403,434	\$ 424,959	\$ 451,052	\$ 451,052

Year 3 forecasted cash flow statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Net income before taxes	\$ 32,157	\$ 32,144	\$ 35,171	\$ 38,197	\$ 33,629	\$ 35,137
Change in working capital accounts						
Current assets						
Cash/accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Changes in current accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net operating cash flows	\$ 32,157	\$ 32,144	\$ 35,171	\$ 38,197	\$ 33,629	\$ 35,137
Beginning cash balance	\$ 451,052	\$ 483,208	\$ 515,353	\$ 550,524	\$ 588,721	\$ 622,350
Ending cash balance	\$ 483,208	\$ 515,353	\$ 550,524	\$ 588,721	\$ 622,350	\$ 657,487

[continued]

Year 3 forecasted cash flow statement (CONTINUED)

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Net income before taxes	\$ 32,088	\$ 35,116	\$ 29,030	\$ 29,021	\$ 32,053	\$ 38,129	\$ 401,872
Change in working capital accounts							
Current assets							
Cash/accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current liabilities							
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Changes in current accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net operating cash flows	\$ 32,088	\$ 35,116	\$ 29,030	\$ 29,021	\$ 32,053	\$ 38,129	\$ 852,924
Beginning cash balance	\$ 657,487	\$ 689,576	\$ 724,692	\$ 753,722	\$ 782,743	\$ 814,795	\$ 451,052
Ending cash balance	\$ 689,576	\$ 724,692	\$ 753,722	\$ 782,743	\$ 814,795	\$ 852,924	\$ 852,924

Balance sheet

	Year 1	Year 2	Year 3
Year end balance sheet			
Assets			
Cash	\$ 166,009	\$ 451,052	\$ 852,924
Inventory	\$ 20,000	\$ 20,000	\$ 20,000
<u>Fixed assets</u>	\$ 1,219,400	\$ 1,219,400	\$ 1,219,400
Total assets	\$ 1,405,409	\$ 1,690,452	\$ 2,092,324
Liabilities			
Accounts payable	\$ 0	\$ 0	\$ 0
Accrued expense	\$ 0	\$ 0	\$ 0
Owner's equity			
Founder invested capital	\$ 280,000	\$ 280,000	\$ 280,000
Bank loan	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000
Retained earnings	\$ 5,409	\$ 290,452	\$ 692,324
Total liabilities and shareholder's equity	\$ 1,405,409	\$ 1,690,452	\$ 2,092,324