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**
   - **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]

4. **Final Discussion on Revisions to Tax Exempt Review Committee Policy & Guidelines**
   - **a.** Tax Exempt Review Committee Policy & Guidelines [Page 49-80]

CITY OF Fargo

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

321 – 4th Street N. • Fargo, ND 58102 • Phone (701) 241-1340 • Fax (701) 241-1339

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.

<u>Effective Date and Term</u>
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.
<u>General Evaluation Objectives</u>
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.
<u>New Apartment Buildings Within Downtown Area Plan</u>
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.

RECEIVED
JAN 2, 2019
FARGO ASSESSOR

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

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
   - ☐ Corporation
   - ☑ Subchapter S corporation
   - ☐ Cooperative
   - ☐ Individual proprietorship
   - ☐ 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.

☑ **Property Tax Exemption**
5 Number of years
100% Percent of exemption

☐ **Payments In Lieu of Taxes**
_______ Beginning year _______ Ending year
_______ 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

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(Rev. 2/14)

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) .... [redacted]

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 ☐ Wholesaling ☑ Manufacturing ☐ Warehousing ☐ Retailing ☐ 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 adn 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 Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only 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	President	1/04/2019
Signature	Title	Date

LEGAL DESCRIPTION / PROPERTY ADDRESS

Street Address:

Address	City	State	Zip
2121 43rd 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 Prairie Products LLC
2. Address of project 1350 55th Street North
   City Fargo County Cass
3. Mailing address of project operator PO Box 2505
   City Fargo State ND Zip 58108-2505
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. [redacted]
6. North Dakota Sales and Use Tax Permit No. ______
7. If a corporation, specify the state and date of incorporation North Dakota, 10/13/2017
8. Name and title of individual to contact Veronica Michael, Prairie Products LLC CEO/Managing Partner
   Mailing address PO Box 2505
   City, State, Zip Fargo, ND 58108-2505 Phone No. 701-261-1587

Project Operator's Application For Tax Incentives

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

   ☑ **Property Tax Exemption**
   5 Number of years
   100% Percent of exemption

   ☐ **Payments In Lieu of Taxes**
   ______ Beginning year ______ Ending year
   ______ 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

24734
(Rev. 2/14)

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 <u>for this project</u>:

   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) .... [redacted]

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

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)	1	6	7	7	7	7
	(2)	3	4	4	4	4	4
Estimated payroll	(1)	20,000	245,000	245,000	245,000	245,000	245,000
	(2)	36,000	211,000	251,000	251,000	251,000	251,000

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

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).

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	Title	Date
[signature]	Managing Partner/CEO	1/13/2019

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	

NORTH DAKOTA
SMALL BUSINESS
DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

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 effectlvely 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 is19.09% 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	15.0
AP Days	15.0
Months to Break Even	12.77
Debt Coverage Ratio:	0.35

Proposed Balance Sheet	12/31/2017	Changes	Changes	Proposed
Current Assets		SBA 504	Non-504	
Cash	$0	$615	$0	$615
Accounts Receivable	$0		$0	$0
Inventory	$0		$288,850	$288,850
Prepaids	$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	$0		
SBA 504 Required Cash Injection	$586,911		
Business Net Worth	$0		
Other Equity	$0		
Treasury Stock	$0		
Total Equity Contribution		$586,911	18%

Debt (borrowed money)

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

Total Sources of Funds $3,245,039

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

Fixed Assets:

Land	$200,000	
Buildings	$800,000	
Renovations	$55,000	
Equipment & Machinery	$1,875,806	
Furniture & Fixtures	$3,750	
Other Fixed Assets	$0	
Other Fixed Assets	$0	
Other Fixed Assets	$0	
Intangible Assets	$0	
Organizational Expense	$0	
Loan Fees	$21,018	
	Total Long Term Assets	$2,955,574

Inventory	$288,850
Accounts Receivable	$0
Prepaid Expenses	$0
Working Capital (Cash)	$615
Other Current Assets	$0
Other Current Assets	$0
Other Current Assets	$0

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

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	
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		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	TOTALS	
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		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	
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%

Physical Extraction	19-Jan	19-Feb	19-Mar	19-Apr	19-May	19-Jun	19-Jul	19-Aug	19-Sep	19-Oct	19-Nov	19-Dec	Total	%
Cost of Unprocessed Biomass		32	32	32	32	32	32	32	32	32	32	32		
Pounds of Biomass		4,777	6,777	9,177	12,057	15,513	19,609	24,637	30,608	37,775	46,374	56,694	263,998	
Pounds of Oil		420	596	808	1,061	1,365	1,726	2,168	2,694	3,324	4,081	4,989	23,232	
Selling Price Oil		1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	1,905	
Gross Revenue		800,816	1,136,096	1,538,432	2,021,235	2,600,599	3,287,253	4,130,147	5,131,125	6,332,601	7,774,137	9,504,182	44,256,625	
Cost of Goods Sold		152,864	216,864	293,664	385,824	496,416	627,488	788,384	979,456	1,208,800	1,483,968	1,814,208	8,447,936	19.09%
Net Revenue		647,952	919,232	1,244,768	1,635,411	2,104,183	2,659,765	3,341,763	4,151,669	5,123,801	6,290,169	7,689,974	35,808,689	80.91%

Processed Hops	19-Jan	19-Feb	19-Mar	19-Apr	19-May	19-Jun	19-Jul	19-Aug	19-Sep	19-Oct	19-Nov	19-Dec	Total	
Cost of Unprocessed Biomass		25	25	25	25	25	25	25	25	25	25	25		
Pounds of Biomass		4,777	6,777	9,177	12,057	15,513	19,609	24,637	30,608	37,775	46,374	56,694	263,998	
Pounds of Oil		955	1,355	1,835	2,411	3,103	3,922	4,927	6,122	7,555	9,275	11,339	52,800	
Selling Price Oil		100	100	100	100	100	100	100	100	100	100	100	100	
Gross Revenue		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	
Cost of Goods Sold		119,425	169,425	229,425	301,425	387,825	490,225	615,925	765,200	944,375	1,159,350	1,417,350	6,599,950	125.00%
Net Revenue		23,885	33,885	45,885	60,285	77,565	98,045	123,185	153,040	188,875	231,870	283,470	(1,319,990)	-25.00%

Client Name: **Prairie Products. LLC**
FINANCIAL STATEMENT: **Pro Forma Income Statement**
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.

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS
Your Ideas - Our Expertise - Your Success

	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	$245,004	4.5%
Owner Payroll Taxes	15.30%	$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	7.65%	$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	0.00%	$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%	$176	$176	$176	$176	$176	$176	$176	$176	$176	$176	$176	$176	$2,110	0.0%
Bad Debt	0.00%	$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	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		$1,444	$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	0.00%	$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	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	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	19.1%	$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	83.3%	$0	$79,613	$112,945	$152,944	$200,942	$258,540	$326,804	$410,600	$510,113	$629,558	$772,869	$944,862	$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%

Client Name:	Prairie Products. LLC	The North Dakota Small Business Development Center has prepared
FINANCIAL STATEMENT:	Pro Forma Cash Flow	these financial projections from information communicated by the Client.
Date Prepared	11/27/2018	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.

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	$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	$2,172,040
Draw/(Repay) LOC	$105,300	$77,488	$58,182	$50,847	$42,045	$31,483	$18,894	$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
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	$105,300	$135,158	$193,522	$230,187	$274,185	$326,983	$389,914	$465,944	$557,599	$667,078	$798,456	$956,108	$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	$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	$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	$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	$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	$16,141
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	$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
Employee Benefits/401k	$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	$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	$42,996
Permits & Licenses	$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	$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	$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	$30,000
Dues & Subscriptions	$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
Rent	$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
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
Office Expenses	$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	$36,000
Building Insurance	$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	$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	$1,444	$1,424	$1,403	$1,382	$1,361	$1,340	$1,318	$1,297	$1,276	$1,254	$1,233	$1,211	$15,942
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
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
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	$87,200	$126,401	$184,721	$221,343	$265,297	$318,051	$380,938	$456,924	$548,534	$657,968	$789,302	$946,908	$4,983,589
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	$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	$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	$17,214
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	$95,914	$135,158	$193,522	$230,187	$274,185	$326,983	$389,914	$465,944	$557,599	$667,078	$798,456	$956,108	$5,091,046
CHANGE IN CASH	$9,385	$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	
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	

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
Prepaids	$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	$766,270	$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:	Prairie Products. LLC	The North Dakota Small Business Development Center has prepared
FINANCIAL STATEMENT:	**Pro Forma Income Statement**	**these financial projections from information communicated by the Client.**
Date Prepared	11/27/2018	**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	TOTALS	
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%
						3.0%	Expense Growth								
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**
FINANCIAL STATEMENT:	**Pro Forma Cash Flow**	**these financial projections from information communicated by the Client.**
Date Prepared	11/27/2018	**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.

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	$576,840	$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	$6,968	$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
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	11/27/2018	**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
Prepaids	$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: **Prairie Products. LLC**
FINANCIAL STATEMENT: **Pro Forma Income Statement**
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	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%
						3.0%	Expense Growth								
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%
Fixed Payroll Taxes	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 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%	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$2,650	0.0%
Bad Debt	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%
Employee Benefits/401k		$308	$308	$308	$308	$308	$308	$308	$308	$308	$308	$308	$308	$3,692	0.0%
Outside Services		$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$44,558	0.2%
Professional Fees		$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%
Permits & Licenses		$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$5,296	0.0%
Marketing/Promotion		$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%
Insurance		$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%
Software Expenses		$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%
Dues & Subscriptions		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%
Telephone & Internet		$212	$212	$212	$212	$212	$212	$212	$212	$212	$212	$212	$212	$2,546	0.0%
Rent		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%
Utilities		$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$63,654	0.3%
Supplies		$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%
Office Expenses		$849	$849	$849	$849	$849	$849	$849	$849	$849	$849	$849	$849	$10,185	0.0%
Travel		$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%
Building Insurance		$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$2,648	0.0%
Property Taxes		$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%
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		$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		$118,415	$118,366	$118,318	$118,269	$118,220	$118,170	$118,120	$118,071	$118,020	$117,970	$117,919	$117,869	$1,417,727	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	$248,094	$248,145	$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															
Physical Extraction	19.1%	$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%
Processed Hops	83.3%	$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	$19,799,058	99%
TOTAL		$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%

Client Name: **Prairie Products. LLC**
FINANCIAL STATEMENT: **Pro Forma Cash Flow**
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.

BUDGET MONTH 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
CASH INFLOW													
Cash Sales	$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	$12,146,910
Collection from Credit	$674,845	$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	$11,809,513
Draw/(Repay) LOC	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$1,687,088	$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	$23,956,423
CASH PAID OUT													
Cost of Goods Sold	$1,382,021	$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	$19,624,652
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
Owner Payroll Taxes	$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
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
Fixed Payroll Taxes	$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
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	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$2,650
Bad Debt	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Employee Benefits/401k	$308	$308	$308	$308	$308	$308	$308	$308	$308	$308	$308	$308	$3,692
Outside Services	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$3,713	$44,558
Professional Fees	$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
Permits & Licenses	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$5,296
Marketing/Promotion	$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
Insurance	$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
Software Expenses	$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
Dues & Subscriptions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Telephone & Internet	$212	$212	$212	$212	$212	$212	$212	$212	$212	$212	$212	$212	$2,546
Rent	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Utilities	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$5,305	$63,654
Supplies	$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
Office Expenses	$849	$849	$849	$849	$849	$849	$849	$849	$849	$849	$849	$849	$10,185
Travel	$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
Building Insurance	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$221	$2,648
Property Taxes	$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
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	$918	$894	$871	$847	$824	$800	$776	$752	$728	$704	$679	$655	$9,448
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
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
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	$1,482,656	$1,759,008	$1,758,959	$1,758,910	$1,758,861	$1,758,812	$1,758,762	$1,758,712	$1,758,662	$1,758,612	$1,758,561	$1,758,510	$20,829,027
Princ. Pmt - Loan 1	$4,666	$4,690	$4,713	$4,737	$4,761	$4,784	$4,808	$4,832	$4,856	$4,881	$4,905	$4,930	$57,564
Princ. Pmt - SBA 504 (Bank)	$3,579	$3,597	$3,615	$3,633	$3,652	$3,670	$3,688	$3,707	$3,725	$3,744	$3,763	$3,781	$44,155
Princ. Pmt - SBA 504 (Bonds)	$1,562	$1,569	$1,576	$1,583	$1,591	$1,598	$1,605	$1,613	$1,620	$1,628	$1,635	$1,643	$19,223
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	$1,492,464	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$1,768,864	$20,949,968
CHANGE IN CASH	$194,624	$255,621	$255,621	$255,621	$255,621	$255,621	$255,621	$255,621	$255,621	$255,621	$255,621	$255,621	$3,006,454
Beginning Balance	$1,501,469	$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	
Ending Balance	$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	

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	11/27/2018	**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 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
Prepaids	$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	**The North Dakota Small Business Development Center has prepared these financial projections from information communicated by the Client.**
FINANCIAL STATEMENT:	Depreciation & Amortization Schedule	**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.**
Date Prepared	11/27/2018	

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

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		LOAN 2	
SOURCE OF LOAN:	Bank or ND Development Fund	SOURCE OF LOAN:	name
NEW OR EXISTING LOAN:	new	NEW OR EXISTING LOAN:	new
SBA 7(a) GUARANTY? (Yes/No)	no	SBA 7(a) GUARANTY? (Yes/No)	no
BEGINNING MONTH:	1	BEGINNING MONTH:	1
MONTHS INTEREST ONLY:	0	MONTHS INTEREST ONLY:	0
AMOUNT OF FINANCING NEEDED	$288,850	AMOUNT OF FINANCING NEEDED:	$0
SBA LOAN GUARANTY FEE:	$0	SBA LOAN GUARANTY FEE:	$0
TOTAL FINANCING:	**$288,850**	TOTAL FINANCING:	**$0**
ANNUAL INTEREST RATE:	6.00%	ANNUAL INTEREST RATE:	0.00%
TERM (IN YEARS):	5.0	TERM (IN YEARS):	0.0
MONTHLY PAYMENT:	$5,584.28	MONTHLY PAYMENT:	$0.00

Loan1

Proj. Month	Beginning Balance	Interest	Principal	Ending Balance
0				$288,850
1	$288,850	$1,444	$4,140	$284,710
2	$284,710	$1,424	$4,161	$280,549
3	$280,549	$1,403	$4,182	$276,368
4	$276,368	$1,382	$4,202	$272,165
5	$272,165	$1,361	$4,223	$267,942
6	$267,942	$1,340	$4,245	$263,697
7	$263,697	$1,318	$4,266	$259,431
8	$259,431	$1,297	$4,287	$255,144
9	$255,144	$1,276	$4,309	$250,836
10	$250,836	$1,254	$4,330	$246,506
11	$246,506	$1,233	$4,352	$242,154
12	$242,154	$1,211	$4,374	$237,780
13	$237,780	$1,189	$4,395	$233,385
14	$233,385	$1,167	$4,417	$228,968
15	$228,968	$1,145	$4,439	$224,528
16	$224,528	$1,123	$4,462	$220,067
17	$220,067	$1,100	$4,484	$215,583
18	$215,583	$1,078	$4,506	$211,076
19	$211,076	$1,055	$4,529	$206,547
20	$206,547	$1,033	$4,552	$201,996
21	$201,996	$1,010	$4,574	$197,422
22	$197,422	$987	$4,597	$192,824
23	$192,824	$964	$4,620	$188,204
24	$188,204	$941	$4,643	$183,561
25	$183,561	$918	$4,666	$178,894
26	$178,894	$894	$4,690	$174,205
27	$174,205	$871	$4,713	$169,491
28	$169,491	$847	$4,737	$164,755
29	$164,755	$824	$4,761	$159,994
30	$159,994	$800	$4,784	$155,210
31	$155,210	$776	$4,808	$150,402
32	$150,402	$752	$4,832	$145,569
33	$145,569	$728	$4,856	$140,713
34	$140,713	$704	$4,881	$135,832
35	$135,832	$679	$4,905	$130,927
36	$130,927	$655	$4,930	$125,997
37	$125,997	$630	$4,954	$121,043
38	$121,043	$605	$4,979	$116,064
39	$116,064	$580	$5,004	$111,060
40	$111,060	$555	$5,029	$106,031
41	$106,031	$530	$5,054	$100,977
42	$100,977	$505	$5,079	$95,898
43	$95,898	$479	$5,105	$90,793
44	$90,793	$454	$5,130	$85,662
45	$85,662	$428	$5,156	$80,506
46	$80,506	$403	$5,182	$75,325
47	$75,325	$377	$5,208	$70,117
48	$70,117	$351	$5,234	$64,883
49	$64,883	$324	$5,260	$59,624
50	$59,624	$298	$5,286	$54,337
51	$54,337	$272	$5,313	$49,025
52	$49,025	$245	$5,339	$43,686
53	$43,686	$218	$5,366	$38,320
54	$38,320	$192	$5,393	$32,927
55	$32,927	$165	$5,420	$27,507
56	$27,507	$138	$5,447	$22,061
57	$22,061	$110	$5,474	$16,587
58	$16,587	$83	$5,501	$11,085
59	$11,085	$55	$5,529	$5,556
60	$5,556	$28	$5,556	$0
61	$0	$0	$0	$0
62	$0	$0	$0	$0
63	$0	$0	$0	$0
64	$0	$0	$0	$0
65	$0	$0	$0	$0
66	$0	$0	$0	$0
67	$0	$0	$0	$0
68	$0	$0	$0	$0
69	$0	$0	$0	$0
70	$0	$0	$0	$0
71	$0	$0	$0	$0
72	$0	$0	$0	$0

Loan 2

Proj. Month	Beginning Balance	Interest	Principal	Ending Balance
0				$0
1	$0	$0	$0	$0
2	$0	$0	$0	$0
3	$0	$0	$0	$0
4	$0	$0	$0	$0
5	$0	$0	$0	$0
6	$0	$0	$0	$0
7	$0	$0	$0	$0
8	$0	$0	$0	$0
9	$0	$0	$0	$0
10	$0	$0	$0	$0
11	$0	$0	$0	$0
12	$0	$0	$0	$0
13	$0	$0	$0	$0
14	$0	$0	$0	$0
15	$0	$0	$0	$0
16	$0	$0	$0	$0
17	$0	$0	$0	$0
18	$0	$0	$0	$0
19	$0	$0	$0	$0
20	$0	$0	$0	$0
21	$0	$0	$0	$0
22	$0	$0	$0	$0
23	$0	$0	$0	$0
24	$0	$0	$0	$0
25	$0	$0	$0	$0
26	$0	$0	$0	$0
27	$0	$0	$0	$0
28	$0	$0	$0	$0
29	$0	$0	$0	$0
30	$0	$0	$0	$0
31	$0	$0	$0	$0
32	$0	$0	$0	$0
33	$0	$0	$0	$0
34	$0	$0	$0	$0
35	$0	$0	$0	$0
36	$0	$0	$0	$0
37	$0	$0	$0	$0
38	$0	$0	$0	$0
39	$0	$0	$0	$0
40	$0	$0	$0	$0
41	$0	$0	$0	$0
42	$0	$0	$0	$0
43	$0	$0	$0	$0
44	$0	$0	$0	$0
45	$0	$0	$0	$0
46	$0	$0	$0	$0
47	$0	$0	$0	$0
48	$0	$0	$0	$0
49	$0	$0	$0	$0
50	$0	$0	$0	$0
51	$0	$0	$0	$0
52	$0	$0	$0	$0
53	$0	$0	$0	$0
54	$0	$0	$0	$0
55	$0	$0	$0	$0
56	$0	$0	$0	$0
57	$0	$0	$0	$0
58	$0	$0	$0	$0
59	$0	$0	$0	$0
60	$0	$0	$0	$0
61	$0	$0	$0	$0
62	$0	$0	$0	$0
63	$0	$0	$0	$0
64	$0	$0	$0	$0
65	$0	$0	$0	$0
66	$0	$0	$0	$0
67	$0	$0	$0	$0
68	$0	$0	$0	$0
69	$0	$0	$0	$0
70	$0	$0	$0	$0
71	$0	$0	$0	$0
72	$0	$0	$0	$0

SBA 504 (Bank Portion)

Proj. Month	Beginning Balance	Interest	Principal	Ending Balance
0				$1,467,278
1	$1,467,278	$7,336	$3,176	$1,464,102
2	$1,464,102	$7,321	$3,192	$1,460,911
3	$1,460,911	$7,305	$3,207	$1,457,703
4	$1,457,703	$7,289	$3,224	$1,454,480
5	$1,454,480	$7,272	$3,240	$1,451,240
6	$1,451,240	$7,256	$3,256	$1,447,984
7	$1,447,984	$7,240	$3,272	$1,444,712
8	$1,444,712	$7,224	$3,288	$1,441,424
9	$1,441,424	$7,207	$3,305	$1,438,119
10	$1,438,119	$7,191	$3,321	$1,434,797
11	$1,434,797	$7,174	$3,338	$1,431,459
12	$1,431,459	$7,157	$3,355	$1,428,105
13	$1,428,105	$7,141	$3,372	$1,424,733
14	$1,424,733	$7,124	$3,388	$1,421,345
15	$1,421,345	$7,107	$3,405	$1,417,939
16	$1,417,939	$7,090	$3,422	$1,414,517
17	$1,414,517	$7,073	$3,439	$1,411,078
18	$1,411,078	$7,055	$3,457	$1,407,621
19	$1,407,621	$7,038	$3,474	$1,404,147
20	$1,404,147	$7,021	$3,491	$1,400,656
21	$1,400,656	$7,003	$3,509	$1,397,147
22	$1,397,147	$6,986	$3,526	$1,393,621
23	$1,393,621	$6,968	$3,544	$1,390,077
24	$1,390,077	$6,950	$3,562	$1,386,515
25	$1,386,515	$6,933	$3,579	$1,382,936
26	$1,382,936	$6,915	$3,597	$1,379,338
27	$1,379,338	$6,897	$3,615	$1,375,723
28	$1,375,723	$6,879	$3,633	$1,372,090
29	$1,372,090	$6,860	$3,652	$1,368,438
30	$1,368,438	$6,842	$3,670	$1,364,768
31	$1,364,768	$6,824	$3,688	$1,361,080
32	$1,361,080	$6,805	$3,707	$1,357,373
33	$1,357,373	$6,787	$3,725	$1,353,648
34	$1,353,648	$6,768	$3,744	$1,349,904
35	$1,349,904	$6,750	$3,763	$1,346,142
36	$1,346,142	$6,731	$3,781	$1,342,360
37	$1,342,360	$6,712	$3,800	$1,338,560
38	$1,338,560	$6,693	$3,819	$1,334,741
39	$1,334,741	$6,674	$3,838	$1,330,903
40	$1,330,903	$6,655	$3,858	$1,327,045
41	$1,327,045	$6,635	$3,877	$1,323,168
42	$1,323,168	$6,616	$3,896	$1,319,272
43	$1,319,272	$6,596	$3,916	$1,315,356
44	$1,315,356	$6,577	$3,935	$1,311,421
45	$1,311,421	$6,557	$3,955	$1,307,466
46	$1,307,466	$6,537	$3,975	$1,303,492
47	$1,303,492	$6,517	$3,995	$1,299,497
48	$1,299,497	$6,497	$4,015	$1,295,482
49	$1,295,482	$6,477	$4,035	$1,291,448
50	$1,291,448	$6,457	$4,055	$1,287,393
51	$1,287,393	$6,437	$4,075	$1,283,318
52	$1,283,318	$6,417	$4,095	$1,279,223
53	$1,279,223	$6,396	$4,116	$1,275,107
54	$1,275,107	$6,376	$4,137	$1,270,970
55	$1,270,970	$6,355	$4,157	$1,266,813
56	$1,266,813	$6,334	$4,178	$1,262,635
57	$1,262,635	$6,313	$4,199	$1,258,436
58	$1,258,436	$6,292	$4,220	$1,254,216
59	$1,254,216	$6,271	$4,241	$1,249,975
60	$1,249,975	$6,250	$4,262	$1,245,713
61	$1,245,713	$6,229	$4,283	$1,241,430
62	$1,241,430	$6,207	$4,305	$1,237,125
63	$1,237,125	$6,186	$4,326	$1,232,798
64	$1,232,798	$6,164	$4,348	$1,228,450
65	$1,228,450	$6,142	$4,370	$1,224,081
66	$1,224,081	$6,120	$4,392	$1,219,689
67	$1,219,689	$6,098	$4,414	$1,215,275
68	$1,215,275	$6,076	$4,436	$1,210,840
69	$1,210,840	$6,054	$4,458	$1,206,382
70	$1,206,382	$6,032	$4,480	$1,201,902
71	$1,201,902	$6,010	$4,503	$1,197,399
72	$1,197,399	$5,987	$4,525	$1,192,874

SBA 504 (Bonds)

Proj. Month	Beginning Balance	Interest	Principal	Ending Balance
0				$902,000
1	$902,000	$4,157	$1,399	$900,601
2	$900,601	$4,150	$1,405	$899,197
3	$899,197	$4,144	$1,411	$897,785
4	$897,785	$4,137	$1,418	$896,367
5	$896,367	$4,131	$1,424	$894,943
6	$894,943	$4,124	$1,431	$893,512
7	$893,512	$4,118	$1,438	$892,074
8	$892,074	$4,111	$1,444	$890,630
9	$890,630	$4,104	$1,451	$889,179
10	$889,179	$4,098	$1,458	$887,721
11	$887,721	$4,091	$1,464	$886,257
12	$886,257	$4,084	$1,471	$884,786
13	$884,786	$4,077	$1,478	$883,308
14	$883,308	$4,071	$1,485	$881,823
15	$881,823	$4,064	$1,492	$880,332
16	$880,332	$4,057	$1,498	$878,833
17	$878,833	$4,050	$1,505	$877,328
18	$877,328	$4,043	$1,512	$875,816
19	$875,816	$4,036	$1,519	$874,297
20	$874,297	$4,029	$1,526	$872,770
21	$872,770	$4,022	$1,533	$871,237
22	$871,237	$4,015	$1,540	$869,697
23	$869,697	$4,008	$1,547	$868,150
24	$868,150	$4,001	$1,555	$866,595
25	$866,595	$3,994	$1,562	$865,033
26	$865,033	$3,986	$1,569	$863,464
27	$863,464	$3,979	$1,576	$861,888
28	$861,888	$3,972	$1,583	$860,305
29	$860,305	$3,965	$1,591	$858,714
30	$858,714	$3,957	$1,598	$857,116
31	$857,116	$3,950	$1,605	$855,511
32	$855,511	$3,942	$1,613	$853,898
33	$853,898	$3,935	$1,620	$852,278
34	$852,278	$3,928	$1,628	$850,650
35	$850,650	$3,920	$1,635	$849,015
36	$849,015	$3,913	$1,643	$847,372
37	$847,372	$3,905	$1,650	$845,722
38	$845,722	$3,897	$1,658	$844,064
39	$844,064	$3,890	$1,666	$842,399
40	$842,399	$3,882	$1,673	$840,726
41	$840,726	$3,874	$1,681	$839,045
42	$839,045	$3,867	$1,689	$837,356
43	$837,356	$3,859	$1,696	$835,660
44	$835,660	$3,851	$1,704	$833,955
45	$833,955	$3,843	$1,712	$832,243
46	$832,243	$3,835	$1,720	$830,523
47	$830,523	$3,827	$1,728	$828,795
48	$828,795	$3,819	$1,736	$827,060
49	$827,060	$3,811	$1,744	$825,316
50	$825,316	$3,803	$1,752	$823,564
51	$823,564	$3,795	$1,760	$821,804
52	$821,804	$3,787	$1,768	$820,036
53	$820,036	$3,779	$1,776	$818,259
54	$818,259	$3,771	$1,784	$816,475
55	$816,475	$3,763	$1,793	$814,682
56	$814,682	$3,754	$1,801	$812,881
57	$812,881	$3,746	$1,809	$811,072
58	$811,072	$3,738	$1,818	$809,255
59	$809,255	$3,729	$1,826	$807,429
60	$807,429	$3,721	$1,834	$805,594
61	$805,594	$3,712	$1,843	$803,752
62	$803,752	$3,704	$1,851	$801,900
63	$801,900	$3,695	$1,860	$800,041
64	$800,041	$3,687	$1,868	$798,172
65	$798,172	$3,678	$1,877	$796,295
66	$796,295	$3,670	$1,886	$794,410
67	$794,410	$3,661	$1,894	$792,515
68	$792,515	$3,652	$1,903	$790,612
69	$790,612	$3,643	$1,912	$788,700
70	$788,700	$3,635	$1,921	$786,780
71	$786,780	$3,626	$1,929	$784,850
72	$784,850	$3,617	$1,938	$782,912

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

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	
Owner Payroll Taxes	$37,486	
Fixed Employee Wages	$210,996	
Fixed Payroll Taxes	$16,141	
Variable Employee Wages		$0
Variable Payroll Taxes		$0
Workers Comp	$2,110	$0
Bad Debt		$0
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	% OF PROJECTED SALES
BASED ON EXPENSES	$6,400,730	116.42%
BASED ON CASH FLOW	$5,849,618	106.40%
MONTHS TO BE	12.77	

VOLUME PROFIT RATIO AFTER BREAK-EVEN

SALES %	GROSS SALES VOLUME	PROFIT
50.0%	$2,748,880	($701,686)
66.7%	$3,665,173	($525,625)
75.0%	$4,123,320	($437,594)
125.0%	$6,872,200	$90,591
150.0%	$8,246,640	$354,683
200.0%	$10,995,520	$882,868

Client Name: **Prairie Products. LLC**
FINANCIAL STATEMENT: **Comparison Ratios**
Date Prepared 11/27/2018

SIC/NAICS Code: 0

		Industry Average		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	0.0%		0.3%		30.1%		55.5%	
	Accounts Receivable	0.0%		15.9%		13.5%		12.5%	
	Inventory	0.0%		8.0%		5.8%		3.6%	
	Other Current	0.0%		0.0%		0.0%		0.0%	
	Total Current Assets	0.0%		24.2%		49.4%		71.5%	
	Net Fixed Assets	0.0%		75.2%		50.3%		28.3%	
	Intangibles	0.0%		0.6%		0.4%		0.2%	
	Other Non-Current	0.0%		0.0%		0.0%		0.0%	
	Total	100.0%		100.0%		100.0%		100.0%	
Liabilities:	Notes Payable-Short Term	0.0%		5.0%		0.0%		0.0%	
	CPLTD	0.0%		3.2%		2.4%		1.6%	
	Accounts Payable	0.0%		13.1%		11.1%		10.2%	
	Income Taxes Payable	0.0%		0.0%		0.0%		0.0%	
	Other Current Liabilities	0.0%		0.0%		0.0%		0.0%	
	Total Current Liabilities	0.0%		21.2%		13.5%		11.8%	
	Long Term Debt	0.0%		67.4%		46.4%		26.9%	
	Deferred Taxes	0.0%		0.0%		0.0%		0.0%	
	Other Non-Current Liabilities	0.0%		0.0%		0.0%		0.0%	
	Net Worth	0.0%		11.4%		40.1%		61.3%	
	Total Liabilities & Net Worth	100.0%		100.0%		100.0%		100.0%	
Income Data:	Net Sales	100.0%		100.0%		100.0%		100.0%	
	Gross Profit	0.0%		19.2%		18.1%		18.1%	
	Operating Expenses	0.0%		19.6%		7.4%		5.3%	
	Operating Profit	0.0%		-0.4%		10.7%		12.8%	
	All Other Expenses	0.0%		2.8%		0.9%		0.6%	
	Profit Before Taxes	0.0%		-3.2%		9.8%		12.2%	
				Year 1		Year 2		Year 3	
Ratios:	Current Ratio	0.0		1.1		3.7		6.1	
	Quick Ratio	0.0		0.8		3.2		5.8	
	Sales/Receivables	0.0	**0**	9.5	**38**	24.0	**15**	24.0	**15**
	COGS/Inventory	0.0	**0**	15.4	**24**	45.9	**8**	68.9	**5**
	COGS/Payables	0.0	**0**	9.4	**39**	24.0	**15**	24.0	**15**
	Sales/Working Capital	0.0		51.0		9.0		5.0	
	EBIT/Interest	0.0		-0.1		11.9		22.4	
	Net Profit+Depr., Dep., Amort/ CPLTD	0.0		0.3		14.9		24.9	
	Fixed/Worth	0.0		6.9		1.3		0.5	
	Debt/Worth	0.0		8.1		1.5		0.6	
	% Profit Before Taxes / Tangible Net Worth	0.0%		-44.1%		80.1%		60.0%	
	% Profit Before Taxes / Total Assets	0.0%		-4.8%		31.9%		36.6%	
	Sales/Net Fixed Assets	0.0		2.0		6.5		10.6	
	Sales/Total Assets	0.0		1.5		3.2		3.0	
	% Depr., Dep., Amort/Sales	0.0%		3.9%		1.3%		0.9%	
	% Compensation/Sales	0.0%		4.5%		1.8%		1.5%	

Client Name:	**Prairie Products. LLC**	**The North Dakota Small Business Development Center has prepared**
FINANCIAL STATEMENT:	**Summary Income Statement**	**these financial projections from information communicated by the Client.**
Date Prepared	11/27/2018	**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.

Quarter Ending:	Mar-19	Jun-19	Sep-19	Dec-19	**Year 1**	Mar-20	Jun-20	Sep-20	Dec-20	**Year 2**	Mar-21	Jun-21	Sep-21	Dec-21	**Year 3**
REVENUE	$270,680	$794,340	$1,556,480	$2,876,260	**$5,497,760**	$4,049,070	$4,049,070	$4,049,070	$4,049,070	**$16,196,280**	$6,073,455	$6,073,455	$6,073,455	$6,073,455	**$24,293,820**
COST OF GOODS SOLD	$200,123	$623,771	$1,258,862	$2,358,635	**$4,441,390**	$3,316,861	$3,316,861	$3,316,861	$3,316,861	**$13,267,444**	$4,975,263	$4,975,263	$4,975,263	$4,975,263	**$19,901,052**
GROSS PROFIT	$70,557	$170,569	$297,618	$517,625	**$1,056,370**	$732,209	$732,209	$732,209	$732,209	**$2,928,836**	$1,098,192	$1,098,192	$1,098,192	$1,098,192	**$4,392,768**
EXPENSES:															
Owner's Salary	$61,251	$61,251	$61,251	$61,251	**$245,004**	$73,500	$73,500	$73,500	$73,500	**$294,000**	$88,200	$88,200	$88,200	$88,200	**$352,800**
Owner Payroll Taxes	$9,371	$9,371	$9,371	$9,371	**$37,486**	$11,246	$11,246	$11,246	$11,246	**$44,982**	$13,495	$13,495	$13,495	$13,495	**$53,978**
Fixed Employee Wages	$52,749	$52,749	$52,749	$52,749	**$210,996**	$64,332	$64,332	$64,332	$64,332	**$257,328**	$66,261	$66,261	$66,261	$66,261	**$265,044**
Fixed Payroll Taxes	$4,035	$4,035	$4,035	$4,035	**$16,141**	$4,921	$4,921	$4,921	$4,921	**$19,686**	$5,069	$5,069	$5,069	$5,069	**$20,276**
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	$527	$527	$527	$527	**$2,110**	$643	$643	$643	$643	**$2,573**	$663	$663	$663	$663	**$2,650**
Bad Debt	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Employee Benefits/401k	$870	$870	$870	$870	**$3,480**	$896	$896	$896	$896	**$3,584**	$923	$923	$923	$923	**$3,692**
Outside Services	$10,500	$10,500	$10,500	$10,500	**$42,000**	$10,815	$10,815	$10,815	$10,815	**$43,260**	$11,139	$11,139	$11,139	$11,139	**$44,558**
Professional Fees	$10,749	$10,749	$10,749	$10,749	**$42,996**	$11,071	$11,071	$11,071	$11,071	**$44,286**	$11,404	$11,404	$11,404	$11,404	**$45,614**
Permits & Licenses	$1,248	$1,248	$1,248	$1,248	**$4,992**	$1,285	$1,285	$1,285	$1,285	**$5,142**	$1,324	$1,324	$1,324	$1,324	**$5,296**
Marketing/Promotion	$12,000	$12,000	$12,000	$12,000	**$48,000**	$12,360	$12,360	$12,360	$12,360	**$49,440**	$12,731	$12,731	$12,731	$12,731	**$50,923**
Insurance	$6,498	$6,498	$6,498	$6,498	**$25,992**	$6,693	$6,693	$6,693	$6,693	**$26,772**	$6,894	$6,894	$6,894	$6,894	**$27,575**
Software Expenses	$7,500	$7,500	$7,500	$7,500	**$30,000**	$7,725	$7,725	$7,725	$7,725	**$30,900**	$7,957	$7,957	$7,957	$7,957	**$31,827**
Dues & Subscriptions	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Telephone & Internet	$600	$600	$600	$600	**$2,400**	$618	$618	$618	$618	**$2,472**	$637	$637	$637	$637	**$2,546**
Rent	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Utilities	$15,000	$15,000	$15,000	$15,000	**$60,000**	$15,450	$15,450	$15,450	$15,450	**$61,800**	$15,914	$15,914	$15,914	$15,914	**$63,654**
Supplies	$8,703	$6,249	$6,249	$6,249	**$27,450**	$6,435	$6,435	$6,435	$6,435	**$25,740**	$6,628	$6,628	$6,628	$6,628	**$26,512**
Office Expenses	$2,400	$2,400	$2,400	$2,400	**$9,600**	$2,472	$2,472	$2,472	$2,472	**$9,888**	$2,546	$2,546	$2,546	$2,546	**$10,185**
Travel	$9,000	$9,000	$9,000	$9,000	**$36,000**	$9,270	$9,270	$9,270	$9,270	**$37,080**	$9,548	$9,548	$9,548	$9,548	**$38,192**
Building Insurance	$624	$624	$624	$624	**$2,496**	$643	$643	$643	$643	**$2,571**	$662	$662	$662	$662	**$2,648**
Property Taxes	$4,254	$4,254	$4,254	$4,254	**$17,016**	$4,254	$4,254	$4,254	$4,254	**$17,016**	$4,382	$4,382	$4,382	$4,382	**$17,526**
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	$4,271	$4,082	$3,891	$3,697	**$15,942**	$3,501	$3,301	$3,098	$2,892	**$12,792**	$2,683	$2,471	$2,256	$2,037	**$9,448**
Int-Line of Credit	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Depreciation	$53,128	$53,128	$53,128	$53,128	**$212,510**	$53,128	$53,128	$53,128	$53,128	**$212,510**	$53,128	$53,128	$53,128	$53,128	**$212,510**
Amortization	$210	$210	$210	$210	**$841**	$210	$210	$210	$210	**$841**	$210	$210	$210	$210	**$841**
TOTAL EXPENSES	$309,901	$307,056	$306,659	$306,256	**$1,229,871**	$335,051	$334,636	$334,215	$333,788	**$1,337,689**	$355,098	$354,658	$354,212	$353,758	**$1,417,727**
NET PROFIT BEFORE TAX	($239,343)	($136,487)	($9,041)	$211,369	**($173,502)**	$397,158	$397,573	$397,994	$398,421	**$1,591,146**	$743,094	$743,534	$743,980	$744,434	**$2,975,041**
INCOME TAX	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**	$0	$0	$0	$0	**$0**
NET INCOME	($239,343)	($136,487)	($9,041)	$211,369	**($173,502)**	$397,158	$397,573	$397,994	$398,421	**$1,591,146**	$743,094	$743,534	$743,980	$744,434	**$2,975,041**
PROFIT CENTERS															
Physical Extraction	$39,600	$59,400	$59,400	$59,400	**$217,800**	$89,100	$89,100	$89,100	$89,100	**$356,400**	$133,500	$133,500	$133,500	$133,500	**$534,000**
Processed Hops	$231,080	$734,940	$1,497,080	$2,816,860	**$5,279,960**	$3,959,970	$3,959,970	$3,959,970	$3,959,970	**$15,839,880**	$5,939,955	$5,939,955	$5,939,955	$5,939,955	**$23,759,820**
TOTAL	$270,680	$794,340	$1,556,480	$2,876,260	**$5,497,760**	$4,049,070	$4,049,070	$4,049,070	$4,049,070	**$16,196,280**	$6,073,455	$6,073,455	$6,073,455	$6,073,455	**$24,293,820**
COGS															
Physical Extraction	$7,564	$11,345	$11,345	$11,345	**$41,600**	$17,018	$17,018	$17,018	$17,018	**$68,072**	$25,499	$25,499	$25,499	$25,499	**$101,994**
Processed Hops	$192,559	$612,426	$1,247,517	$2,347,289	**$4,399,791**	$3,299,843	$3,299,843	$3,299,843	$3,299,843	**$13,199,372**	$4,949,765	$4,949,765	$4,949,765	$4,949,765	**$19,799,058**
TOTAL	$200,123	$623,771	$1,258,862	$2,358,635	**$4,441,390**	$3,316,861	$3,316,861	$3,316,861	$3,316,861	**$13,267,444**	$4,975,263	$4,975,263	$4,975,263	$4,975,263	**$19,901,052**

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Prairie
PRODUCTS

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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

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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 (CO_2), 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 lever. 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 contacts 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 then 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

- 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

City of Fargo Tax Exempt Review Committee

Policy & Guidelines

January 2019

Tax Exempt Review Committee
225 Fourth Street North
Fargo, North Dakota 58102

Table of Contents

Mission Statement

The City of Fargo supports the mission of economic development through the use of available tax incentive programs offered to the private sector. The goal of this mission is to create high quality jobs by attracting new, and expanding existing, primary sector businesses; promote historic preservation and development of the downtown district; support affordable housing opportunities and; grow the city's tax base which, collectively, enhance the city's livability, vibrancy and quality of life. The responsibility to initiate, sustain and implement economic development shall be borne primarily by the private sector with the city supporting qualifying efforts with reasonable public and private cooperation.

Effective Date and Term

This policy is effective as of January 28, 2019 and shall remain in effect until the next review. The next review will follow the June 2020 City election.

Available Incentive Options Reviewed By Tax Exempt Review Committee

Remodeling Exemption (N.D.C.C. 57-02.2) [Page 8]
This provides for an exemption of buildings that have been improved by means of renovation, remodeling, alteration, or additions. It does not apply to the replacement of one building with another. The amount of valuation added to the original assessment due to the remodeling within the existing structure may be exempted for a period of 5 years on projects started on or after August 1, 1999; 3 years on projects started prior to that. This is available to all commercial properties and residential buildings that are at least 25 years old.

Residential New Construction Exemption (N.D.C.C. 57-02-08) [Page 9]
This has allowed for an exemption of up to $75,000 in value on newly constructed residential dwellings, duplexes, townhomes, and condominiums. New legislation in 2008 expanded this exemption to up to $150,000 with separate exemptions allowed to builders and first owners after the builder.

New or Expanding Business Exemption/PILOT (N.D.C.C. 40-57.1) [Page 10]
This allows for a 5 year exemption for buildings of certain new or expanding business projects. A 10 year exemption may be granted to projects producing or manufacturing a product from agricultural commodities. In addition to, or instead of a property tax exemption, projects may be granted an option to set up to 20 years of payments in lieu of taxes (PILOT). The amount of those payments would be determined through negotiations with the City and the project operator.

Tax Increment Financing (N.D.C.C. 40-58)
This allows for the encouragement of private enterprise to rehabilitate or redevelop urban renewal areas by means of tax increments. This may be provided by the issuance of bonds to be paid back by the private operator through the incremental difference in property taxes between the original value and rehabilitated property value. This may also be provided in the form of a tax exemption with an amount granted initially and the incremental exempted tax being applied to reduce that amount with interest.

Incentive Options Available Through The Planning & Development Department

Renaissance Zone Incentives (N.D.C.C. 40-63)
This allows for the encouragement of private investment to rehabilitate or redevelop downtown Fargo through the use of property tax, state income tax and historic preservation & renovation tax credit incentives. The Renaissance Zone Authority administers the Zone incentives.

Community Development Incentives
In an effort to develop a high quality downtown and neighborhoods by providing quality housing and a suitable living environment, a combination of the above programs will be utilized.

General Evaluation Objectives For Job Creation and Retention Projects

The City of Fargo will use the general review criteria below in evaluating the applications for assistance. These are broad areas of consideration which serve as part of the underlying City economic development policy. More specific detailed policies and guidelines may apply differently to each individual incentive option. Each incentive option will be administered according to the appropriate state law in conjunction with the specific policy or guideline adopted by the Fargo Board of City Commissioners.

Economic Impact to the City of Fargo
The economic impact to the City to be considered will be determined by increased construction activity and the purchase of local equipment, goods and services. Also, consideration will be given in terms of the size of the payroll and the value of the real property which ultimately serves to increase the tax base of the city.

Diversification and Growth of the Economic Base
The City is concerned about attracting and retaining companies that provide diversification from the existing industrial base in order to bring about a more stable economic environment in the city.

Number and Type of Jobs to be Created
The City of Fargo is interested in knowing the projection for job creation over the term of the assistance. Consideration will be given to the salary, benefits, and type of jobs to be created or anticipated jobs to be added in the future.

Local Competition
It is the intention of the City to not give an unfair advantage over other local existing companies through the use of these incentives.

Benefits To Accrue To The Project Operator
It is the intention of the City of Fargo that benefits granted accrue to the successful applicant, whether the applicant is the owner or tenant of a property, unless approval is otherwise specified.

Quality and Growth Potential of the Client
Consideration will be given to the company's reputation in other areas of the country in terms of the client's track record, credit history, stability, and overall industry standing. The City will also be interested in the company's past history of growth, potential for future growth, and the general outlook for growth of the industry as a whole.

Kinds of Businesses Targeted For Possible Incentives
- The City will typically assist primary sector businesses.
- Primary sector businesses are those in which at least 70% of the revenues generated by the end product or service they provide come from outside the Fargo trade area (150-mile radius). The end product may be completed by another firm (i.e. Cardinal Glass provides glass to Integrity Windows). This information will be provided by the business as part of the application process.
- The business must receive “Primary Sector” designation from the ND Department of Commerce and submit that information along with the incentive application.

General Evaluation Objectives For Job Creation and Retention Projects

- Targeted primary sector businesses are:
    1. Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
    2. Those providing packaging and distribution of end products.
    3. Service industries that are involved in data processing, data communications, telecommunications services, computer software development, technology support, research facilities, research and development of new technologies, or any form of information processing.

- The City is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo Trade Area.

Kinds of Businesses Typically Not Eligible For Incentives

- Retail or any business selling directly to the consumer
- Health Care industry
- Education industry
    - Property that is occupied by a public, as opposed to private, school, academy, college or other institution of learning for the use of students in attendance upon such public educational institution would be eligible for incentives.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, CPA's, real estate developers, investment advisors, advertising/public relations advisors)
- General office facilities.
- General warehousing facilities

Evaluation Point System To Be Used As A Guide

A point system will be utilized as a guide in evaluating primary sector projects for possible incentive programs. Although the point system will not be the final determining factor regarding eligibility for incentives, it will be used as a tool to quantify certain criteria.

General Evaluation Objectives For Job Creation and Retention Projects

A total of 100 points is required for recommended approval under the point system. Following is a breakdown of the criteria evaluated by the point system:

Project Type:

Points	Project Description
+38	Manufacturing
+25	Support Services
+13	Distribution
+25	Primary Sector Distribution
+38	Primary Sector Service Industry
+38	Technology Research
-63	Common Service Industry
-63	Warehousing
-63	Retail
-63	Lodging Industry

Jobs Created (Initial Year):

Points	Number of Jobs
+ 0	1-10
+15	11-50
+20	51-100
+25	101-250
+30	251+

Points	Hourly Salary w/o Benefits	
- 25	Under $13.00	
+ 0	$13.01 - $15.00	A weighted average
+25	$15.01 - $20.00	of points will be
+30	$20.01 - $28.00	used according to
+35	$28.01 - $35.00	the number of jobs
+50	Over $35.00	created in each range.

Local Competition:

Points	% of Gross Income With Any Local Competition
+25	0% - 10%
+15	11% - 30%
+0	31% - 50%
-25	Over 50%

General Evaluation Objectives For Job Creation and Retention Projects

Value of Proposed Buildings:

Points	Proposed Building Value
+ 0	Up to $80,000
+ 5	$80,001 - $100,000
+ 7.5	$100,001 - $500,000
+ 10	$500,001 - $1,000,000
+12.5	$1,000,001 - $5,000,000
+ 15	$5,000,001 - $10,000,000
+ 20	$10,000,000 - $15,000,000
+ 30	Over $15,000,000

Startup Firms:

Points	Startup
+15	New “startup” projects

Timing Of Filing Application:

Points	Application Filing
-100	If filed after start of construction on a new building
-100	If filed after occupancy on an existing building

General Evaluation Objectives For Job Creation and Retention Projects

Below is an example using the point system on a sample project:

Exemption Evaluation Calculator			**117.9**
SAMPLE			**Points**
Project Type Code (Ctrl-C to view)		1	**38.0**
Current Number Of Employees		171	
Hourly Salary Without Benefits	**# Jobs**		
Under $13.00	0		
$13.01-$15.00	0		
$15.01-$20.00	25		
$20.01-$28.00	15	Pts. For # Jobs->	**20.0**
$28.01-$35.00	0	Pts. For $ Jobs->	**19.9**
Over $35.00	15		
TOTAL # OF JOBS CREATED	**55**		
% GI w/ Local Competition (not downtown)		75%	**-25.0**
Value of Proposed Buildings		$ 5,004,300	**15.0**
Downtown Location (Y/N)		Y	**25.0**
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)		10	
Building Age (if substantial renovation)		0	**0.0**
RECOMMENDATION IS TO		**APPROVE**	
Description		Manufacturing	
Estimated New Annual Payroll		$2,782,000	
Estimated Annual Real Estate Tax		$116,913	
Estimated PV of Exemption		$902,771	
Payroll / PV of Exemption		3.1	
Property Value / # of Jobs		$ 90,987	

Remodeling Exemption Guidelines

This exemption provides an incentive to property owners to invest private capital in order to remodel and rehabilitate buildings and structures to prevent the properties from decay. It is at the discretion of the City whether or not to grant this exemption to properties.

This exemption encourages the investment of private capital to improve properties, subsequently encouraging the production of wealth, improving the volume of employment, enhancing living conditions, and preserving and increasing the property tax base.

The standard policy utilized by the City of Fargo in granting the exemption allowed for improvements to property, according to N.D.C.C. Chapter 57-02.2, will be as follows:

Residential & Apartment Property

3 year exemption for value added due to remodeling and additions to buildings 25 years old to 39 years old.

5 year exemption for value added due to remodeling and additions to buildings 40 years old and older.

Commercial Property

3 year exemption for value added due to remodeling only for all properties outside of the Central Business District and for buildings under 25 years old within the Central Business District*.

5 year exemption for value added due to remodeling and additions to buildings 25 years old and older within the Central Business District.

**Central Business District boundaries are defined in the "Downtown Area Plan".*

TYPE	YRS EMEMPT	BLDG AGE	ELIGIBLE IMPROVEMENT	MISC
Residential & Apartments	3	25-39 Yrs	Remodel & Additions	
Residential & Apartments	5	40 Yrs & Up	Remodel & Additions	
Commercial	3	All	Remodel Only	Outside Central Bus. District
Commercial	3	Thru 24 Yrs	Remodel Only	In Central Business District
Commercial	5	25 Yrs & Up	Remodel & Additions	In Central Business District

- No exemption, under this policy, will be granted for assessment value replaced after a reduction in appraised value has been made by the Assessment Department for value lost due to fire, flood, tornado, or other natural disaster.

2 Year Residential New Construction Exemption Guidelines

The governing body of the city must approve the exemption by resolution and may amend or rescind that resolution at any time. The City may also limit or impose conditions on this exemption, including the time period for which it is allowed.

This exemption promotes the construction of dwelling units thereby encouraging the volume of employment, enhancing living conditions and increasing the tax base. However, the limited availability of the exemption to the majority of the local population warrants close review of the need for it to encourage that activity.

The City of Fargo will pass a resolution allowing for this exemption and the terms and conditions of the incentive. The City will periodically review the option of adopting a new resolution expanding or limiting the terms of this exemption as economic conditions or state statute may change.

New Single Family Residence Owned By Builder & Unoccupied
Up to five properties per builder per year may be exempt up to $150,000 of building value if the homes are unoccupied and owned by the builder. The maximum term of exemption is for the taxable year construction began and one following taxable year.

New Single Family Residence Owned By First Owner After The Builder
The first owner after the builder may receive an exemption on up to $150,000 of building value for new single-family, condominium and townhouse residences. The maximum term of the exemption is for the two taxable years after the taxable year construction is completed and the residence is occupied for the first time by the owner.

New or Expanding Industry Exemption / Payment In Lieu Of Tax Policy and Guidelines

Businesses, whether commercial, industrial, or service are eligible for this exemption or PILOT if they meet the State requirements and the following guidelines:

A $250.00 non-refundable fee for public notices and processing of applications must be paid before any notices are published.

A new business to the community must not gain unfair advantage with existing competitors through the use of the exemption.

An existing business is eligible if expansion of the business includes new jobs, a dramatic increase in sales (projected or verified) and/or diversion into another line of product sales or production.

Warehousing and retail projects would not receive exemptions unless the owner could prove need or provide other information to justify granting the exemption.

An option to establish up to 20 years of payments in lieu of property taxes may be available to qualifying projects and will be evaluated on a case by case basis.

PILOT payment schedules will be granted based on a percentage of building exemption for each defined yearly term. The actual annual payment amounts will be determined based upon the Assessor's initial completed property appraised value and the prevailing, most recently certified mill levy.

Standard Exemption For Primary Sector Businesses

The standard exemption for primary sector projects meeting the general objective of targeted businesses for this incentive that meet the criteria in the evaluation point system for jobs created and project size: Years 1 through 5 - 100% exemption on the improvement value.

For an expansion of an existing business, the eligible exemption will apply to the increased value of the improvements added for the expansion.

New Apartment Buildings Within *Downtown Area Plan*

Market rate Downtown Apartments: Years 1 through 5 - 100% exempt on the increased value of the improvements. Years 6 through 15 - The percentage exempt will be based on a financial review and "but for" test. The amount exempt will be no more than 90% of the improved value.

Apartment Buildings for Lower Income Households

Lower Income Apartments: Years 1 through 20 – The percentage of exemption may be up to 100% of the improvement value based on a financial review and “but for” test.

Incentives for lower income apartments may be for new buildings and substantial rehabilitation necessary to maintain existing lower income apartments units.

Lower income apartments are those where the developer is required to rent to lower income households at below market rent as required by the Department of Housing and Urban Development, the Low Income Housing Tax Credit Program, the ND Housing Finance Agency, or a recorded land use restrictive covenant agreement.

New or Expanding Industry Exemption / Payment In Lieu Of Tax Policy and Guidelines

Significant Commercial Construction/Renovation
Private development of non-housing or mixed use projects with both housing and commercial use consisting of major building renovations or substantial new construction are eligible for a maximum of the following:

Years 1 through 10 – 100% of the improvement value
Years 11 through 15 – 75% of the improvement value

Projects will include a "but for" review to determine if the incentive is necessary to make the project financially feasible. They will be evaluated to determine if the project will bring added commerce activity to benefit other businesses. Analysis will also be done to determine if the incentive will provide an unfair advantage over existing businesses. Total investment must be in excess of $8,000,000.

Project must comply with at least one of the following:
- Significant new building construction of at least 40,000 square feet, equivalent in quality to Class A office with high quality exterior finish.
- Building is over 50 years old and complies with historic preservation standards.
- Renovation is greater than 50% of the current value of the building.
- Project complies with historic preservation standards
- Provides small living units or element of affordability.

Manufacturing or Processing a Product From An Agricultural Commodity

Years 1 through 10 – 100% of the improvement value

Additional Policy and Procedure Guidelines
Except in cases of assistance for housing, a business incentive agreement must accompany an application for incentives that are valued at $25,000 or more in any given year. The agreement describes the type and value of the incentive as well as stated goals to be met. Periodic reporting will required of the recipient to monitor the stated goals.

Reporting will no longer be required once the goal has been met.

If the goal has not been met, the recipient must pay back the amount of incentive granted, prorated to reflect partial fulfillment.

The stated goal may be extended for up to two years if it is determined circumstances made achievement impossible. If, after extending two years and it is determined a decrease in goals is justified, the goals may be decreased after a public hearing.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

For the purposes of this policy, the term "City" shall include the Fargo City Commission.

The purpose of this policy is to establish the City of Fargo's position relating to the use of Payment in Lieu of Taxes (PILOT) for private development beyond the requirements and limitations set forth by State Law. This policy will be used as a guide in the processing and review of applications requesting Payment in Lieu of Taxes. The fundamental purpose is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance.

The City of Fargo is granted the power to utilize PILOT under North Dakota Statute N.D.C.C. 40-57.1 TAX EXEMPTIONS FOR NEW AND EXPANDING BUSINESSES, as amended. It is the intent of the City to provide the minimum amount of tax exemptions, at the shortest term required, for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case basis taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of PILOT to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

I. OBJECTIVES OF PILOT PROGRAM IN THE UNIVERSITY MIXED USE ZONE

As a matter of adopted policy, the City will consider using PILOT to assist private development projects to achieve one or more of the following objectives:

- To create opportunities for affordable housing.

- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.

- To assist developers enough to achieve development on sites which would not be developed without PILOT assistance.

- To remove blight and/or encourage the development of new housing that is of high quality and provides housing in close proximity to North Dakota State University.

- To offset increased costs of redevelopment (i.e. contaminated site cleanup, infrastructure needs, and higher land costs) over and above the costs normally incurred in development.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

• To contribute to the implementation of other public policies, as adopted by the City, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

II. POLICIES FOR THE USE OF PILOT - University Area

Policy #1

The property must be zoned University Mixed Use.

Policy #2

The maximum PILOT incentive will be a 100% exemption for the first 5 years, and a 50% exemption *for* an additional 5 years; applied to the increased value of a redevelopment project. This will maintain the base value of the project for the taxing districts.

Policy #3

To the extent required by state, federal, local law, or regulations, a relocation plan should be provided by the developer. Relocation payments to tenants of businesses or residential uses must be made. These relocation payments should follow state/federal guidelines, as applicable. for assistance (NDCC Ch. 54-01.1 and USC).

Policy #4

The amount or value of the PILOT tax exemption will be limited to the extraordinary costs of development, and the extraordinary costs are limited to following costs. The amount *of* the assistance is defined as the estimated present value of the future PILOT tax exemptions, which would include an allowance for interest.

1. The costs of land acquisition, subject to the limits outlined in Policy #5.

2. Relocation of existing tenants.

3. The costs of demolition, including the removal of building foundations, parking lots, and the removal and replacement of unsuitable soil.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

4. Public improvements that are in the public right-of-way such as sidewalks, driveway approaches, lighting, and connections to the water, sanitary sewer, and storm water systems.

5. On site storm water retention including the cost of excavation, underground storm water lines, or underground storage facilities. It does not include water collection systems such as parking lots, sidewalks, or curb/gutters.

6. Architectural and engineering costs are limited to those necessary services to implement other activities allowed by this policy. Developer fees and legal costs are not permitted.

7. The required city fees and the estimated costs of interest from the time the costs are paid by the developer to the next February 15 date when property taxes are due to be paid.

Policy #5

Land acquisition or land write-down costs must meet the requirements outlined as follows:

1. The eligible costs recouped to the developer shall be evaluated in a case-by-case basis, but the maximum should be the lesser of:
   - The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property by property limit.
   - The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

Policy #6

The estimated value of the PILOT assistance should be limited to a percentage up to 15% of hard capital costs of development including the costs of acquisition. In other words, the tax exemption assistance will be equal to or less than 15% of hard construction costs plus the land acquisition costs, excluding the costs of professional fees, developer fees, furniture and fixtures, interest, profit, and other soft costs. In addition, Developer must provide at least 10% of total capital costs as Developer's equity in the project.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

Policy #7

PILOT assistance for UMU projects should not be viewed by the developer as an entitlement. When undertaking any PILOT project the due diligence procedures in determining the feasibility and level of public assistance must be reviewed by the City's financial consultant in conjunction with City staff. The financial consultant must use accepted public financing procedures in determining project feasibility and levels of public assistance. Particularly when public assistance includes substantial reimbursement to the developer of costs of acquisition or land write-down amounts, review of the level of public assistance may include an estimate of the return on investment anticipated by the project and analysis as to whether the expected return on investment. including the public assistance, is within reason.

Policy #8

When undertaking a PILOT project a non-refundable administrative fee equal to 5% of the total value of the estimated tax exemption must be paid by the developer. These fees are to reimburse the City for costs expended by staff and consultants to determine the feasibility, level of public assistance and the preliminary costs of project development by the City.

Other City costs such as engineering, bond carrying costs. and annual special assessment administration will be in addition to this administrative fee if warranted. To the extent that PILOT assistance exceeds $2 million or more, the administrative fee on said excess may be negotiated to a sum less than 5%, as may be appropriate. A non-refundable deposit, set by schedule, shall be paid to the City along with an initial application for a PILOT project. The City, upon approval of the Finance Committee, may require additional sums to be deposited, from time to time, to defray such costs initially borne by the City. The deposit
and any other additional sums paid to the City may be offset against and accredited toward the 5% administrative fee.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

Policy #9

Applications for PILOT assistance are to be submitted to the Department of Planning and Development and the City Assessor. The application must include a description of the project and an estimate of the level of assistance needed to proceed with the project. The application will be reviewed by the appropriate Committee and the City Commission to determine if City staff, City financial advisors, and the City Attorney should proceed with a review of the project pro-forma, and draft of a developer's agreement.

Policy #10

The development should be compatible with long-term City redevelopment plans, and create a high quality development that will have a positive impact on the tax base and the surrounding area. The developer's agreement should include design standards to ensure that the development will be compatible with the long term plans for the area.

Policy #11

Interest rates allowed to be recouped as eligible costs shall be one percent (1%) over the municipal bond indexed rate for taxable municipal bonds or over such indexed rate for tax-exempt municipal bonds, as appropriate, as identified by the City Finance Director, with consultation with the City's financial advisor as needed.

Policy #12

The development should comply with City plans and policies that encourage the development of affordable housing and workforce housing . Rents should not substantially exceed, by more than 50%, fair market rents in Fargo.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

III. PROJECT QUALIFICATIONS

All University Mixed Use Zoning PILOT projects considered by the City of Fargo must meet each of the following requirements:

1. To be eligible, a project shall result in a minimum increase of $1 million in property valuation, or, if not, the developer shall establish that other goals and objectives of the project warrant approval.

2. The project shall meet at least one of the objectives set forth in Section II and satisfy all the provisions set forth in Section Ill of this document.

3. The developer shall demonstrate that the project is not financially feasible but for the use of the PILOT program. The projected internal rate of return as determined by the City's financial advisor based upon information provided by the developer must be no more than a percentage that provides a reasonable rate of return of a particular project.

4. The project must be consistent with the City's Comprehensive Plan. Land Use Plan, and Zoning Ordinances.

IV.APPLICATION PROCESS

1. Applicant submits letter requesting PILOT support for a project. The letter shall describe the project and shall be submitted to the City Commission for preliminary review and direction authorizing the staff to move forward with the application process.

2. Applicant submits the completed application along with all application fees. (See Policy #8 - non-refundable deposit.)

3. City staff reviews the application and completes the Application Review Worksheet. The application and supporting documentation will be submitted to the City's financial ad visor for due diligence consideration. At least three (3) weeks should be allowed for due diligence review and consideration [upon submittal of a complete and approved application.]

4. Results of the Worksheet and financial review are submitted to the Tax Exempt Review Committee for its recommendation to the City Commission for their approval.

5. Notices are published as required.

6. Public hearing(s) are held on the proposed project as may be required by law.

7. The City Commission approves or denies approval of the proposal.

Tax Increment Financing Policy

1. Policy Purpose

The purpose of this policy is to establish the City of Fargo's (City) position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of TIF in Fargo is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

The City of Fargo is granted the power to utilize TIF by the Tax Increment Financing Act. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

2. Objectives of Tax Increment Financing

As a matter of adopted policy, the City will consider using TIF to assist development projects to achieve one or more of the "City Objectives" listed in the evaluation criteria section of this policy.

3. Designated Redevelopment Areas

In order to maximize the ability of the City to meet its redevelopment goals, the City may designate redevelopment areas. In order to designate a redevelopment area, a plan for the redevelopment area will:

- Document existing conditions;
- Describe the plan for the future, and;
- Outline activities needed to implement the plan

Designation of the Redevelopment may occur in two ways.

- The designation may be at the request of a property owner and/or developer that has a proposed redevelopment plan.

Tax Increment Financing Policy

- The designation may be initiated by the City Commission for an area where the City would like to see development, and then work with property owners within the TIF district to implement projects consistent with the development plan.

4. City of Fargo Policies for the Use of TIF

These policies are to provide guidance to developers who are considering making a request for TIF funding, and to guide City Commission decisions in the development of renewal plans and development agreements. When renewal plans are initiated by the City, not all of these policies are applicable to those plans.

Policy #1

When undertaking a redevelopment project on a defined parcel(s) of land, slum or blighted conditions on a portion of the property or properties should exist. A City Commission declaration of underdeveloped property for the purposes of using TIF assistance will outline activities needed to implement the redevelopment.

Policy #2

When undertaking a redevelopment or development project on an underdeveloped parcel(s) of land, a TIF exemption or TIF revenue note will be the preferred method of providing assistance directly to a developer. Exceptions to this rule will be considered by the City Commission and be based on reasons that can be documented by the developer and confirmed after review by the City's bond consultant.

Policy #3

When undertaking a redevelopment or development project using a TIF exemption or TIF revenue note, the length of the term of this note is limited to 15 years.

Policy #4

The length of a TIF may extend beyond 15 years when used for city infrastructure, public parking, or community development efforts, such as, affordable housing, replacement housing, public space, and public art.

Policy #5

To the extent required by state, federal, or local law or regulations, a relocation plan should be provided in the development or renewal plan. When undertaking a redevelopment project on underdeveloped parcel(s) of land, relocation payments to tenants of businesses or residential uses must be made. These relocation payments must follow state and federal guidelines, as applicable, for assistance.

Policy #6

Land acquisition or land write-down costs must meet the requirements outlined as follows:

1. The eligible costs recouped to the developer shall be evaluated in a case-by-case basis, but the maximum should be the lesser of:
    a. The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property by property limit.
    b. The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

Policy #7

With respect to non-blighted, or non-slum development or redevelopment, eligible costs, as stated in state law, are limited to the following:

A. The cost of acquiring, or the market value, of all or part of the industrial or commercial property;
B. Costs of demolition, removal, or alteration of buildings and improvements on the industrial or commercial property, including the cost of clearing and grading land;
C. Costs of installation, construction, or reconstruction of streets, utilities, parks, and other public works or improvements necessary for carrying out the development or renewal plan; and
D. All interest and redemption premiums paid on bonds, notes, or other obligations issued by the municipality to provide funds for the payment of eligible public costs of development.

Policy #8

TIF assistance to the developer should be limited to a percentage of up to 15% of hard capital costs of development including the costs of property acquisition, and public facilities. In other words, The TIF assistance will equal or be less than 15% of hard construction costs including the land acquisition costs, hard capital costs excluding the costs of professional fees, developer fees, furniture and fixtures, interest, profit, and other soft costs. In addition, the developer must provide at least 10% of total capital costs as developer's equity in the project.

The limit of 10% may be exceeded if the project will include a community development purpose, for example, accepting lower rates of return to provide affordable housing, or other public benefits. Examples:

1. Direct investment in public or free publicly accessible private spaces.
2. Direct and ongoing investment in public art.
3. Development of affordable or replacement housing.
4. City equity treated equally to other investor equity with City returns to be used by City for community development purpose, which should be used in the nearby neighborhoods.

Policy #9

If funds are used for a City lead project, a public-private partnership, or for public benefit, the total TIF costs may exceed the limits stated in policy #8, including but not limited to the following:

- If funds are going to pay for public parking, public infrastructure, or other public investments such as rehabilitation or provision of affordable or replacment housing in the nearby neighborhoods or areas, or other public improvement not directly related to the project.
- Affordable housing, ideally in conjunction with the use of 4% or 9% Low Income Housing Tax Credits

Policy #10 - ROI Analysis, Reasonable Assistance Requirement

When undertaking any TIF project that provides assistance to a developer, the due diligence procedures in determining the feasibility and level of public assistance must be reviewed by the City's financial consultant in conjunction with the City's staff. The financial consultant must use accepted public financing procedures in determining project feasibility and levels of public assistance. Particularly when public assistance includes substantial reimbursement to the developer costs of acquisition or land write-down amounts, review of the level of public assistance may include an estimate of the return on investment anticipated by the project and analysis as to whether the expected return on investment, including the public assistance, is within reason.

Tax Increment Financing Policy

Policy #11 - Projection of Future Increments

For purposes of projecting future increments to be generated, an assumed maximum increase in valuation will be limited to two percent (2%) per annum. The exact assumptions made for projections is subject to approval by the City on a case-by-case basis.

Policy #12

When undertaking any TIF project within the City of Fargo, a non-refundable administrative fee set by schedule, must be paid by the developer after final approval of the City Commission and prior to or at the closing of the transaction. These fees are to reimburse the City for costs expended by staff and consultants to determine the feasibility, level of public assistance, and the preliminary costs of project development by the City. Other City costs such as engineering, bond carrying costs, and annual administration will be in addition to the administrative fee if warranted. To the extent that TIF assistance, including administrative fees, exceeds $2 million the administrative fee on said excess may be negotiated to a sum of less than 5%. A non-refundable deposit, set by schedule, shall be paid to the City along with an initial application for a TIF project. The City may require additional sums to be deposited from time to time, to defray such costs initially borne by the City. Such sums may be recouped by the developer as eligible costs as may be agreed between the City and the developer and as allowed by the urban renewal law (N.D.C.C. Chapter 40-58). The non-refundable deposit and any other additional sums paid to the City will be offset against and credited towards the administrative fee.

Policy #13

Applications for TIF assistance are to be submitted to the Department of Planning and Development. The application must include a description of the project and an estimate of the level of assistance needed to proceed with the project. A checklist and application will be available from the Department of Planning and Development.

Policy #14

The redevelopment should be compatible with long-term City redevelopment plans, and create a high quality redevelopment that will have a positive impact on the tax base and the surrounding area. The developer’s agreement should include design standards to ensure that the development will be compatible with the long-term plans for the area.

Tax Increment Financing Policy

Policy #15

The maximum interest rates allowed to be recouped as eligible costs will be set by schedule. The City Finance Director in consultation with the City's financial consultant will recommend the actual rate.

Policy #16 – Good standing

Applicants for TIF assistance must be in good standing with the City. Good standing means current in property taxes, utility fees, city accounts, and no significant history of unresolved code violations

Policy #17 – Post Project Review

Developers' agreements will include terms that require documentation of TIF eligible costs, allow for an audit at the discretion of the City, and require cooperation with the city staff or auditors.

On large scale projects, the City may require a review of the financial performance of the project in the future, and if the project has a significantly higher than expected return on investment, the amount of the TIF assistance may be reduced.

Policy #18

Renewal Plans may include terms that allow for the city to use a portion of the TIF revenue for the preservation or replacement lower density housing in neighborhoods adjacent to higher density housing projects. The housing plan would be outlined in the Renewal Plan.

Application & Review Process for Developer Request for TIF Assistance

1. Applicant submits letter requesting TIF support for a project. The letter shall describe the project and shall be submitted to the City Commission for preliminary review and direction authorizing staff to move forward with the application process. City Commission approval is required to proceed to application review and plan development.
2. Applicant submits the completed application along with all application fees.
3. City Staff reviews the application and completes the Application Review Worksheet. The application and supporting documentation will be submitted to the City's financial consultant for due diligence consideration.

Tax Increment Financing Policy

Allow at least three (3) weeks for due diligence review and consideration [upon submittal of a complete and approved application].

a. As part of the application review, City staff are authorized to inquire as to the character, reputation, fitness of the applicant to engage in the project and to bear the responsibilities entailed therein, and any other pertinent information. Such inquiries may include background checks on the applicant and principles of the applicant as the case may be.
b. With respect to certain proprietary, commercial, and financial information that is submitted as part of the application, and review process, said information may be exempt from the North Dakota Open Records Law, Chapter 44-04, N.D.C.C., and to the extent that N.D.C.C. 44-04-18.4 allows, it is the City's intention to maintain confidentiality of such information when requested by the applicant.
c. In advance of submission to the City of such confidential records or information, the City and Applicant will make appropriate arrangements for the handling of such information and records to protect the confidentiality thereof.

4. The results of the financial review will be reviewed by the Finance Department.
5. Results of the reviews are submitted to the Renaissance Zone and/or the Tax Exempt Review Committee, for recommendation.
6. The renewal plan or development plan along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultants.
7. Notices mailed and published as required.
8. Public hearing(s) on the proposed project are held.
9. The City Commission grants final approval or denial of the plans and development agreements.

Application & Review Process for City Initiated Renewal Plans and TIF Districts

1. Renewal Plans and TIF Districts may be proposed by any City Commissioner, the Planning Commission, the City Administration, or the Planning Department. The proposal shall include a boundary, a description of existing conditions, and general plan for development.
2. City Commission directs the preparation of the renewal plan.
3. City Staff prepares a plan for future development.

Tax Increment Financing Policy

4. The renewal plan or development plan along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultants.
5. Notices mailed and published as required.
6. Public hearing(s) on the proposed project are held.
7. The City Commission grants final approval or denial of the plans and tax increment financing district.

Evaluation Criteria for Assistance to Developers

The City of Fargo has established multiple objectives that should be met to qualify for Tax Increment Financing. Since there are different types of developments, the objectives for each of the development types is different. The three types of projects anticipated are:

1. Housing
2. Commercial or Industrial
3. Downtown or Mixed Use

Housing projects should meet at least 5 of the 7 objectives listed below.

- The housing development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- The housing is compatible with the adjacent area or the future land use in the area.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- The project has a high quality design, exceeding the requirements of the Land Development Code.
- The project includes affordable housing, workforce housing, or includes a plan to replace some of the housing eliminated by the development
- The housing project eliminates blighted conditions or substandard buildings.
- The project will create significant growth in the tax base on the site.

Tax Increment Financing Policy

Commercial projects should meet at least 5 of the 8 objectives listed below.

- The development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- The commercial/industrial development is expected to contain some primary sector business or jobs.
- The development will include some public spaces or public art.
- The project cleans up brownfield conditions.
- The project eliminates blighted conditions or substandard buildings.
- The project will create significant growth in the tax base on the site.
- The project is expected to encourage additional development on adjacent sites.
- The project has a high quality design.

Downtown or Mixed Use (Mixed use is commercial/housing in the same development.) Projects should meet at least 7 of the 11 objectives listed below.

- The development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- The project is compatible with the adjacent area or the future land use in the area.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- There is an adequate parking and access plan, preferably with shared parking by the different land uses.
- The development is expected to contain some primary sector business or jobs.
- The development will include some public spaces or public art.
- The project cleans up brownfield conditions.
- The project eliminates blighted conditions or substandard buildings, or replaces surface parking.
- The project will create significant growth in the tax base on the site.
- The project is expected to encourage additional development on adjacent sites.
- The project contains businesses that will provide needed services or goods used by adjacent land uses.

City of Fargo Tax Exempt Review Committee

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Downtown Housing Incentive Area Map