

FARGO TAX EXEMPT REVIEW COMMITTEE
Tuesday, January 22, 2019 – 1:00 p.m.
City Commission Chambers, Civic Center
AGENDA

1. **Approve Tax Exempt Review Committee meeting minutes of 11/27/2018 meeting**
 - a. [November 27](#), 2018 minutes [Page 1-2]

2. **5 Year New Industry Exemption Application by CI Sport, Inc.**
 - a. Application for New Industry Exemption [Page 3-8]

3. **5 Year New Industry Exemption Application by Prairie Products, LLC.**
 - a. Application for New Industry Exemption [Page 9-48]



ASSESSMENT DEPARTMENT

TAX EXEMPT REVIEW COMMITTEE APPLICATION SUMMARY

Scheduled Meeting Date: 1/22/2019

APPLICATION #1

Applicant	CI Sport, Inc.
Address	2121 43 St. S
Parcel Number	01-7340-00100-000
Project Type	Logo design, print, embroidery, market & develop products at regional and national level.
Project Timing	Commencement of operations April 2020
Request	5 year property tax exemption
Comments	None
Policy Concerns	Meets existing policy for primary sector and job growth

APPLICATION #2

Applicant	Prairie Products, LLC
Address	1330 55 St. N.
Parcel Number	01-8689-00300-000
Project Type	Agricultural extraction processing to produce high quality extract to wholesale market, including brewing and cosmetic industries.
Project Timing	Commencement of operations July 2019
Request	5 year property tax exemption
Comments	None
Policy Concerns	Meets existing policy for primary sector and job growth

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, November 27, 2018

The November meeting of the Tax Exempt Review Committee of the City of Fargo, North Dakota, was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, November 27, 2018.

The committee members present or absent are:

Present: Robert Wilson, Jim Gilmour, Jim Buus, Kent Costin, Dave Piepkorn, Bruce Grubb, Jessica Ebeling, Mark Lemer, Erik Johnson, Jackie Gapp

Absent: Joseph Raso, Chuck Hoge, Mayor Tim Mahoney, Ben Hushka

Others Present: Kati Wilcox

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

Jim Buus made a motion to approve the minutes from the October meeting held on October 23, 2018. Kent Costin seconded the motion, which carried.

Review and Approve Changes to PILOT & TIF Policies and Downtown Housing Incentive Area Map

Jim Gilmour introduced the agenda item by explaining that the purpose of reviewing the policies is to streamline all aspects into one document. These changes also enable this specific committee to review and make recommendations on all tax incentive applications. Mr. Gilmour moved forward to discuss the redline version of the policies to reevaluate the proposed changes, inviting members of board to ask questions at any time.

Effective Date and Term

At Commissioner Tony Grindberg's suggestion outside this meeting, wording was added clarifying that the current policy would remain in effect until the next review following the 2020 city election.

General Evaluation Objectives

Jim Gilmour explained the purpose of adding "For Job Creation and Retention Projects" to the general evaluation objectives is that it provides distinction between scoring for job creation and TIF projects. Mark Lemer asked for clarification regarding projects that are an expansion of existing businesses and have not allowed for an increase in available jobs due to automation. Mr. Gilmour explained these instances would fall under the retention aspect of the policy, similar to approving a PILOT application that allows an organization to maintain its presence in Fargo and consequently the employment levels it currently provides.

New Apartment Buildings Within Downtown Area Plan

Previous PILOT policy offered at 100% exemption for the first five years and 75% exemption for the five years following for new apartment buildings in the downtown area. The new policy has been updated to allow the exemption to be based on a financial review and "but-for" test for the latter five years. This allows developers to submit applications based on what they believe is feasible and the committee will decide the validity of the request.

Commissioner Dave Piepkorn requested input from Jim Buus regarding the policy changes for lower income apartment complexes, as they are significant. There is now an opportunity for an exemption of up to 100% of the improvement value, versus the flat amount granted in the previous policy. The definition of "lower income apartments" was also added. Jim Buus agreed that such an aggressive

change is necessary for the city to provide much-needed low-income housing. Jim Gilmour also added that some of the wording changes allow the city more flexibility in creating low-income housing.

Objectives of PILOT Program in the University Mixed Use Zone

At the suggestion of a developer, an additional objective to create attainable housing options was added to the PILOT program in University Mixed Use (UMU) zones, versus strictly low income. This will assist those residents closer to the middle-income ranges also looking for housing.

University Mixed Use PILOT Policy and Guidelines

Policy number five was updated to mirror the TIF policy regarding land acquisition. This change will prevent developers from purchasing land far above market values with the expectation that cost will be reimbursed by the city.

Tax Increment Financing Policy

Jim Gilmour called attention to policy number 17 under the Tax Increment Financing Policy that states the city may require future reviews of financial performance on large-scale projects. The amount of TIF assistance may be altered based on the success of the project. Developers will know about the potential for this review before agreeing to the terms of the application. There was also discussion regarding follow-up reviews for job creation projects to audit and track job count. After discussion regarding unclear wording between policies, Jim Gilmour suggested the city attorney review the language before final approval. Mark Lemer agreed, stating this process is not time sensitive so precaution should be taken to ensure accuracy and clarity.

Mr. Gilmour continued with the review of updates, pointing out two separate tracts for TIF assistance: developer requests and city initiated plans. Now, a developer may reach out to the city requesting assistance, or the city may see a need for larger project, such as Roberts Commons downtown, and have the ability to create a new TIF district before working with developers to begin work on the projects.

At Kent Costin's request, wording regarding input from the Finance department will be removed per previous discussion relating to streamlining the application process to only the Tax Exempt Review Committee.

Jim Gilmour also focused on the number of objectives each application is now required to meet, variant on the type of project: housing (five of seven objectives), commercial (five of eight), or downtown or mixed use (seven of 11).

Following the discussion of the changes to the policy, Jim Gilmour stated he would make the final changes and bring the updates directly to the city commission after reviewing job creation audits with Ben Hushka and Erik Johnson. Commissioner Piepkorn clarified the opportunity for public comment at the City Commission meeting as well.

Dan Madler from Beyond Shelter Inc., and Austin Morris from Enclave Development both spoke briefly about encouraging more discussion on promotion and assisting low income housing projects.

Jessica Ebeling made a motion to approve the new policy with the pending changes, which Jim Buus seconded. The motioned carried. The meeting adjourned at 1:42 p.m., Tuesday, November 27, 2018.

Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To _____
City or County

FARGO ASSESSOR

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business CI Sport, Inc.

2. Address of project 2121 43rd Street South
City Fargo County Cass

3. Mailing address of project operator P.O. Box 2043
City Fargo State ND Zip 58107-2043

4. Type of ownership of project
 Partnership Subchapter S corporation Individual proprietorship
 Corporation Cooperative Limited liability company

5. Federal Identification No. or Social Security No. 45-0384626

6. North Dakota Sales and Use Tax Permit No. 130584

7. If a corporation, specify the state and date of incorporation North Dakota - 1/16/1984

8. Name and title of individual to contact Randy Thorson, President
Mailing address P.O. Box 2043
City, State, Zip Fargo, ND 58107-2043 Phone No. 701-361-5151

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.

<input checked="" type="checkbox"/> Property Tax Exemption	<input type="checkbox"/> Payments In Lieu of Taxes
<u>5</u> Number of years	_____ Beginning year _____ Ending year
<u>100%</u> Percent of exemption	_____ Amount of annual payments (attach schedule if payments will vary)

10. Which of the following would better describe the project for which this application is being made:
 New business project Expansion of a existing business project

Description of Project Property

11. Legal description of project real property
See attached.

12. Will the project property be owned or leased by the project operator? Owned Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?
 Yes No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits. *Proposed lease attached.*

13. Will the project be located in a new structure or an existing facility? New construction Existing facility

If existing facility, when was it constructed? 2004

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application N/A

b. Description of project to be constructed including size, type and quality of construction

c. Projected number of construction employees during the project construction _____

14. Approximate date of commencement of this project's operations April 2020

15. Estimated market value of the property used for this project:

a. Land \$ 2,000,000

b. Existing buildings and structures for which an exemption is claimed..... \$ 1,750,000

c. Newly constructed buildings and structures when completed \$ 500,000

d. Total \$ 4,250,000

e. Machinery and equipment \$ 500,000

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) 

b. Eligible existing buildings and structures \$ 87,500

c. Newly constructed buildings and structures when completed..... \$ 25,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 112,500

e. Enter the consolidated mill rate for the appropriate taxing district 267.78

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 30,125

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: Ag processing Manufacturing Retailing
 Wholesaling Warehousing Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

CI Sport, Inc. provides embroidery and screen print and digital printing on apparel and soft goods, as well as logo design and product development. CI Sport designs and markets collegiate and corporate apparel on a regional and national level. CI Sport services over 22,000 college and high school bookstores throughout the United States. Additionally, CI Sport provides goods for national corporations, including Amazon, Border States Electric, Pizza Ranch and Scheels, as well as many others throughout the United States.

19. Indicate the type of machinery and equipment that will be installed

New Equipment - Additional Laser Bridge embroidery machine - \$325,000; Additional screen print press - \$75,000; Inventory scanning system - \$12,000; Direct to screen imaging machine - \$75,000; Mimaki 3D printer - \$13,000.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual revenue	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000
Annual expense	\$700,000*	\$1,400,000	\$2,100,000	\$2,800,000	\$3,500,000
Net income	\$300,000	\$600,000	\$900,000	\$1,200,000	\$1,500,000

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
87			15			

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) 83	98	107	116	125	134
	(2) 4	0	0	0	0	0
Estimated payroll	(1) 2800000	3038000	3283000	3528000	3699500	3944500
	(2) inc.	0	0	0	0	0

(1) - full time
(2) - part time

* Additional annual expense attributed mainly to additional inventory (cost of goods) and payroll plus commissions.

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? Yes No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No

24. Has the project operator or any officers of the project received any prior property tax incentives? Yes No

If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
CI Sport was started in 1990. From 1990 to 1995 located on the 2nd floor at 16 Broadway. From 1996 to 2003 located at 6 Broadway. From 2004 to present at 16 Broadway occupying main, basement, 2nd and 3rd floors.

Business Competition

25. Is any similar business being conducted by other operators in the municipality? Yes No

If YES, give name and location of competing business or businesses
Spectrum Marketing has a sales office in Moorhead, however production is done in Little Falls, Minnesota. CI Sport is the only business of this kind that provides this service on a national level.

Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 4 %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? Yes No

If the answer to 26 or 27 is Yes, list and explain

Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):

- To present additional facts or circumstances which were not presented at the time of the original application
- To request continuation of the present property tax incentives because the project has:
 - moved to a new location
 - had a change in project operation or additional capital investment of more than twenty percent
 - had a change in project operators
- To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Randy Thorson, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

Randy Thorson Signature President Title 1/04/2019 Date

LEGAL DESCRIPTION / PROPERTY ADDRESS**Street Address:**

Address	City	State	Zip
2121 43 rd Street S	Fargo	ND	58104

Legal Description:

Real property in the City of Fargo, County of Cass, State of North Dakota, described as follows:

Parcel 1:

Lot One (1), in Block One (1), Liberty Square Addition to the City of Fargo, situate in the County of Cass and the State of North Dakota.

Parcel 2:

A perpetual, non-exclusive easement for ingress and egress as set forth in "Declaration of Covenants, Conditions, Easements and Restrictions" recorded April 27, 2004, in Document No. 1100565; and thereafter, "Amendment to Declaration of Covenants, Conditions, Easements and Restrictions" recorded January 3, 2007, in Document No. 1191326; and thereafter, "Second Amendment to Declaration of Covenants, Conditions, Easements and Restrictions" recorded September 25, 2007, in Document No. 1214992.

Exemption Evaluation Calculator 2018			100.5
CI Sport, Inc.			Points
Project Type Code (Ctrl-C to view)		1	38.0
Current Number Of Employees		87	
Hourly Salary Without Benefits		# Jobs	
Under \$13.00	0		
\$13.01-\$15.00	0		
\$15.01-\$20.00	15		
\$20.01-\$28.00	0	Pts. For # Jobs->	15.0
\$28.01-\$35.00	0	Pts. For \$ Jobs->	10.0
Over \$35.00	0		
TOTAL # OF JOBS CREATED	15		
% GI w/ Local Competition (not downtown)		4%	25.0
Value of Proposed Buildings		\$ 1,750,000	12.5
Downtown Location (Y/N)		N	0.0
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	0.0
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	0.0
Number of Years (Exemption)		5	
Building Age (if substantial renovation)		0	0.0
RECOMMENDATION IS TO APPROVE			
Description		Manufacturing	
Estimated New Annual Payroll		\$546,000	
Estimated Annual Real Estate Tax		\$40,884	
Estimated PV of Exemption		\$177,008	
Payroll / PV of Exemption		3.1	
Property Value / # of Jobs		\$ 116,667	

Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To Fargo/Cass
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1.	Name of project operator of new or expanding business <u>Prairie Products LLC</u>		
2.	Address of project <u>1350 55th Street North</u>		
	City <u>Fargo</u>	County <u>Cass</u>	
3.	Mailing address of project operator <u>PO Box 2505</u>		
	City <u>Fargo</u>	State <u>ND</u>	Zip <u>58108-2505</u>
4.	Type of ownership of project		
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation	<input type="checkbox"/> Individual proprietorship
	<input type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative	<input checked="" type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No. <u>81-4804125</u>		
6.	North Dakota Sales and Use Tax Permit No. _____		
7.	If a corporation, specify the state and date of incorporation <u>North Dakota, 10/13/2017</u>		
8.	Name and title of individual to contact <u>Veronica Michael, Prairie Products LLC CEO/Managing Partner</u>		
	Mailing address <u>PO Box 2505</u>		
	City, State, Zip <u>Fargo, ND 58108-2505</u>		Phone No. <u>701-261-1587</u>

Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.		
	<input checked="" type="checkbox"/> Property Tax Exemption	<input type="checkbox"/> Payments In Lieu of Taxes	
	<u>5</u> Number of years	_____ Beginning year	_____ Ending year
	<u>100%</u> Percent of exemption	_____ Amount of annual payments (attach schedule if payments will vary)	
10.	Which of the following would better describe the project for which this application is being made:		
	<input checked="" type="checkbox"/> New business project	<input type="checkbox"/> Expansion of a existing business project	

11. Legal description of project real property
 Parcel #01-8689-00300-000; Lot 3; Block 1; Commerce on 12th 4th Addition

12. Will the project property be owned or leased by the project operator? Owned Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?
 Yes No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? New construction Existing facility

If existing facility, when was it constructed? 2017

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application _____

b. Description of project to be constructed including size, type and quality of construction

c. Projected number of construction employees during the project construction _____

14. Approximate date of commencement of this project's operations July 1, 2019

15. Estimated market value of the property used for this project:

a. Land..... \$ 200,000


b. Existing buildings and structures for which an exemption is claimed..... \$ 800,000

c. Newly constructed buildings and structures when completed \$ _____

d. Total \$ 1,000,000

e. Machinery and equipment \$ 1,875,000

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) 

b. Eligible existing buildings and structures \$ 40,000

c. Newly constructed buildings and structures when completed..... \$ _____

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 40,000

e. Enter the consolidated mill rate for the appropriate taxing district 267.78

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 10,700.00

Note: “project” means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: Ag processing Manufacturing Retailing
 Wholesaling Warehousing Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

Prairie Products plans to introduce the highest efficiency agricultural extraction processing technology to North Dakota hops farmers. With hops grown in North Dakota and regionally, we will produce high quality extract for the wholesale market. Our full-scale agricultural extraction facility will be able to process approximately 14,000 pounds of biomass per day by means of critical CO2, ethanol, and mechanical extraction. The international hops extract market includes the brewing industry (including both the production of beer and the flavoring of spirits) and cosmetics industry. (Note: Please see attachments.)

19. Indicate the type of machinery and equipment that will be installed

CO2 Extraction Equipment manufactured by NuAxon Tech \$845,406; MSE Cryogenic Ethanol Extraction Equipment manufactured by MSE Laboratories \$989,000; DSR1000 Mechanical separator \$5,000; Retsch BB600XL jaw crusher \$24,900; Used Toyota Forklift 4000lb lift capacity \$11,500

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual revenue	<u>5,497,760</u>	<u>16,196,280</u>	<u>24,293,820</u>	<u>35,707,215</u>	<u>39,277,836</u>
Annual expense	<u>5,671,261</u>	<u>14,605,133</u>	<u>21,318,779</u>	<u>31,338,605</u>	<u>36,047,923</u>
Net income	<u>(173,502)</u>	<u>1,591,146</u>	<u>2,975,041</u>	<u>4,368,610</u>	<u>3,230,013</u>

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
4			1		6	

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) <u>1</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
	(2) <u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Estimated payroll	(1) <u>20,000</u>	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>
	(2) <u>36,000</u>	<u>211,000</u>	<u>251,000</u>	<u>251,000</u>	<u>251,000</u>	<u>251,000</u>

(1) - full time
 (2) - part time

22. Is the project operator succeeding someone else in this or a similar business? Yes No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No

24. Has the project operator or any officers of the project received any prior property tax incentives? Yes No

If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).

Business Competition

25. Is any similar business being conducted by other operators in the municipality? Yes No

If YES, give name and location of competing business or businesses

Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? Yes No

If the answer to 26 or 27 is Yes, list and explain

Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):

- To present additional facts or circumstances which were not presented at the time of the original application
- To request continuation of the present property tax incentives because the project has:
 - moved to a new location
 - had a change in project operation or additional capital investment of more than twenty percent
 - had a change in project operators
- To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Rose Veronica Michael, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.


Signature

Managing Partner/CEO
Title

1/13/2019
Date

Exemption Evaluation Calculator 2019			122.7
Prairie Products			Points
Project Type Code (Ctrl-C to view)			1 38.0
Current Number Of Employees			4
Hourly Salary Without Benefits	# Jobs		
Under \$13.00	0		
\$13.01-\$15.00	0		
\$15.01-\$20.00	1		
\$20.01-\$28.00	0	Pts. For # Jobs->	30.0
\$28.01-\$35.00	6	Pts. For \$ Jobs->	6.7
Over \$35.00	0		
TOTAL # OF JOBS CREATED	7		
% GI w/ Local Competition (not downtown)			0% 25.0
Value of Proposed Buildings			\$ 800,000 10.0
Downtown Location (Y/N)			N 0.0
Exemption Needed (Y/N)			N
Startup Firm (Y/N)			Y 13.0
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)			N 0.0
Number of Years (Exemption)			5
Building Age (if substantial renovation)			0 0.0
RECOMMENDATION IS TO			APPROVE
Description			Manufacturing
Estimated New Annual Payroll			\$435,760
Estimated Annual Real Estate Tax			\$18,690
Estimated PV of Exemption			\$80,918
Payroll / PV of Exemption			5.4
Property Value / # of Jobs			\$ 114,286



Andrew Richards
Prairie Products, LLC
12 Broadway N.
Fargo, ND 58102
(612) 743-8432
andy@pledgepromo.co

11/27/2018

The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the client.

We are not licensed by the State of North Dakota to practice Public Accounting and therefore give no opinion or assurance of the enclosed financial statements being free of material defects or of their accuracy. The enclosed pro-forma financial statements are compiled utilizing commonly accepted methods of financial projection and budgeting; while the client is to provide accurate and true information to build these statements. The Small Business Development Center's responsibility is to present the client's information in the most complete manner possible.

Prepared by:

Paul Smith, MS, EDFP
Regional Director, ND SBDC - Fargo Center
1854 Research Circle, Ste. 7
Fargo, ND 58103
701-499-5273
paul@ndsbdc.org

Critical Assumptions

Prairie Products, LLC

11/27/2018

Project Summary

Prairie Products, LLC is seeking approximately \$3.5M in total financing to fund the startup of a hops oil extraction facility in Fargo - the first of its kind in the region. The funds will be used for purchase and renovation of an existing building, inventory, capital equipment, furniture and fixtures and working capital. The owners plan to begin operations by February, 2019. They requested SBDC assistance with business plan review, financial projections and capital acquisition.

Starting Balance Sheet/Sources & Uses

Sources of funds include:

SBA 504 loan of \$2.9M. Bank/BND portion (25/25%) at a 6% blended interest rate at 20-year amortization. CDC portion (30%) at 5.53% interest with 25-year amortization. Owner/investor equity contribution of 20% for new business and special use property.

A BND PACE interest buydown would be applied to the bank/BND portion of the 504 loan (\$1.46M), which will effectively reduce the interest rate to 1% with a maximum BND buydown of \$300,000, and a total buydown maximum of \$461,538, resulting in a savings of approximately \$617,614 in interest. BND and the City of Fargo will participate 65/35 in the buydown. Note the PACE interest buydown is NOT reflected in these projections at the request of BND.

A bank term loan of 260k at 6% interest over 5 years to fund inventory.

An operating line of credit of \$300,000 for working capital through bank or ND Development Fund/Venture Capital Fund.

Uses of funds include:

Cash/working capital

Inventory - Includes 2 months of raw materials (11,554 lbs of raw biomass @ \$25 per lb)

Land - Assume \$3 per sq ft @ 63,000 sq ft.

Building - Purchase of existing building with 10,200 total sq ft. Address: 1330 55th St. N., Fargo, ND

Renovation/fitup - Includes expense for fire suppression system, phase 3 power, partition of offices, conference room

Equipment & Machinery - Includes CO2 extraction equipment, ethanol extraction equipment, auger, and other production equipment

Furniture and fixtures - Includes office furniture and fixtures

Depreciation/Amortization

Building will be depreciated over 39 years

Renovations will be depreciated over 15 years using the straight line method

Major equipment will be depreciated over 10 years

Furniture and fixtures will be depreciated over 5 years

Revenue/COGS

Assumes 2 primary revenue channels:

1. Physical Extraction (Lupulin Powder) - Seasonality? Fresh product in Dec-Feb
2. Processed Hops (Ethanol & CO2); assumes \$100 per lb sale price

COGS is 19.09% for physical extraction and 83.33% for processed hops

See detailed revenue model tab

Expenses**Labor**

Owners/Management	Annual Salary	
Andy Richards	\$65,000	Owner salaries will increase 20% in Yr2 and Yr3
Veronica Michael	\$65,000	
Dave Holand	\$65,000	
Jeremy Kletke	\$50,000	
	\$245,000	

Staff

Production staff	\$126,000	3 employees @ \$25 per hour 30 hours per week
Organic Chemist	\$55,000	FT
Consultant	\$30,000	
Admin Asst	\$40,000	FT Begins Yr2
	\$251,000	

Other Expenses

Employee Benefits/401k

Outside Services - Includes lab testing

Professional Fees - Includes legal and accounting fees

Permits & Licenses - Includes ND State permitting fees

Marketing/Promotion - Includes initial marketing campaign, materials

Insurance - Includes general and product liability coverage

Rent - Assumes operating entity will pay rent to real estate holding company

Property Taxes - Assumes operating entity will pay real estate taxes

Building Insurance - Assumes operating entity will pay building insurance

Utilities - Includes gas, electric and water

Supplies - Includes glassware, storage containers, bulk bags, plastic pails, utility gloves

Travel - Includes fuel and airfare to client meetings and conferences

Assume annual 3% increase in operating expenses

Profitability

	YR1		YR2		YR3	
Sales Revenue	\$5,497,760		\$16,196,280	195%	\$24,293,820	50%
Cost of Goods	\$4,441,390	81%	\$13,267,444	82%	\$19,901,052	82%
Gross Profit	\$1,056,370	19%	\$2,928,836	18%	\$4,392,768	18%
Expenses	\$1,229,871	22%	\$1,337,689	8%	\$1,417,727	6%
Net Income	(\$173,502)	-3%	\$1,591,146	10%	\$2,975,041	12%

AR Days AP Days Months to Break Even Debt Coverage Ratio:

Proposed Balance Sheet	12/31/2017	Changes		Proposed
		SBA 504	Non-504	
Current Assets				
Cash	\$0	\$615	\$0	\$615
Accounts Receivable	\$0		\$0	\$0
Inventory	\$0		\$288,850	\$288,850
Prepays	\$0		\$0	\$0
Other Current Assets	\$0		\$0	\$0
Other Current Assets	\$0		\$0	\$0
Other Current Assets	\$0		\$0	\$0
Total Current Assets	\$0	\$615	\$288,850	\$289,465
Fixed Assets (Net)				
Land	\$0	\$200,000	\$0	\$200,000
Buildings	\$0	\$800,000	\$0	\$800,000
Renovations	\$0	\$55,000	\$0	\$55,000
Equipment & Machinery	\$0	\$1,875,806	\$0	\$1,875,806
Furniture & Fixtures	\$0	\$3,750	\$0	\$3,750
Other Fixed Assets	\$0	\$0	\$0	\$0
Other Fixed Assets	\$0	\$0	\$0	\$0
Other Fixed Assets	\$0	\$0	\$0	\$0
Total Fixed Assets	\$0	\$2,934,556	\$0	\$2,934,556
Intangibles				
Intangible Assets	\$0		\$0	\$0
Organizational Expense	\$0	\$0	\$0	\$0
Loan Fees	\$0	\$21,018	\$0	\$21,018
Total Intangible Assets	\$0	\$21,018	\$0	\$21,018
Total Assets	\$0	\$2,956,189	\$288,850	\$3,245,039
Current Liabilities				
		SBA 504	Non-504	
Notes Payable - Bank	\$0	\$0	\$0	\$0
Notes Payable - Other	\$0	\$0	\$0	\$0
Line of Credit Payable	\$0		\$0	\$0
Accounts Payable	\$0		\$0	\$0
Accrued Expenses	\$0		\$0	\$0
Taxes Payable (1)	\$0		\$0	\$0
Taxes Payable (2)	\$0		\$0	\$0
Taxes Payable (3)	\$0		\$0	\$0
CPLTD - Loan 1	\$0		\$51,070	\$51,070
CPLTD - Loan 2	\$0		\$0	\$0
CPLTD - Loan 3	\$0		\$0	\$0
CPLTD - Loan 4	\$0		\$0	\$0
CPLTD - Loan 5	\$0		\$0	\$0
CPLTD - Loan 6	\$0		\$0	\$0
CPLTD - 504 Commercial		\$39,173		\$39,173
CPLTD - 504 Bonds		\$17,214		\$17,214
Total Current Liabilities	\$0	\$56,388	\$51,070	\$107,457
Long Term Liabilities				
Long-Term Loan 1	\$0		\$237,780	\$237,780
Long-Term Loan 2	\$0		\$0	\$0
Long-Term Loan 3	\$0		\$0	\$0
Long-Term Loan 4	\$0		\$0	\$0
Long-Term Loan 5	\$0		\$0	\$0
Long-Term Loan 6	\$0		\$0	\$0
Long-Term 504 Commercial		\$1,428,105		\$1,428,105
Long-Term 504 Bonds		\$884,786		\$884,786
Subordinated Officer Debt	\$0		\$0	\$0
Other Long Term Debt	\$0		\$0	\$0
Total LT Liabilities	\$0	\$2,312,890	\$237,780	\$2,550,671
Total Debt	\$0	\$2,369,278	\$288,850	\$2,658,128
Equity				
		SBA 504	Non-504	
Common Stock	\$0			\$0
Additional Cash Injection	\$0	\$586,911	\$0	\$586,911
Retained Earnings	\$0			\$0
Treasury Stock	\$0		\$0	\$0
Total Equity	\$0	\$586,911	\$0	\$586,911
Total Debt & Equity	\$0	\$2,956,189	\$288,850	\$3,245,039

Sources & Uses of Funds Statement

Sources of Funds: (where you will get the money to fund your project)

Equity (money or assets owners/investors will provide)

Cash Injection	<u>\$0</u>	
SBA 504 Required Cash Injection	<u>\$586,911</u>	
Business Net Worth	<u>\$0</u>	
Other Equity	<u>\$0</u>	
Treasury Stock	<u>\$0</u>	
 Total Equity Contribution	 <u>\$586,911</u>	 18%

Debt (borrowed money)

Existing Loans	<u>\$0</u>	
New Loans	<u>\$288,850</u>	
504 Loan Proceeds	<u>\$2,369,278</u>	
Line of Credit Drawn	<u>\$0</u> (\$ _____ Limit)	
Other Debt	<u>\$0</u>	
Accrued Expenses	<u>\$0</u>	
Taxes Payable	<u>\$0</u>	
Accounts Payable	<u>\$0</u>	
 Total Debt Contribution	 <u>\$2,658,128</u>	 82%

Total Sources of Funds \$3,245,039

Uses of Funds: (what you'll use the above funds for)

Fixed Assets:

Land	<u>\$200,000</u>	
Buildings	<u>\$800,000</u>	
Renovations	<u>\$55,000</u>	
Equipment & Machinery	<u>\$1,875,806</u>	
Furniture & Fixtures	<u>\$3,750</u>	
Other Fixed Assets	<u>\$0</u>	
Other Fixed Assets	<u>\$0</u>	
Other Fixed Assets	<u>\$0</u>	
Intangible Assets	<u>\$0</u>	
Organizational Expense	<u>\$0</u>	
Loan Fees	<u>\$21,018</u>	

Total Long Term Assets \$2,955,574

Inventory	<u>\$288,850</u>	
Accounts Receivable	<u>\$0</u>	
Prepaid Expenses	<u>\$0</u>	
Working Capital (Cash)	<u>\$615</u>	
Other Current Assets	<u>\$0</u>	
Other Current Assets	<u>\$0</u>	
Other Current Assets	<u>\$0</u>	

Total Uses of Funds \$3,245,039

FFE Detail

Equipment & Machinery	Cost
CO2 Extraction Equipment manufactured by NuAxon Tech	\$845,406
MSE Cryogenic Ethanol Extraction Equipment manufactured by MSE Laboratories	\$989,000
Retsch BB600XL jaw crusher	\$24,900
New Toyota Forklift 4000lb lift capacity	\$11,500
DSR1000 Mechanical separator	\$5,000

FFE

Shovels and hand tools for loading and cleaning of columns	\$250
Miscellaneous glassware for material sampling and transfer	\$400
Stainless steel work tables and carts	\$3,500

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	TOTALS
Year 1													
Physical Extraction	\$0	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$217,800
Processed Hops	\$0	\$95,540	\$135,540	\$183,540	\$241,140	\$310,260	\$392,180	\$492,740	\$612,160	\$755,500	\$927,480	\$1,133,880	\$5,279,960
	\$0	\$115,340	\$155,340	\$203,340	\$260,940	\$330,060	\$411,980	\$512,540	\$631,960	\$775,300	\$947,280	\$1,153,680	\$5,497,760
Year 2													
Physical Extraction	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$356,400
Processed Hops	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$15,839,880
	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$16,196,280
													195%
Year 3													
Physical Extraction	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$534,000
Processed Hops	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$23,759,820
	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$24,293,820
													50%



Client Name: **Prairie Products, LLC**
 The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client.
 Pro Forma Income Statement
 and can not be licensed by the state of North Dakota to practice Public Accounting
 11/27/2018
 Date Prepared

Year 1	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	TOTALS		
REVENUE	\$0	\$115,340	\$155,340	\$203,340	\$260,940	\$330,060	\$411,980	\$512,540	\$631,960	\$775,300	\$947,280	\$1,153,680	\$5,497,760	100.0%	
COST OF GOODS SOLD	\$0	\$83,395	\$116,727	\$156,726	\$204,724	\$262,321	\$330,585	\$414,382	\$513,895	\$633,340	\$776,651	\$948,644	\$4,441,390	80.8%	
GROSS PROFIT	\$0	\$31,945	\$38,613	\$46,614	\$56,216	\$67,739	\$81,395	\$98,158	\$118,065	\$141,960	\$170,629	\$205,036	\$1,056,370	19.2%	
EXPENSES:															
Owner's Salary	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$245,004	4.5%
Owner Payroll Taxes	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$37,486	0.7%	
Fixed Employee Wages	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$210,996	3.8%	
Fixed Payroll Taxes	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$16,141	0.3%	
Variable Employee Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Variable Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Workers Comp	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$2,110	0.0%	
Bad Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Employee Benefits/401k	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$3,480	0.1%	
Outside Services	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000	0.8%	
Professional Fees	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$42,996	0.8%	
Permits & Licenses	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$4,992	0.1%	
Marketing/Promotion	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000	0.9%	
Insurance	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$25,992	0.5%	
Software Expenses	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000	0.5%	
Dues & Subscriptions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Telephone & Internet	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	0.0%	
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Utilities	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000	1.1%	
Supplies	\$4,537	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$27,450	0.5%	
Office Expenses	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$9,600	0.2%	
Travel	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000	0.7%	
Building Insurance	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$2,496	0.0%	
Property Taxes	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$17,016	0.3%	
Prepaid Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Credit Card Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Other Direct Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Other Direct Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Int - Loan 1	\$1,444	\$1,424	\$1,403	\$1,382	\$1,361	\$1,340	\$1,318	\$1,297	\$1,276	\$1,254	\$1,233	\$1,211	\$15,942	0.3%	
Int - SBA 504 (Bank)	\$7,336	\$7,321	\$7,305	\$7,289	\$7,272	\$7,256	\$7,240	\$7,224	\$7,207	\$7,191	\$7,174	\$7,157	\$86,971	1.6%	
Int - SBA 504 (Bonds)	\$4,157	\$4,150	\$4,144	\$4,137	\$4,131	\$4,124	\$4,118	\$4,111	\$4,104	\$4,098	\$4,091	\$4,084	\$49,449	0.9%	
Int-Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
Depreciation	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$212,510	3.9%	
Amortization	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$841	0.0%	
TOTAL EXPENSES	\$104,979	\$102,482	\$102,439	\$102,396	\$102,352	\$102,308	\$102,264	\$102,220	\$102,175	\$102,130	\$102,085	\$102,040	\$1,229,871	22.4%	
NET PROFIT BEFORE TAX	(\$104,979)	(\$70,538)	(\$63,826)	(\$55,781)	(\$46,136)	(\$34,570)	(\$20,869)	(\$4,062)	\$15,890	\$39,830	\$68,544	\$102,996	(\$173,502)	-3.2%	
INCOME TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%	
NET INCOME	(\$104,979)	(\$70,538)	(\$63,826)	(\$55,781)	(\$46,136)	(\$34,570)	(\$20,869)	(\$4,062)	\$15,890	\$39,830	\$68,544	\$102,996	(\$173,502)	-3.2%	
PROFIT CENTERS															
Physical Extraction	\$0	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$217,800	4%	
Processed Hops	\$0	\$95,540	\$135,540	\$183,540	\$241,140	\$310,260	\$392,180	\$492,740	\$612,160	\$755,500	\$927,480	\$1,133,880	\$5,279,960	96%	
TOTAL	\$0	\$115,340	\$155,340	\$203,340	\$260,940	\$330,060	\$411,980	\$512,540	\$631,960	\$775,300	\$947,280	\$1,153,680	\$5,497,760	100%	
COGS															
Physical Extraction	\$0	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$3,782	\$41,600	1%	
Processed Hops	\$0	\$79,613	\$112,945	\$152,944	\$200,942	\$258,940	\$326,804	\$410,600	\$510,113	\$629,558	\$772,669	\$948,644	\$4,399,791	99%	
TOTAL	\$0	\$83,395	\$116,727	\$156,726	\$204,724	\$262,321	\$330,585	\$414,382	\$513,895	\$633,340	\$776,651	\$948,644	\$4,441,390	100%	

This template was created by the SBDC SD and is licensed for use by the organization listed above. (c) SBDC SD. Available at SBDCProjections.com

Client Name: FINANCIAL STATEMENT: Date Prepared	The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.													
	Prairie Products, LLC Pro Forma Cash Flow 11/27/2018													
BUDGET MONTH	Year 1	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	TOTAL
CASH INFLOW														
Cash Sales	\$0	\$57,670	\$77,670	\$101,670	\$130,470	\$165,030	\$205,990	\$205,990	\$256,270	\$315,980	\$387,650	\$473,640	\$576,840	\$2,748,880
Collection from Credit	\$0	\$0	\$57,670	\$77,670	\$101,670	\$130,470	\$165,030	\$205,990	\$256,270	\$315,980	\$387,650	\$473,640	\$576,840	\$2,748,880
Draw/(Repay) LOC	\$105,300	\$77,488	\$58,182	\$50,847	\$42,045	\$31,483	\$18,894	\$3,684	\$3,684	(\$14,651)	(\$36,552)	(\$62,834)	(\$94,372)	\$179,511
Notes Injected / (Repaid)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Injection (Net of Fees)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Injection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH RECEIVED	\$105,300	\$135,158	\$193,522	\$230,187	\$274,185	\$326,983	\$389,914	\$465,944	\$557,599	\$667,078	\$798,456	\$956,108	\$1,100,431	\$5,100,431
CASH PAID OUT														
Cost of Goods Sold	\$0	\$41,698	\$100,061	\$136,726	\$180,725	\$233,523	\$296,453	\$372,484	\$464,138	\$573,617	\$704,995	\$862,647	\$1,070,000	\$3,967,068
Owner's Salary	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$20,417	\$245,004
Owner Payroll Taxes	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$3,124	\$37,486
Fixed Employee Wages	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$17,583	\$210,996
Fixed Payroll Taxes	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$1,345	\$16,141
Variable Employee Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Workers Comp	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$176	\$2,110
Bad Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employee Benefits/401k	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$290	\$3,480
Outside Services	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000
Professional Fees	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$3,583	\$42,996
Permits & Licenses	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$4,992
Marketing/Promotion	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000
Insurance	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$25,992
Software Expenses	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Dues & Subscriptions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone & Internet	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Supplies	\$4,537	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$27,450
Office Expenses	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$9,600
Travel	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
Building Insurance	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$2,496
Property Taxes	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$17,016
Prepaid Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Credit Card Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Direct Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Direct Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Int - Loan 1	\$1,444	\$1,424	\$1,403	\$1,382	\$1,361	\$1,340	\$1,318	\$1,297	\$1,276	\$1,254	\$1,233	\$1,211	\$1,189	\$15,942
Int - SBA 504 (Bank)	\$7,336	\$7,321	\$7,305	\$7,289	\$7,272	\$7,256	\$7,240	\$7,224	\$7,207	\$7,191	\$7,174	\$7,157	\$7,141	\$86,971
Int - SBA 504 (Bonds)	\$4,157	\$4,150	\$4,144	\$4,137	\$4,131	\$4,124	\$4,118	\$4,111	\$4,104	\$4,098	\$4,091	\$4,084	\$4,077	\$49,449
Int-Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$87,200	\$126,401	\$184,721	\$221,343	\$265,297	\$318,051	\$380,938	\$456,924	\$548,534	\$667,968	\$789,302	\$946,908	\$1,100,431	\$4,983,589
CHANGES IN CASH														
Princ. Pmt - Loan 1	\$4,140	\$4,161	\$4,182	\$4,202	\$4,223	\$4,245	\$4,266	\$4,287	\$4,309	\$4,330	\$4,352	\$4,374	\$4,395	\$51,070
Princ. Pmt - SBA 504 (Bank)	\$3,176	\$3,192	\$3,207	\$3,224	\$3,240	\$3,256	\$3,272	\$3,288	\$3,305	\$3,321	\$3,338	\$3,355	\$3,371	\$39,173
Princ. Pmt - SBA 504 (Bonds)	\$1,399	\$1,405	\$1,411	\$1,418	\$1,424	\$1,431	\$1,438	\$1,444	\$1,451	\$1,458	\$1,464	\$1,471	\$1,478	\$17,214
Capital Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner's Withdrawal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH PAID	\$95,914	\$135,158	\$193,522	\$230,187	\$274,185	\$326,983	\$389,914	\$465,944	\$557,599	\$667,078	\$798,456	\$956,108	\$1,100,431	\$5,091,046
CHANGE IN CASH	\$9,385	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,385
Beginning Balance	\$615	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Ending Balance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

This template was created by the SBDC SD and is licensed for use by the organization listed above. (c) SBDC SD. Available at SBDCProjections.com

Client Name: Prairie Products, LLC		The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.											
FINANCIAL STATEMENT: Pro Forma Balance Sheets													
Date Prepared: 11/27/2018													
Year 1	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Cash	\$615	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Accounts Receivable	\$0	\$0	\$57,670	\$77,670	\$101,670	\$130,470	\$165,030	\$205,990	\$256,270	\$315,980	\$387,650	\$473,640	\$576,840
Inventory	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850
Prepays	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Assets	\$289,465	\$298,850	\$356,520	\$376,520	\$400,520	\$429,320	\$463,880	\$504,840	\$555,120	\$614,830	\$686,500	\$772,490	\$875,690
Net Fixed Assets	\$2,934,556	\$2,916,847	\$2,899,138	\$2,881,428	\$2,863,719	\$2,846,010	\$2,828,301	\$2,810,592	\$2,792,883	\$2,775,173	\$2,757,464	\$2,739,755	\$2,722,046
Net Intangibles	\$21,018	\$20,948	\$20,878	\$20,808	\$20,738	\$20,668	\$20,598	\$20,528	\$20,458	\$20,388	\$20,318	\$20,248	\$20,178
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS	\$3,245,039	\$3,236,645	\$3,276,536	\$3,278,757	\$3,284,977	\$3,295,998	\$3,312,779	\$3,335,960	\$3,368,461	\$3,410,391	\$3,464,282	\$3,532,493	\$3,617,914
Notes Payable - Bank	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Notes Payable - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Line of Credit Payable	\$0	\$105,300	\$182,787	\$240,969	\$291,816	\$333,861	\$365,344	\$384,237	\$387,921	\$373,270	\$336,718	\$273,883	\$179,511
Accounts Payable	\$0	\$0	\$41,698	\$58,364	\$78,363	\$102,362	\$131,161	\$165,293	\$207,191	\$256,947	\$316,670	\$388,325	\$474,322
Accruals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CPLTD-Loan 1	\$51,070	\$51,325	\$51,582	\$51,839	\$52,099	\$52,359	\$52,621	\$52,884	\$53,148	\$53,414	\$53,681	\$53,950	\$54,219
CPLTD-SBA 504 (Bank)	\$39,173	\$39,369	\$39,566	\$39,764	\$39,963	\$40,163	\$40,363	\$40,565	\$40,768	\$40,972	\$41,177	\$41,383	\$41,589
CPLTD-SBA 504 (Bonds)	\$17,214	\$17,294	\$17,373	\$17,453	\$17,534	\$17,615	\$17,696	\$17,777	\$17,859	\$17,942	\$18,024	\$18,107	\$18,191
Current Liabilities	\$107,457	\$213,287	\$333,006	\$408,389	\$479,774	\$546,359	\$607,184	\$660,757	\$706,888	\$742,545	\$786,270	\$775,648	\$767,833
Long-Term Loan 1	\$237,780	\$233,385	\$228,968	\$224,528	\$220,067	\$215,583	\$211,076	\$206,547	\$201,996	\$197,422	\$192,824	\$188,204	\$183,561
Long-Term SBA 504 (Bank)	\$1,428,105	\$1,424,733	\$1,421,345	\$1,417,939	\$1,414,517	\$1,411,078	\$1,407,621	\$1,404,147	\$1,400,656	\$1,397,147	\$1,393,621	\$1,390,077	\$1,386,515
Long-Term SBA 504 (Bonds)	\$884,786	\$883,308	\$881,823	\$880,332	\$878,833	\$877,328	\$875,816	\$874,297	\$872,770	\$871,237	\$869,697	\$868,150	\$866,595
Subordinated Officer Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$2,658,128	\$2,754,713	\$2,865,142	\$2,931,189	\$2,993,191	\$3,050,347	\$3,101,698	\$3,145,748	\$3,182,310	\$3,208,351	\$3,222,412	\$3,222,079	\$3,204,504
Common Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add'l Equity Injections	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911
Retained Earnings	\$0	(\$104,979)	(\$175,517)	(\$239,343)	(\$295,125)	(\$341,260)	(\$375,830)	(\$396,699)	(\$400,761)	(\$384,871)	(\$345,041)	(\$276,497)	(\$173,502)
- Treasury Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Owner's Equity	\$586,911	\$481,932	\$411,394	\$347,568	\$291,787	\$245,651	\$211,081	\$190,212	\$186,150	\$202,040	\$241,870	\$310,414	\$413,410
TOT LIA & NET WORTH	\$3,245,039	\$3,236,645	\$3,276,536	\$3,278,757	\$3,284,977	\$3,295,998	\$3,312,779	\$3,335,960	\$3,368,461	\$3,410,391	\$3,464,282	\$3,532,493	\$3,617,914
CHECK	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Client Name: FINANCIAL STATEMENT: Date Prepared	The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.												TOTALS		
	Year 2	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20		Dec-20	
REVENUE		\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$16,196,280	100.0%
COST OF GOODS SOLD		\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$13,267,444	81.9%
GROSS PROFIT		\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$244,070	\$2,928,836	18.1%
EXPENSES:															
Owner's Salary		\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$294,000	1.8%
Owner Payroll Taxes	15.30%	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$44,982	0.3%
Fixed Employee Wages		\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$257,328	1.6%
Fixed Payroll Taxes	7.65%	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$19,686	0.1%
Variable Employee Wages	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Variable Payroll Taxes	7.65%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Workers Comp	1.00%	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$2,573	0.0%
Bad Debt	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Employee Benefits/401k		\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$3,584	0.0%
Outside Services		\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$43,260	0.3%
Professional Fees		\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$44,286	0.3%
Permits & Licenses		\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$5,142	0.0%
Marketing/Promotion		\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$49,440	0.3%
Insurance		\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$26,772	0.2%
Software Expenses		\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$30,900	0.2%
Dues & Subscriptions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Telephone & Internet		\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$2,472	0.0%
Rent		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities		\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$61,800	0.4%
Supplies		\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$25,740	0.2%
Office Expenses		\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$9,888	0.1%
Travel		\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$37,080	0.2%
Building Insurance		\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$2,571	0.0%
Property Taxes		\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$17,016	0.1%
Prepaid Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Credit Card Fees	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Other Direct Expense	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Other Direct Expense	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Int - Loan 1		\$1,189	\$1,167	\$1,145	\$1,123	\$1,100	\$1,078	\$1,055	\$1,033	\$1,010	\$987	\$964	\$941	\$12,792	0.1%
Int - SBA 504 (Bank)		\$7,141	\$7,124	\$7,107	\$7,090	\$7,073	\$7,055	\$7,038	\$7,021	\$7,003	\$6,986	\$6,968	\$6,950	\$84,555	0.5%
Int - SBA 504 (Bonds)		\$4,077	\$4,071	\$4,064	\$4,057	\$4,050	\$4,043	\$4,036	\$4,029	\$4,022	\$4,015	\$4,008	\$4,001	\$48,472	0.3%
Int-Line of Credit	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Depreciation		\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$212,510	1.3%
Amortization		\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$841	0.0%
TOTAL EXPENSES		\$111,729	\$111,684	\$111,638	\$111,592	\$111,545	\$111,499	\$111,452	\$111,405	\$111,358	\$111,310	\$111,263	\$111,215	\$1,337,689	8.3%
NET PROFIT BEFORE TAX		\$132,340	\$132,386	\$132,432	\$132,478	\$132,524	\$132,571	\$132,618	\$132,665	\$132,712	\$132,759	\$132,807	\$132,855	\$1,591,146	9.8%
INCOME TAX	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
NET INCOME		\$132,340	\$132,386	\$132,432	\$132,478	\$132,524	\$132,571	\$132,618	\$132,665	\$132,712	\$132,759	\$132,807	\$132,855	\$1,591,146	9.8%
PROFIT CENTERS															
Physical Extraction		\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$356,400	2%
Processed Hops		\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$1,319,990	\$15,839,880	98%
TOTAL		\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$16,196,280	100%
COGS															
Physical Extraction	19.1%	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$5,673	\$68,072	1%
Processed Hops	83.3%	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$1,099,948	\$13,199,372	99%
TOTAL		\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$13,267,444	100%

Client Name: Prairie Products, LLC The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.														
FINANCIAL STATEMENT: Pro Forma Cash Flow Date Prepared: 11/27/2018														
BUDGET MONTH	Year 2	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	TOTAL
CASH INFLOW														
Cash Sales		\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$8,098,140
Collection from Credit		\$578,840	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$8,000,135
Draw/(Repay) LOC		(\$121,358)	(\$58,153)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$179,511)
Notes Injected / (Repaid)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Injection (Net of Fees)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Injection		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH RECEIVED		\$1,130,327	\$1,291,537	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$1,349,690	\$15,918,764
CASH PAID OUT														
Cost of Goods Sold		\$1,027,132	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$1,105,620	\$13,188,956
Owner's Salary		\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$294,000
Owner Payroll Taxes		\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$3,749	\$44,982
Fixed Employee Wages		\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$21,444	\$257,328
Fixed Payroll Taxes		\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$1,640	\$19,686
Variable Employee Wages		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable Payroll Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Workers Comp		\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$2,573
Bad Debt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employee Benefits/401k		\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$299	\$3,584
Outside Services		\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$3,605	\$43,260
Professional Fees		\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$3,690	\$44,286
Permits & Licenses		\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$428	\$5,142
Marketing/Promotion		\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$49,440
Insurance		\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$2,231	\$26,772
Software Expenses		\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$2,575	\$30,900
Dues & Subscriptions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone & Internet		\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$206	\$2,472
Rent		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities		\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$5,150	\$61,800
Supplies		\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$2,145	\$25,740
Office Expenses		\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$824	\$9,888
Travel		\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$3,090	\$37,080
Building Insurance		\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$2,571
Property Taxes		\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$1,418	\$17,016
Prepaid Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Credit Card Fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Direct Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Direct Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Int - Loan 1		\$1,189	\$1,167	\$1,145	\$1,123	\$1,100	\$1,078	\$1,055	\$1,033	\$1,010	\$987	\$964	\$941	\$12,792
Int - SBA 504 (Bank)		\$7,141	\$7,124	\$7,107	\$7,090	\$7,073	\$7,055	\$7,038	\$7,021	\$7,003	\$6,986	\$6,969	\$6,950	\$84,555
Int - SBA 504 (Bonds)		\$4,077	\$4,071	\$4,064	\$4,057	\$4,050	\$4,043	\$4,036	\$4,029	\$4,022	\$4,015	\$4,008	\$4,001	\$48,472
Int-Line of Credit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal		\$1,121,082	\$1,199,525	\$1,199,479	\$1,199,433	\$1,199,387	\$1,199,340	\$1,199,293	\$1,199,246	\$1,199,199	\$1,199,151	\$1,199,104	\$1,199,056	\$14,313,295
PRINCIPAL PAYMENTS														
Princ. Pmt - Loan 1		\$4,395	\$4,417	\$4,439	\$4,462	\$4,484	\$4,506	\$4,529	\$4,552	\$4,574	\$4,597	\$4,620	\$4,643	\$54,219
Princ. Pmt - SBA 504 (Bank)		\$3,372	\$3,388	\$3,405	\$3,422	\$3,439	\$3,457	\$3,474	\$3,491	\$3,509	\$3,526	\$3,544	\$3,562	\$41,589
Princ. Pmt - SBA 504 (Bonds)		\$1,478	\$1,485	\$1,492	\$1,498	\$1,505	\$1,512	\$1,519	\$1,526	\$1,533	\$1,540	\$1,547	\$1,555	\$18,191
Capital Purchases		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner's Withdrawal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH PAID		\$1,130,327	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$1,208,815	\$14,427,294
CHANGE IN CASH		\$0	\$82,722	\$140,875	\$140,875	\$140,875	\$140,875	\$140,875	\$140,875	\$140,875	\$140,875	\$140,875	\$140,875	\$1,491,469
Beginning Balance		\$10,000	\$10,000	\$92,722	\$233,596	\$374,471	\$515,346	\$656,221	\$797,096	\$937,970	\$1,078,845	\$1,219,720	\$1,360,595	
Ending Balance		\$10,000	\$92,722	\$233,596	\$374,471	\$515,346	\$656,221	\$797,096	\$937,970	\$1,078,845	\$1,219,720	\$1,360,595	\$1,501,469	

Client Name: **Prairie Products, LLC** **The North Dakota Small Business Development Center has prepared**
FINANCIAL STATEMENT: Pro Forma Balance Sheets **these financial projections from information communicated by the Client.**
Date Prepared 1/27/2018 **We are not licensed by the state of North Dakota to practice Public Accounting**
and can therefore give no opinion or assurance on the statements.

Year 2	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Cash	\$10,000	\$92,722	\$233,596	\$374,471	\$515,346	\$656,221	\$797,096	\$937,970	\$1,078,845	\$1,219,720	\$1,360,595	\$1,501,469
Accounts Receivable	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845	\$674,845
Inventory	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850
Prepays	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Assets	\$973,695	\$1,056,417	\$1,197,291	\$1,338,166	\$1,479,041	\$1,619,916	\$1,760,791	\$1,901,665	\$2,042,540	\$2,183,415	\$2,324,290	\$2,465,164
Net Fixed Assets	\$2,704,337	\$2,686,628	\$2,668,918	\$2,651,209	\$2,633,500	\$2,615,791	\$2,598,082	\$2,580,373	\$2,562,663	\$2,544,954	\$2,527,245	\$2,509,536
Net Intangibles	\$20,108	\$20,038	\$19,967	\$19,897	\$19,827	\$19,757	\$19,687	\$19,617	\$19,547	\$19,477	\$19,407	\$19,337
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS	\$3,698,139	\$3,763,082	\$3,886,177	\$4,009,273	\$4,132,368	\$4,255,464	\$4,378,559	\$4,501,655	\$4,624,751	\$4,747,846	\$4,870,942	\$4,994,037
Notes Payable - Bank	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Notes Payable - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Line of Credit Payable	\$58,153	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Payable	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810	\$552,810
Accruals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CPLTD-Loan 1	\$54,491	\$54,763	\$55,037	\$55,312	\$55,589	\$55,867	\$56,146	\$56,427	\$56,709	\$56,992	\$57,277	\$57,564
CPLTD-SBA 504 (Bank)	\$41,797	\$42,006	\$42,216	\$42,428	\$42,640	\$42,853	\$43,067	\$43,282	\$43,499	\$43,716	\$43,935	\$44,155
CPLTD-SBA 504 (Bonds)	\$18,275	\$18,359	\$18,443	\$18,528	\$18,614	\$18,700	\$18,786	\$18,872	\$18,959	\$19,047	\$19,134	\$19,223
Current Liabilities	\$725,526	\$667,938	\$668,507	\$669,078	\$669,652	\$670,229	\$670,809	\$671,391	\$671,977	\$672,565	\$673,157	\$673,751
Long-Term Loan 1	\$178,894	\$174,205	\$169,491	\$164,755	\$159,994	\$155,210	\$150,402	\$145,569	\$140,713	\$135,832	\$130,927	\$125,997
Long-Term SBA 504 (Bank)	\$1,382,936	\$1,379,338	\$1,375,723	\$1,372,090	\$1,368,438	\$1,364,768	\$1,361,080	\$1,357,373	\$1,353,648	\$1,349,904	\$1,346,142	\$1,342,360
Long-Term SBA 504 (Bonds)	\$865,033	\$863,464	\$861,888	\$860,305	\$858,714	\$857,116	\$855,511	\$853,898	\$852,278	\$850,650	\$849,015	\$847,372
Subordinated Officer Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$3,152,389	\$3,084,946	\$3,075,610	\$3,066,227	\$3,056,799	\$3,047,323	\$3,037,801	\$3,028,232	\$3,018,616	\$3,008,952	\$2,999,241	\$2,989,481
Common Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add'l Equity Injections	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911
Retained Earnings	(\$41,161)	\$91,225	\$223,657	\$356,134	\$488,659	\$621,229	\$753,847	\$886,512	\$1,019,223	\$1,151,983	\$1,284,790	\$1,417,645
- Treasury Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Owner's Equity	\$545,750	\$678,136	\$810,568	\$943,046	\$1,075,570	\$1,208,141	\$1,340,758	\$1,473,423	\$1,606,135	\$1,738,894	\$1,871,701	\$2,004,556
TOT LIA & NET WORTH	\$3,698,139	\$3,763,082	\$3,886,177	\$4,009,273	\$4,132,368	\$4,255,464	\$4,378,559	\$4,501,655	\$4,624,751	\$4,747,846	\$4,870,942	\$4,994,037
CHECK	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Client Name: FINANCIAL STATEMENT: Date Prepared	The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.														
	Year 3	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	TOTALS	
REVENUE		\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$24,293,820	100.0%
COST OF GOODS SOLD		\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$19,901,052	81.9%
GROSS PROFIT		\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$366,064	\$4,392,768	18.1%
EXPENSES:															
Owner's Salary		\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$29,400	\$352,800	1.5%
Owner Payroll Taxes	15.30%	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$4,498	\$53,978	0.2%
Fixed Employee Wages		\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$22,087	\$265,044	1.1%
Variable Employee Wages	7.65%	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$1,690	\$20,276	0.1%
Variable Payroll Taxes	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Workers Comp	7.65%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Bad Debt	1.00%	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$2,650	0.0%
Employee Benefits/401k	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Outside Services		\$308	\$308	\$308	\$308	\$308	\$308	\$308	\$308	\$308	\$308	\$308	\$308	\$3,692	0.0%
Professional Fees		\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$3,713	\$44,568	0.2%
Permits & Licenses		\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$3,801	\$45,614	0.2%
Marketing/Promotion		\$441	\$441	\$441	\$441	\$441	\$441	\$441	\$441	\$441	\$441	\$441	\$441	\$5,296	0.0%
Insurance		\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$4,244	\$50,923	0.2%
Software Expenses		\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$2,298	\$27,575	0.1%
Dues & Subscriptions		\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$2,652	\$31,827	0.1%
Telephone & Internet		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Rent		\$212	\$212	\$212	\$212	\$212	\$212	\$212	\$212	\$212	\$212	\$212	\$212	\$2,546	0.0%
Utilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Supplies		\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$5,305	\$63,664	0.3%
Office Expenses		\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$2,209	\$26,512	0.1%
Travel		\$849	\$849	\$849	\$849	\$849	\$849	\$849	\$849	\$849	\$849	\$849	\$849	\$10,185	0.0%
Building Insurance		\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$3,183	\$38,192	0.2%
Property Taxes		\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$221	\$2,648	0.0%
Prepaid Expense		\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$1,461	\$17,526	0.1%
Credit Card Fees	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Other Direct Expense	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Other Direct Expense	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Int - Loan 1		\$918	\$894	\$871	\$847	\$824	\$800	\$776	\$752	\$728	\$704	\$679	\$655	\$9,448	0.0%
Int - SBA 504 (Bank)		\$6,933	\$6,915	\$6,897	\$6,879	\$6,860	\$6,842	\$6,824	\$6,805	\$6,787	\$6,768	\$6,750	\$6,731	\$81,990	0.3%
Int - SBA 504 (Bonds)		\$3,994	\$3,986	\$3,979	\$3,972	\$3,965	\$3,957	\$3,950	\$3,942	\$3,935	\$3,928	\$3,920	\$3,913	\$47,440	0.2%
Int-Line of Credit	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Depreciation		\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$17,709	\$212,510	0.9%
Amortization		\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$841	0.0%
TOTAL EXPENSES		\$1,184,415	\$1,183,366	\$1,182,318	\$1,181,269	\$1,180,220	\$1,179,170	\$1,178,120	\$1,177,071	\$1,176,020	\$1,174,970	\$1,173,919	\$1,172,869	\$14,417,727	5.8%
NET PROFIT BEFORE TAX		\$247,649	\$247,698	\$247,746	\$247,795	\$247,844	\$247,894	\$247,944	\$247,993	\$248,044	\$248,094	\$248,145	\$248,195	\$2,975,041	12.2%
INCOME TAX	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
NET INCOME		\$247,649	\$247,698	\$247,746	\$247,795	\$247,844	\$247,894	\$247,944	\$247,993	\$248,044	\$248,145	\$248,195	\$248,195	\$2,975,041	12.2%
PROFIT CENTERS															
Physical Extraction		\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$44,500	\$534,000	2%
Processed Hops		\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$1,979,985	\$23,759,820	98%
TOTAL		\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$2,024,485	\$24,293,820	100%
COGS		\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$101,994	1%
Physical Extraction	19.1%	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$1,649,922	\$19,799,068	98%
Processed Hops	83.3%	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$1,658,421	\$19,901,052	100%
TOTAL		\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	\$19,901,052	100%

Client Name: **Prairie Products, LLC**
 FINANCIAL STATEMENT: **Pro Forma Balance Sheets**
 Date Prepared: **11/27/2018**

The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.

Year 3	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Cash	\$1,696,093	\$1,951,714	\$2,207,335	\$2,462,956	\$2,718,577	\$2,974,198	\$3,229,819	\$3,485,440	\$3,741,061	\$3,996,682	\$4,252,303	\$4,507,924
Accounts Receivable	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243	\$1,012,243
Inventory	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850	\$288,850
Prepays	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Assets	\$2,997,186	\$3,252,807	\$3,508,428	\$3,764,049	\$4,019,670	\$4,275,290	\$4,530,911	\$4,786,532	\$5,042,153	\$5,297,774	\$5,553,395	\$5,809,016
Net Fixed Assets	\$2,491,827	\$2,474,117	\$2,456,408	\$2,438,699	\$2,420,990	\$2,403,281	\$2,385,572	\$2,367,862	\$2,350,153	\$2,332,444	\$2,314,735	\$2,297,026
Net Intangibles	\$19,267	\$19,197	\$19,127	\$19,057	\$18,987	\$18,917	\$18,847	\$18,776	\$18,706	\$18,636	\$18,566	\$18,496
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS	\$5,508,279	\$5,746,121	\$5,983,963	\$6,221,804	\$6,459,646	\$6,697,488	\$6,935,330	\$7,173,171	\$7,411,013	\$7,648,855	\$7,886,696	\$8,124,538
Notes Payable - Bank	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Notes Payable - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Line of Credit Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Payable	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211	\$829,211
Accruals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CPLTD-Loan 1	\$57,851	\$58,141	\$58,431	\$58,724	\$59,017	\$59,312	\$59,609	\$59,907	\$60,206	\$60,507	\$60,810	\$61,114
CPLTD-SBA 504 (Bank)	\$44,375	\$44,597	\$44,820	\$45,044	\$45,270	\$45,496	\$45,723	\$45,952	\$46,182	\$46,413	\$46,645	\$46,878
CPLTD-SBA 504 (Bonds)	\$19,311	\$19,400	\$19,490	\$19,579	\$19,670	\$19,760	\$19,851	\$19,943	\$20,035	\$20,127	\$20,220	\$20,313
Current Liabilities	\$950,748	\$951,349	\$951,952	\$952,558	\$953,167	\$953,779	\$954,394	\$955,012	\$955,633	\$956,258	\$956,885	\$957,515
Long-Term Loan 1	\$121,043	\$116,064	\$111,060	\$106,031	\$100,977	\$95,898	\$90,793	\$85,662	\$80,506	\$75,325	\$70,117	\$64,883
Subordinated Officer Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$3,256,074	\$3,246,218	\$3,236,313	\$3,226,360	\$3,216,357	\$3,206,305	\$3,196,203	\$3,186,051	\$3,175,849	\$3,165,597	\$3,155,295	\$3,144,941
Common Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add'l Equity Injections	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911	\$586,911
Retained Earnings	\$1,665,294	\$1,912,992	\$2,160,738	\$2,408,534	\$2,656,378	\$2,904,272	\$3,152,215	\$3,400,209	\$3,648,252	\$3,896,346	\$4,144,491	\$4,392,686
- Treasury Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Owner's Equity	\$2,252,205	\$2,499,903	\$2,747,649	\$2,995,445	\$3,243,289	\$3,491,183	\$3,739,127	\$3,987,120	\$4,235,163	\$4,483,257	\$4,731,402	\$4,979,597
TOT LIA & NET WORTH	\$5,508,279	\$5,746,121	\$5,983,963	\$6,221,804	\$6,459,646	\$6,697,488	\$6,935,330	\$7,173,171	\$7,411,013	\$7,648,855	\$7,886,696	\$8,124,538
CHECK	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Client Name: Prairie Products, LLC
 FINANCIAL STATEMENT: Depreciation & Amortization Schedule
 Date Prepared: 11/27/2018

The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.

Depreciation	Description	Basis for Depr	Recovery Period	Method	Depr Deduction
3-year property		\$0	3	S/L	\$0
5-year property		\$3,750	5	S/L	\$750
7-year property		\$0	7	S/L	\$0
10-year property		\$1,875,806	10	S/L	\$187,581
15-year property		\$55,000	15	S/L	\$3,667
20-year property		\$0	20	S/L	\$0
25-year property		\$0	25	S/L	\$0
Nonresidential real property	Building	\$800,000	39	S/L	\$20,513
Total Depreciation					\$212,510

Organizational Expense		\$0	15	S/L	\$0
Intangibles		\$0	15	S/L	\$0
Loan Fees		\$21,018		S/L	\$841
Total Amortization					\$841

Total Annual Depreciation and Amortization Expense (Year 1)

\$213,351

Future Capital Expenditures:

Purchase Month	Description	Basis for Depr	Recovery Period	Method	Depr Deduction
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0
0		\$0	0	S/L	\$0

504 LOAN INFORMATION

504 Commercial Loan Portion

SOURCE OF LOAN: [Commercial Lender Name](#)
 AMOUNT OF FINANCING NEEDED: \$1,467,278
 ANNUAL INTEREST RATE: 6.00%
 TERM (IN YEARS): 20
 TOTAL FINANCING: **\$1,467,278**
 MONTHLY PAYMENT: \$10,512.04

504 Bond Portion

SOURCE OF LOAN: [SBA / Certified Development Company](#)
 AMOUNT OF FINANCING NEEDED: \$880,367
 ANNUAL INTEREST RATE: 5.53%
 TERM (IN YEARS): 25
 CASH BALANCE TO BORROWER: \$615
 SBA/DEBENTURE FEES: \$21,018
 TOTAL FINANCING: **\$902,000**
 MONTHLY PAYMENT: \$5,555.24

Eligible 504 Costs

Bank Portion	50%	\$1,467,278
CDC Portion	30%	\$880,367
Equity	20%	\$586,911
	100%	\$2,934,556

SBA 504 Loan Fees

SBA Guaranty Fee	0.00%	\$0.00
Funding Fee	0.25%	\$2,200.92
CDC Processing Fee	1.50%	\$13,205.50
Closing Costs		\$2,000.00
Subtotal of Fees		\$17,406.42
CDC Portion		\$880,366.80
Subtotal of Debenture		\$897,773.22
Underwriters Fee		\$3,612.00
Subtotal of Debenture		\$901,385.22
Balance to Borrower		\$614.78
Total Debentures		\$902,000

LOAN INFORMATION

LOAN 1

SOURCE OF LOAN:	Bank or ND Development Fund
NEW OR EXISTING LOAN:	new
SBA 7(a) GUARANTY? (Yes/No)	no
BEGINNING MONTH:	1
MONTHS INTEREST ONLY:	0
AMOUNT OF FINANCING NEEDED:	\$288,850
SBA LOAN GUARANTY FEE:	\$0
TOTAL FINANCING:	\$288,850
ANNUAL INTEREST RATE:	6.00%
TERM (IN YEARS):	5.0
MONTHLY PAYMENT:	\$5,584.28

LOAN 2

SOURCE OF LOAN:	name
NEW OR EXISTING LOAN:	new
SBA 7(a) GUARANTY? (Yes/No)	no
BEGINNING MONTH:	1
MONTHS INTEREST ONLY:	0
AMOUNT OF FINANCING NEEDED:	\$0
SBA LOAN GUARANTY FEE:	\$0
TOTAL FINANCING:	\$0
ANNUAL INTEREST RATE:	0.00%
TERM (IN YEARS):	0.0
MONTHLY PAYMENT:	\$0.00

Debt Coverage Ratio Analysis	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
Net Profit Before Taxes	(\$173,502)	\$1,591,146	\$2,975,041		
+ Depreciation	\$212,510	\$212,510	\$212,510		
+ Amortization	\$841	\$841	\$841		
+ Interest	\$152,361	\$145,819	\$138,878		
- Increase in Permanent Working Capital	(\$102,518)	(\$19,517)	(\$60,997)		
- New Capital Expenditures (Net of New Loans Injected)	\$0	\$0	\$0		
= Total Cash Flow Available for Debt Service	\$89,693	\$1,930,799	\$3,266,273		
/ Total Debt Service	\$259,819	\$259,819	\$259,819		
= Debt Coverage Ratio	0.35	7.43	12.57		

BREAK-EVEN ANALYSIS - YEAR 1		The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client. We are not licensed by the state of North Dakota to practice Public Accounting and can therefore give no opinion or assurance on the statements.	
GROSS SALES	\$5,497,760		
COST OF GOODS	\$4,441,390		
GROSS MARGIN	\$1,056,370		
ITEMS	FIXED EXPENSES	VARIABLE EXPENSES	
Owner's Salary	\$245,004	\$0	
Owner Payroll Taxes	\$37,486	\$0	
Fixed Employee Wages	\$210,996	\$0	
Fixed Payroll Taxes	\$16,141	\$0	
Variable Employee Wages			
Variable Payroll Taxes			
Workers Comp	\$2,110		
Bad Debt			
Employee Benefits/401k	\$3,480		
Outside Services	\$42,000		
Professional Fees	\$42,996		
Permits & Licenses	\$4,992		
Marketing/Promotion	\$48,000		
Insurance	\$25,992		
Software Expenses	\$30,000		
Dues & Subscriptions	\$0		
Telephone & Internet	\$2,400		
Rent	\$0		
Utilities	\$60,000		
Supplies	\$27,450		
Office Expenses	\$9,600		
Travel	\$36,000		
Building Insurance	\$2,496		
Property Taxes	\$17,016		
Other	\$0		
Other	\$0		
Other	\$0		
Other	\$0		
Prepaid Expense	\$0		
Credit Card Fees		\$0	
Other Direct Expense		\$0	
Other Direct Expense		\$0	
Depreciation	\$212,510		
Amortization	\$841		
Principal Pmt	\$107,457		
Interest	\$152,361		
Int-Line of Credit	\$0		
TOTALS	\$1,337,328	\$0	
			Break Even Point in Cash Flow (Year 2): \$6,847,934 Break Even Point in Cash Flow (Year 3): \$7,329,548
BREAK-EVEN POINT		VOLUME PROFIT RATIO	
	% OF PROJECTED SALES	SALES %	AFTER BREAK-EVEN
BASED ON EXPENSES	\$6,400,730 116.42%	50.0%	GROSS SALES VOLUME PROFIT
BASED ON CASH FLOW	\$5,849,618 106.40%	66.7%	(\$701,686)
MONTHS TO BE	12.77	75.0%	(\$525,625)
		125.0%	(\$437,594)
		150.0%	\$90,591
		200.0%	\$354,683
			\$882,868

Client Name: Prairie Products, LLC		SIC/NAICS Code: 0	
FINANCIAL STATEMENT: Comparison Ratios		Industry Average	
Date Prepared: 11/27/2018			
	Year 1	Year 2	Year 3
Net Sales:	\$5,497,760	\$16,196,280	\$24,293,820
Total Assets:	\$3,617,914	\$4,994,037	\$8,124,538
Assets:			
Cash & Equivalents	0.3%	30.1%	55.5%
Accounts Receivable	15.9%	13.5%	12.5%
Inventory	8.0%	5.8%	3.6%
Other Current	0.0%	0.0%	0.0%
Total Current Assets	24.2%	49.4%	71.5%
Net Fixed Assets	75.2%	50.3%	28.3%
Intangibles	0.6%	0.4%	0.2%
Other Non-Current	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%
Liabilities:			
Notes Payable-Short Term	5.0%	0.0%	0.0%
CPLTD	3.2%	2.4%	1.6%
Accounts Payable	13.1%	11.1%	10.2%
Income Taxes Payable	0.0%	0.0%	0.0%
Other Current Liabilities	0.0%	0.0%	0.0%
Total Current Liabilities	21.2%	13.5%	11.8%
Long Term Debt	67.4%	46.4%	26.9%
Deferred Taxes	0.0%	0.0%	0.0%
Other Non-Current Liabilities	0.0%	0.0%	0.0%
Net Worth	11.4%	40.1%	61.3%
Total Liabilities & Net Worth	100.0%	100.0%	100.0%
Income Data:			
Net Sales	100.0%	100.0%	100.0%
Gross Profit	19.2%	18.1%	18.1%
Operating Expenses	19.6%	7.4%	5.3%
Operating Profit	-0.4%	10.7%	12.8%
All Other Expenses	2.8%	0.9%	0.6%
Profit Before Taxes	-3.2%	9.8%	12.2%
Ratios:			
Current Ratio	1.1	3.7	6.1
Quick Ratio	0.8	3.2	5.8
Sales/Receivables	0.0	24.0	24.0
COGS/Inventory	0.0	15.4	24.0
COGS/Payables	0.0	9.4	24.0
Sales/Working Capital	0.0	51.0	9.0
EBIT/Interest	0.0	-0.1	22.4
Net Profit+Depr., Dep., Amort/ CPLTD	0.0	0.3	24.9
Fixed/Worth	0.0	6.9	0.5
Debt/Worth	0.0	8.1	0.6
% Profit Before Taxes / Tangible Net Worth	0.0%	80.1%	60.0%
% Profit Before Taxes / Total Assets	0.0%	31.9%	36.6%
Sales/Net Fixed Assets	0.0	6.5	10.6
Sales/Total Assets	0.0	2.0	3.0
% Dep., Dep., Amort/Sales	0.0%	3.9%	0.9%
% Compensation/Sales	0.0%	1.8%	1.5%



CONFIDENTIAL

Prairie Products, LLC

Prairie Products, LLC is seeking approximately \$3.2MM in total financing to fund the startup of a hops oil extraction facility in Fargo, ND.

Business plan
Prepared October 2018

Contact Information

Veronica Michael
veronicamichael@prairieproducts.org
701-261-1587

Table of Contents

Executive Summary	1
Opportunity	1
Expectations	9
Opportunity	12
Problem & Solution	12
Target Market	16
Competition	17
Execution	25
Marketing & Sales	25
Operations	26
Milestones & Metrics	32
Company	34
Overview	34
Team	43

Executive Summary

Opportunity

Problem

The increasing popularity of craft beers, flavored spirits in the alcohol industry, needs in the cosmetics industry, and an increase in consumer awareness of natural and organic products have combined to drive a need for hops extract products.

Prairie Products aims to produce hops extract products by purchasing hops from regional wholesalers or producers. We plan to provide the highest quality hops extract to the marketplace. Our hop extracts are made from hops via carbon dioxide (CO₂), ethanol solvent, and mechanical separation processes.

By utilizing three different techniques in hops extraction, Prairie Products hopes to take advantage of opportunities to sell lupulin products in a variety of forms. By starting production with these three techniques in mind, Prairie Products seeks to take advantage of the varied potential revenue in a variety of hops extraction products.

Prairie Products intends to become the region's top producer of high-quality hops extract. Currently, hops farmers in North Dakota have the choice to sell their fresh hops to local breweries and then pelletize their additional product. Prairie Products will provide North Dakota farmers an additional option to process and sell their hops as extract.

Prairie Products will provide an opportunity for local farms to sell their product in the marketplace. North Dakota has the opportunity to create a market for small growers of locally produced hops. Rural farmers are faced with declining commodity prices and are looking for alternative crops to supplement their incomes. Hops provide a lucrative alternative due to high demand in the marketplace.

Our extraction production will be limited only by production run time and the availability of biomass (fresh and in pellet form) in the marketplace. We have the ability to produce as much extracted product as we are able to purchase from North Dakota farmers and the open market.

What is driving the Hops Extract market?

1. Rise in Consumption of Beer Driving the Demand for Hops Products

Over the past two decades, beer consumption has grown significantly on a global level. Total beer consumption has increased rapidly since 1990. In 2017, the global beer market was valued around US \$250 billion, which is 2.5 times as large as the global wine market. The United States, U.K., and Germany accounted for more than half of worldwide beer consumption by volume.

However, over the past decade, some of the major Asian countries have witnessed the highest rate of beer consumption. In 2010, China surpassed the United States as the single largest beer market.

Beer is processed with three main ingredients, i.e. barley, yeast, and hops. Hops, in its various formats such as extract and oil, provides immense scope of application in beer production. As a result, the rise in the consumption of beer is directly proportional to the rise in the demand for hops products.

2. Continuous Launches of Flavored Alcoholic Drinks

Manufacturers are continuously launching alcoholic drinks with different flavors in order to attract consumers and increase their sales over time. The curiosity among individuals to try new flavors and the introduction of novel flavored rums are expected to increase the demand for rum over the forecast period.

In 2018, MillerCoors launched cheap, fruit-flavored light beer for millennials. The 4.2 percent ABV brews (the same as Miller Lite) are launching in two varieties – lime and pineapple.

3. Hops Extract Gaining Traction in the Cosmetics Industry

Dry skin is a common problem that leaves the skin looking older, dull, and wrinkled, often with a rough and flaky texture. Dry skin can also be caused due to several medical conditions such as diabetes, thyroid problems, and hormonal imbalance.

Hops is considered a valuable ingredient in natural skin care products for treating dry and stressed skin. Their sedative properties are also beneficial. In fact, poultices made of hops have been shown to help with skin discoloration.

In facial products, hops extract is considered a calming agent. Also high in tannins, hops extract can help reduce inflammation. Hops extract promotes detoxification and are beneficial as a natural remedy to flush out toxins.

Solution

Prairie Products will provide the highest quality hops extract to the marketplace. Our hop extracts are made from hops via carbon dioxide (CO₂), ethanol solvent, and mechanical separation processes.

Through utilizing high quality biomass and a combination of cutting edge extraction technology, we are able to produce a variety of lupulin extract products. By harnessing three extraction processes, we are able to increase and diversify our output. The use of ethanol decreases our cost of production, by the extraction producing a higher bulk extract yields without comprising the bittering material. In addition, utilizing a mechanical separation process, we are able to extract the most premium part the of the product, without decreasing the extraction yield from the biomass in the CO₂ or ethanol process.

Prairie Products extracts retain the hop's α -acids, β -acids, essential oils, aroma and bittering characteristics. Hop extracts are highly-concentrated hop products that provide convenience, efficiency, stability, consistency and flexibility to brewers, the cosmetics industry, and producer of natural products.

Prairie Products intends to sell hops extracted products wholesale globally.

Market

Market – what is trending in the Hops Extract market?

1. Market Enduring New Trends Through Premiumization

A portion of today's consumer is seeking superior quality products for consumption. Organic and premium products have continued to gain traction in the global market. There is a large market for organic Hops Extract globally.

2. Rise in Preference for Flavored Alcoholic Beverages

Spirits manufacturers (primarily rum) and beer manufacturers have invested significantly to create flavored drinks in order to cater to the changing tastes and preference of consumers. Also, the trend for low alcohol content products is growing rapidly.

3. Rise in use of Hops Extract in Cosmetics Industry

4. E-Commerce is Providing Transparency and Product Penetration

Higher Internet penetration across the globe has led to the emergence of e-Commerce as easily accessible and convenient sales channel for a range of products.

Consumers are increasingly inclined towards purchasing such products online due to the various discounts offered by e-Retailers. A significant number of e-Retailers supply rum worldwide.

5. Manufacturers Adopt Spot Marketing to Control Price Variation

Long term contracts for selling hops are treated as an important instrument to stabilize the market. Forward contracts are a useful means of hedging against price volatility. Unlike spot hops whose price is often unreliable, it is customary nowadays for fixed supply contracts (valid for several years) to be agreed between hops growers and hops traders.

The contracts bind the two parties to supply or purchase an agreed quality of hops on a particular variety at a fixed price. This way, price fluctuation in the hops market as well as production risks are reduced. However, many growers still avoid producing hops on a contract basis.

Competition

Current hops use in the market include the use of whole hops or pellets. Both pose advantages and disadvantages in the market, detailed below:

Whole Hops- Whole hops or the inflorescence of a female plant. Whole hops are picked, air dried, and then pressed into bales. The bales are then stored in warehouses at around 26°F (this will vary depending on the climate) until needed.

Advantages:

- They are the most natural, unprocessed form of the ingredient.
- In the brewing industry, whole hops can form a filter bed when straining the boiled wort, this removes some of the hot break and other material formed during the mash and boil. Some brewers also think whole hops are less harsh than pellets, and though there is no empirical evidence to back this up, there could be something to it. Some very large brewing companies like whole hops enough to use them exclusively. Whether it's their natural state or some perceived "better" tones they get in the finished beer, companies like Sierra Nevada have found reason to invest heavily in the whole hop and little can be disputed about their beer quality.

- Dry hopping is another whole hops use option. Dry hopping is minimally processed, which allows for more of the volatile aromatic compounds to remain intact.
- Whole hops does not create a gum when siphoning product for packaging.

Disadvantages:

- Whole hops float and are larger than pellets, which presents a smaller surface area to the surrounding liquid. This can be mitigated to some extent by using weighted hop bags, but the surface area is still going to be much smaller than using pellets. This smaller surface area, and the fact that their lupulin glands remain whole, means it takes longer to extract and use (isomerization) the alpha acids, and keeps hop utilization low, coming in at only around 10 percent.
- Their natural state means that they are more susceptible to oxygen exposure which creates a breakdown in quality that can happen more quickly than in other forms. But as long as you keep whole hops stored correctly, use the freshest hops possible, and reseal unused portions in vacuum-sealed bags; this problem can be mostly avoided.
- In the brewing industry, you must also consider wort loss. Whole hops act like sponges, soaking up and leaving some of the wort unrecoverable.
- Inconsistent quality and desired hop variety.

Pellet Hops- It is after the drying stage that processing for whole hops and pellet hops differ. Hops to create pellets are hammer milled, creating a powder. This gummy powder is then forced through an extrusion die, turning them into hard shiny pellets. The hops ruptured lupulin sacs supply both the binder and protective coating, thus their shiny appearance.

The quality of the pellets is critically affected by the temperature and speed throughout this process. Mill them too fast and discoloring, scorching, and oxidation are likely to occur. It is extremely important to mill at low speeds and keep the process cool by liquid nitrogen or some other means.

After milling the pellets are cooled and harden. These cured hops are then precisely weighed, packaged in vacuum sealed barrier bags, boxed, and set in cold storage until sold.

Advantages:

- Pellets sink and dissolve, creating a clear surface area advantage and, in turn, utilization advantage. This utilization advantage is further heightened by lupulin

glands that have been ruptured by the milling process; making the isomerization of alpha acids easier. Both, the surface area and alpha acid availability translate to a 10 to 15 percent increase in utilization over whole hops.

- The outer shell of lupulin resin helps protect the pellets from oxidation giving them a longer storage life, with less chance of damage to quality.
- Pellet hops are also easier to measure, work with, and take less storage space than whole hops.
- The availability of more hop varieties to the home brewer.

Disadvantages:

- They sink and dissolve, meaning they create "sludge" on the bottom of your brew kettle or fermenter. If in the fermenter it can impede siphoning. The extra processing due to milling can negatively affect the aromatic quality. Whole lupulin glands allow a slow release of essential oils giving time for some oxidation of humulene and other hydrocarbons. The ruptured glands of pellets means a loss of a major portion of these compounds long before their oxidative states have a chance to form.

Hops extract provides both brewers and those in the cosmetics industry a consistently "fresh" product. Hops extract also affords manufacturers to best measure the amount of hops they are utilizing in their products, thus increasing their ability to replicate those products and maintain consistent production costs.

Why Us?

Prairie Products is the right team with the right technical expertise at the right time. We bring together technical expertise in the industry of extraction technology, industry related sales and marketing experience, knowledge of the North Dakota agricultural sector, experience in management and entrepreneurial expertise, problem-solving, and hard work.

Prairie Products, LLC has raised \$420,000 in capital from our 14 accredited investors to explore options in extraction of materials in North Dakota. Our current accredited investors possess high ability in the area of business development, agricultural economics, and entrepreneurial expertise. We are confident in our ability to raise the additional capital necessary to start extraction production in North Dakota.

There is an ever increasing need for hops extract in the marketplace. Innovations in flavoring and changing consumer tastes in the brewing and cosmetics have paved a way for the use of hops extract. Uses in the natural and organic industry and the need

for organic and highly pure hops products, also provides Prairie Products with an opportunity. We intend to utilize CO₂, ethanol, and mechanical separation in our extraction production.

Mechanical separation provides the highest value hops product, lupulin powder. Lupulin powder is the unadulterated trycome head, which has the natural encapsulation of the compound. It is a product that brings a high value, as the cream of the crop product. Lupulin powder is also a product whose use follows the German Beer Standard in brewing.

Prairie Products has taken care in the selection of our extraction equipment. By finding equipment which is efficient with low solvent recovery rates, our manufacturing cost are decreased significantly.

CO₂ is nontoxic and considered a “natural” product. CO₂ extraction does not contribute toward carbon emissions increases in our atmosphere. CO₂ extraction does not bring flammable petroleum-based solvents into contact with the product thus removing the danger of explosions from the process and particles in the concentrated product. The CO₂ winterization process also differs, since CO₂ leaves no residue.

Prairie Products CO₂ extraction equipment allows for 95% of CO₂ to be reused in future production. CO₂'s low operating temperature ensures product stability and quality. The use of CO₂ also lowers operating costs, because compression energy is more efficient than distillation energy.

The use of ethanol extraction equipment increases the purity of the product without additional post refinement equipment and has a high through put capacity. Ethanol provides a solvent that is extremely efficient at extracting the product, but also other chlorophylls and particles.

In 2014, the North Dakota Agricultural Department began education and training on building a hop yard. Currently, North Dakota farmers are selling their fresh biomass to local breweries and investing in pelletizing machinery to store their product for later sale. Prairie Products can provide an option for North Dakota farmers to bring their fresh or pelletized hops for processing. Prairie Products believes that we can support agricultural diversification by providing North Dakota hops farms an additional option to bring their product to market.

Expectations

Key Assumptions

Prairie Products, LLC's (PP) intends to process 120 acres of fresh hops for farmers in North Dakota, for our first year of operation and to increase that amount in excess of 500 acres the following year. Our process methods will include CO₂, ethanol, and mechanical extraction. We are looking at processing a variety of modalities to expand our hops offerings and biomass. We expect to process hops and other materials, some of which are yet to be determined, on a year-round basis. In year 1 we expect to process 120 acres of fresh hops which produces 120,000 pounds of raw biomass for processing. 52,799.60 pounds of oil is produced from raw biomass. 100 pounds of processed oil is valued at \$27,500 so with 120 acres of raw biomass the gross profit is \$3,604,320.

Financing Needed

Our current projections for needed financing are \$3.2MM. This will enable us to acquire the facility and equipment to become a full-scale agricultural extraction facility, able to process approximately 14,000 pounds of biomass a day by means of critical CO₂, ethanol, and mechanical extraction. Our current plan is to apply for funding through the Bank of North Dakota via the ND SBDC, BlackRidge Bank, and bridge funding through the North Dakota Development Fund.

To secure financing through these options, we need to raise 15% of our total project costs. To raise \$480,000, we will be reaching out to both existing and new investors to sell fifteen shares. The cost of these shares will remain at \$32,000 per share.

Use of Funds

Our large set of expenses include the cash/working capital for inventory; purchase of a building, renovation expenses for fit up including a fire suppression system, phase 3 power, and partition of offices and conference room, including furniture and fixtures; and equipment and machinery for CO₂, ethanol, and mechanical separation extraction. These expenses include:

- Working capital for inventory (includes 2 months of raw materials; 11,554 lbs of raw biomass @ \$25 per lb)
- Land \$200,000 (63,000 total sq ft lot)
- Building \$800,000 (10,200 total sq ft)
- Renovations \$25,000
- Equipment & Machinery Cost CO₂ Extraction Equipment manufactured by NuAxon Tech \$845,406
- MSE Cryogenic Ethanol Extraction Equipment manufactured by MSE Laboratories \$989,000

Prairie Products, LLC

- DSR1000 Mechanical separator \$5,000
- Retsch BB600XL jaw crusher \$24,900
- New Toyota Forklift 4000lb lift capacity \$11,500
- FFE Shovels and hand tools for loading and cleaning of columns \$250
- Miscellaneous glassware for material sampling and transfer \$400
- Stainless steel work tables and carts \$3,500

Total Uses of Funds \$3,193,406
