

# THE GRANARY DISTILLERY, LLC

B u s i n e s s P l a n

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## MISSION

The mission statement of The Granary Distillery is to add value to the community of Sandpoint and the northern Idaho region through the following:

- Supporting those who grow high-quality organic grains, potatoes, fruits, herbs and other ingredients for our spirits;
- Providing employment to individuals and related benefits to their families;
- Contributing to the health, economic well-being and historic preservation of the community of Sandpoint, Idaho, and;
- Creating unique spirits from the finest ingredients available.

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## EXECUTIVE SUMMARY

Over the past several years, craft distilling has emerged as one of the most popular and exciting developments in the spirit industry. A renewed focus on craft, heritage, and quality has elevated American-made spirits, spurring an increase in spirits consumption and a movement towards liquor premiumization. The Granary Distillery, LLC (also referred to as “the Company”) is a start-up craft distillery located in Sandpoint, Idaho, slated to begin development upon receipt of funding. With an emphasis on locally sourced ingredients, the Company will create a varied product line of spirits, including vodka, gin, light and dark rum, flavored vodkas, whiskey, and brandy. In addition to wholesale distribution throughout the state of Idaho, The Granary Distillery will also operate a tasting room in Sandpoint; an onsite restaurant facility that will be leased to an independent restaurant operator, creating a true culinary destination in Northern Idaho. Eventually, the Company plans to expand distribution to neighboring states and, eventually, the entire nation.

Sandpoint, Idaho, is widely recognized for its stunning natural beauty, and attracts significant tourism thanks to its charming central business district and proximity to major ski resorts. The Company anticipates that its core target market will consist of so-called Millennials, or young consumers born in 1980 onwards, as well as older adults. Millennial consumers are interested in high-quality liquor products that provide authenticity as well as affordable pricing. The \$8.8 billion *Distilleries* industry is forecast to see average annual revenue growth of 4.6% through 2019 as consumers purchase more and higher quality alcohol and discretionary spending levels increase. Its onsite restaurant will also allow the Company to participate in the \$141.4 billion *Single Location Full-Service Restaurants* industry, which is forecast to see a steady 2.5% average annual revenue growth over the next five years. Although the Company will compete with other craft distillers, including three based in Idaho, few can offer the wide range of products and dedication to supporting local producers and communities that The Granary Distillery will provide.

The Granary Distillery will partner with a dedicated marketing agency to oversee advertising and community awareness efforts. In addition to these efforts, the Company will benefit tremendously from word of mouth and existing relationships within the Sandpoint and larger Idaho community. The Granary Distillery plans to begin the construction and build-out of its facilities by March of 2015, with an estimated completion date of October of 2015. By November of 2015, the Company aims to begin distillation. Initially, it will distribute its wholesale products only in the state of Idaho through its own tasting room, as well as to bars, restaurants, and liquor retailers. Over time, The Granary Distillery will expand distribution throughout the Northwest, eventually moving to full national distribution. The Company is also considering eventually opening a gluten-free bakery and gluten-free brewery to complement the distillery and restaurant.

Steve Holt, John Edwards, Jim Zuberbuhler will co-own The Granary Distillery. Steve Holt is the current Executive Director of the Eureka Institute, a non-profit dedicated to lifelong learning and leadership. He formerly operated a successful design/build contracting firm in the San Francisco Bay Area. John Edwards is the Vice President and Co-Owner of Misty Mountain Furniture, a custom furniture studio. He holds a Bachelor of Science in Wildland Recreation Management from the University of Idaho and attended the National Outdoor Leadership School. Jim Zuberbuhler is Associate Vice President and Financial Advisor with D.A. Davidson & Co, where his practice focuses on retirement and post-secondary education planning. He holds a Master’s degree in history from the University of Hawaii in Honolulu, Hawaii, and a Bachelor of Arts degree in history from the College of Wooster in Wooster, Ohio.. The owners are currently in the process of selecting the distiller for the Company and have identified a strong local candidate who has developed a remarkable range of recipes and formulations that are described in this plan.

To achieve the Company's objectives, The Granary Distillery, LLC is seeking \$2,250,000 in total funding through the Sandpoint Urban Renewal Agency (SURA), a City of Sandpoint grant, individuals and bank or Small Business Administration (SBA)-backed lending. The bank or SBA-backed loan will be paid back from the cash flow of the business within fifteen years, collateralized by the assets of the Company, and backed by the personal integrity, experience, and a contractual guarantee from the owners.

## Company Ownership

The Granary Distillery is a Limited Liability Company registered in the state of Idaho.

The Company is owned by Steve Holt (33.3%), John Edwards (33.3%), and Jim Zuberbuhler (33.3%).

## Company Location

The Company is located in Sandpoint, Idaho.

## Use Of Funds

The table below outlines the sources and uses of funding:

<b>SOURCES &amp; USES</b>	
<b><i>Sources Of Funds</i></b>	
Investor	\$2,250,000
<b>Total Sources</b>	<b>\$2,250,000</b>
<b><i>Uses Of Funds</i></b>	
<b><u>Start-up Expenses</u></b>	
Legal & Accounting	\$20,000
Stationery & Business Cards	\$1,500
Insurance	\$12,000
Utility Deposit	\$5,000
Research & Development	\$10,000
Marketing	\$50,000
Website Development	\$5,000
Fees	\$5,000
<b>Total Start-up Expenses</b>	<b>\$108,500</b>
<b><u>Start-up Assets</u></b>	
Working Capital	\$1,250,500
Inventory	\$25,000
Distillery Build Out	\$500,000
Distillery Equipment	\$325,000
Security	\$5,000
Vehicle	\$25,000
Office Furnishings	\$2,500
Fixtures	\$1,000
Signage	\$5,000
Office Equipment & Software	\$2,500
<b>Total Start-up Assets</b>	<b>\$2,141,500</b>
<b>Total Uses</b>	<b>\$2,250,000</b>

## THE GRANARY DISTILLERY: AN OVERVIEW

The Granary Distillery is a new craft distillery focused on celebrating the natural bounty and skilled food producers of the state of Idaho. Located in Sandpoint, Idaho, in the mountainous northern part of the state, the Company will produce a wide range of spirits, including vodka, gin, whiskey, rum, and fruit brandy using locally produced products whenever possible. Initially, The Granary

Distillery will launch its clear spirits (vodka, gin, and select rums) followed by the release of its aged spirits (whiskey, select rums, and brandy). This two-part release schedule will allow the Company to begin generating revenue right away.

Following its initial launch in the Idaho market, The Granary Distillery will begin an expansion into surrounding states, including Oregon, Washington, and Montana, with the ultimate goal of achieving national and then international market penetration. The Company is currently considering a location with the potential to establish a tasting room as well as a restaurant for local promotion and consumption. Rather than operate the restaurant in-house, The Granary Distillery will seek out a restaurant partner to lease and operate this space. The site may also include a future gluten-free brewery and gluten-free bakery.

### Product Details

The Company will be a full-service distillery with a diverse product line characterized by custom grain bills, onsite fermentations, organic and locally grown inputs, and food-friendly flavor profiles. Each major product category is described as follows.

#### Vodka

- **Idaho potato vodka** made from a blend of Idaho potatoes and organic apples to create a clean, smooth, mixable vodka that can be enjoyed in a favorite drink or served straight.
- **Flavored vodkas**, including huckleberry, raspberry, blackberry, vanilla, and lemon. After being distilled, these vodkas are aged on handpicked organic fruits (excluding lemons) to create an infused spirit bursting with fresh fruit flavor and aroma.
- **All-grain vodka** made from flaked wheat and crushed malts. This grain vodka will be slightly smoother than potato vodka, and can be mixed or enjoyed straight. The use of flaked wheat also streamlines the distilling process by eliminating the need to perform a full boil while mashing.

#### Gin

The Company will release a craft gin; this recipe has yet to be determined.

#### Whiskey

- **Apricot whiskey** featuring a smooth, clean, and light initial flavor followed by a fruity finish. This easy-to-drink whiskey is ideal for sipping alongside meals featuring fish or pork.
- **Rye whiskey** made from a 51% rye mash. This whiskey will be spicy, peppery, complex, and nutty on the palette, and ideal for pairing with beef or lamb.
- **Corn whiskey** made using a traditional corn and malted barley grain bill to create a lighter, non-sour whiskey perfect for new spirits drinkers.
- **Corn, barley, and rye whiskey** made using a blended grain bill to produce a full-flavored, traditional American whiskey.

## Rum

- **Black rum** made with molasses, cinnamon, organic caramelized cane sugar, and a custom blend of spices for a full-flavored rum perfect for cold weather (or mixed into holiday eggnog).
- **Spiced white rum** flavored with organic spices. This rum will be un-aged, allowing for rapid release and shorter manufacturing process time.
- **Vanilla Rum** made using a base of molasses and cane sugar, then aged with vanilla beans and warm spices to create an alluring, Caribbean-inspired rum – a real crowd pleaser.

## Brandy

- **Apple brandy** made from organic sweet and tart apples, this full-bodied spirit hearkens back to America's earliest days
- **Peach plum brandy** made using hand-picked Idaho plums and the best quality peaches grown in nearby Eastern Washington. Smooth, fruity, and refined.

# MARKET ANALYSIS SUMMARY

*USA Today* and Rand McNally named Sandpoint as America's "Most Beautiful Small Town" in 2011. Surrounded by the Selkirk, Cabinet, and Bitterroot mountain ranges, Sandpoint is home to Idaho's largest ski resort and attracts significant regional and even international tourism. The following charts, provided by ESRI Business Analyst

Online, provide demographic information for the Sandpoint micropolitan statistical area, as well as the state of Idaho.

<b>Full Demographic Report</b>		
	<b>Sandpoint micropolitan area</b>	<b>State of Idaho</b>
2013 Total Population	42,076	1,616,521
2018 Total Population	42,865	1,694,372
2013 - 2018 Annual Rate	0.37%	0.95%
<b>2013 Households</b>		
2013 Households	17,685	598,441
2013 Average Household Size	2.36	2.65
<b>2013 Families</b>		
2013 Families	11,900	413,590
2013 Average Family Size	2.81	3.15
<b>Median Household Income</b>		
2013	\$42,419	\$44,392
2018	\$49,850	\$52,644
<b>Per Capita Income</b>		
2013	\$23,923	\$21,610
2018	\$26,681	\$24,917
<b>Median Age</b>		
2010	45.7	34.6
2013	46.5	34.9
2018	47.7	35.4
<b>2013 Households by Income</b>		
Household Income Base	17,685	598,441
< \$15,000	15.6%	14.0%
\$15,000 - \$24,999	12.5%	13.1%
\$25,000 - \$34,999	14.4%	13.1%
\$35,000 - \$49,999	13.1%	14.0%
\$50,000 - \$74,999	19.5%	20.4%
\$75,000 - \$99,999	10.6%	11.8%
\$100,000 - \$149,999	9.0%	9.1%
\$150,000 - \$199,999	2.2%	2.6%
\$200,000 +	3.0%	1.9%
Average Household Income	\$56,759	\$57,609
<b>2013 Population by Age</b>		
Total	42,076	1,616,521
0 - 4	5.0%	7.6%



5 - 9	5.6%	7.5%
10 - 14	6.3%	7.4%
15 - 24	10.3%	14.2%
25 - 34	9.6%	13.4%
35 - 44	11.1%	12.1%
45 - 54	14.7%	12.5%
55 - 64	18.4%	12.1%
65 - 74	12.1%	7.7%
75 - 84	4.9%	3.8%
85+	1.9%	1.6%
18+	79.4%	73.4%
<b>2013 Population by Sex</b>		
Males	21,220	810,153
Females	20,856	806,368

## Market Segmentation

Multiple demographic trends are driving the increase in alcohol consumption. Perhaps the most important group is the 70 million strong Millennials generation – the oldest of whom have recently turned 30. “Like the baby boom generation,” states a study by the Wine Market Council, “their numbers are so great as to make their dominance in the market inevitable.”<sup>1</sup> Younger adults are interested in high quality, yet affordable liquor products, stemming from the recession that forced people to change their consumption habits. As consumers have been drinking more at home instead of splurging on restaurant, bar, or club outings, the alcoholic beverages industry has proven itself robust despite the recession. Consumers are actually drinking more, with per capita consumption of alcoholic beverages increasing 3% annually. Encouragingly, level of alcoholic consumption per capita is forecast to keep growing as the economy improves and baby boomers increase their drinking levels upon retiring.

From a geographic perspective, The Granary Distillery will initially sell to residents of Idaho before expanding to neighboring states.

## Industry Analysis

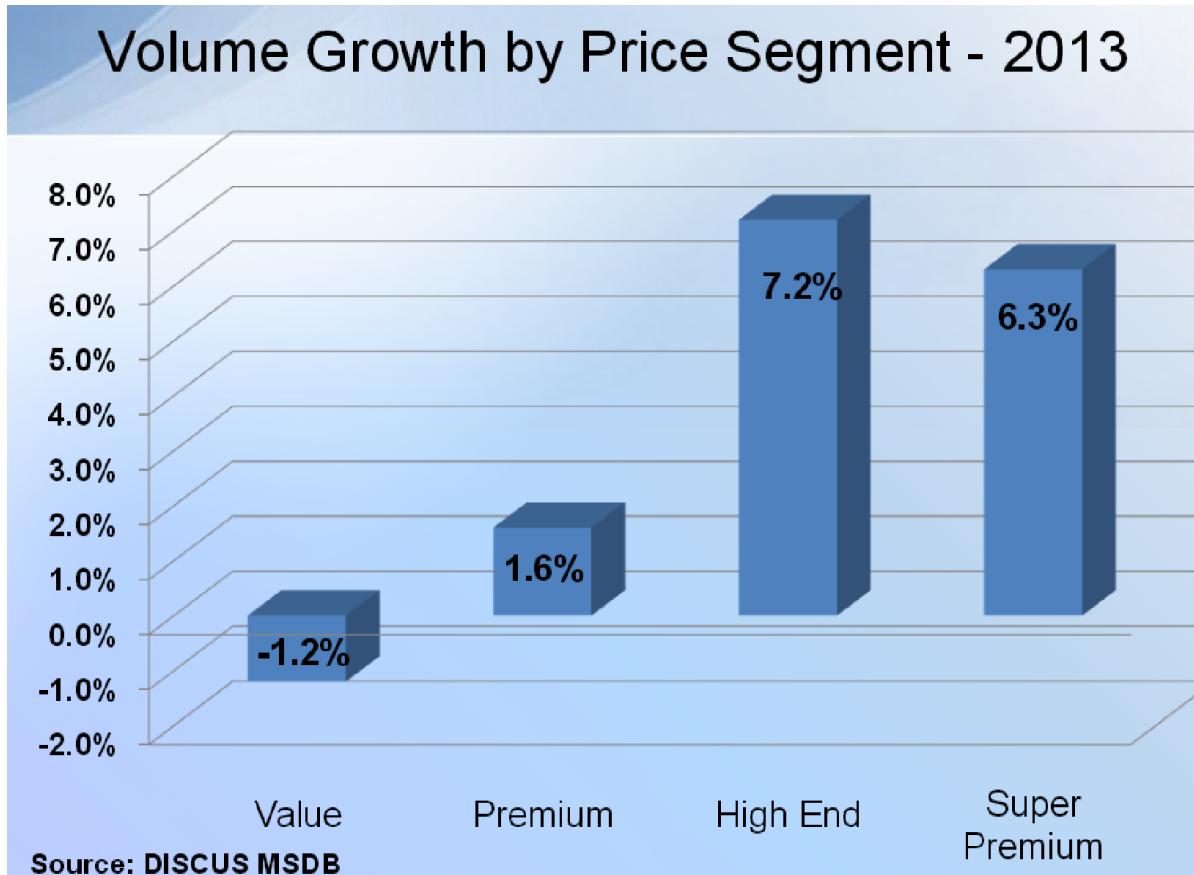
With 2013 marking 80 years since the repeal of prohibition, the U.S. spirits and alcohol industry has shown that its evolution is all about craft and quality. Moreover, the industry demonstrates that successful companies are tuned in to what modern consumers want. The U.S. beverage-alcohol industry continues to emerge from the shadow of the recession. Recent figures from the Alcohol and Tobacco Tax and Trade Bureau show September 2013 total net spirits production eclipsing production from one year prior in September 2012.<sup>2</sup>

<b>Net Production</b>	<b>Current Month</b>	<b>Prior Year Current Month</b>	<b>Current Year Cumulative Year to Date</b>	<b>Prior Year Cumulative Year to Date</b>
Whisky	8,723,965	7,370,311	176,017,389	80,259,934
Brandy	3,552,504	2,487,169	7,310,608	5,165,514
Rum, Gin & Vodka	453,103	484,530	4,134,365	7,406,808
Alcohol	3,221,549,239	851,700,235	10,642,550,088	8,376,932,024
<b>Production Total</b>	<b>3,234,278,811</b>	<b>862,042,245</b>	<b>10,830,012,450</b>	<b>8,469,764,280</b>

<sup>1</sup> Wine Market Council. “2008 Consumer Tracking Study.” Source: <http://tinyurl.com/o564kk>

<sup>2</sup> Department of the Treasury. Statistical Report – Distilled Spirit. September 2013. Source: <http://tinyurl.com/qh8pfwp>

The alcoholic beverages industry has proven itself robust despite the recession, with average national spending increasing slightly each year over the past decade. In 2013, U.S. spirits supplier revenues grew by 4.4% over the previous year, generating \$22.2 billion in total sales, a \$900 million gain. The number of nine-liter case shipments increased by 1.9% throughout the year. The Granary Distillery will benefit from the growing number of consumers buying super-premium, high-end, and premium spirits. In 2012, these three categories accounted for 61.9% of total spirit volume sold. The following chart reflects the revenue growth by price segment.<sup>3</sup>



Additionally, the number of craft distillers, which bottle less than 100,000 gallons of spirits annually, continues to grow. The Company's focus on creating artisanal spirits places it squarely in the middle of a profitable, up-and-coming trend. *Time* magazine covered the explosion in craft distilling's popularity in April 2012, noting that there are now 250 micro-distilleries in 45 states, up dramatically from only 50 in 2005. "These businesses, buoyed by America's artisanal love affair, are popping up across the U.S. like corks at a wedding reception," quipped the magazine.<sup>4</sup>

Local distilleries are following in the footsteps of the recent artisan beer resurgence, potentially poised to overtake craft beer in popularity, as evidenced by consumers increasingly opting for liquors over beer or wine. The following charts reflect the number of craft distillers operating in the U.S.<sup>5</sup>

<sup>3</sup> Distilled Spirits Council 2013 Industry Review. 2013. Source: [http://www.discus.org/assets/1/7/Distilled\\_Spirits\\_Industry\\_Briefing\\_Feb\\_4\\_2014.pdf](http://www.discus.org/assets/1/7/Distilled_Spirits_Industry_Briefing_Feb_4_2014.pdf)

<sup>4</sup> *Time*. A Booze of One's Own: The Micro-Distillery Boom. 2012. Obtained at: <http://tinyurl.com/cwlksre>

<sup>5</sup> Distilled Spirits Council 2013 Industry Review. 2013. Source: [http://www.discus.org/assets/1/7/Distilled\\_Spirits\\_Industry\\_Briefing\\_Feb\\_4\\_2014.pdf](http://www.discus.org/assets/1/7/Distilled_Spirits_Industry_Briefing_Feb_4_2014.pdf)

## Craft Distillers

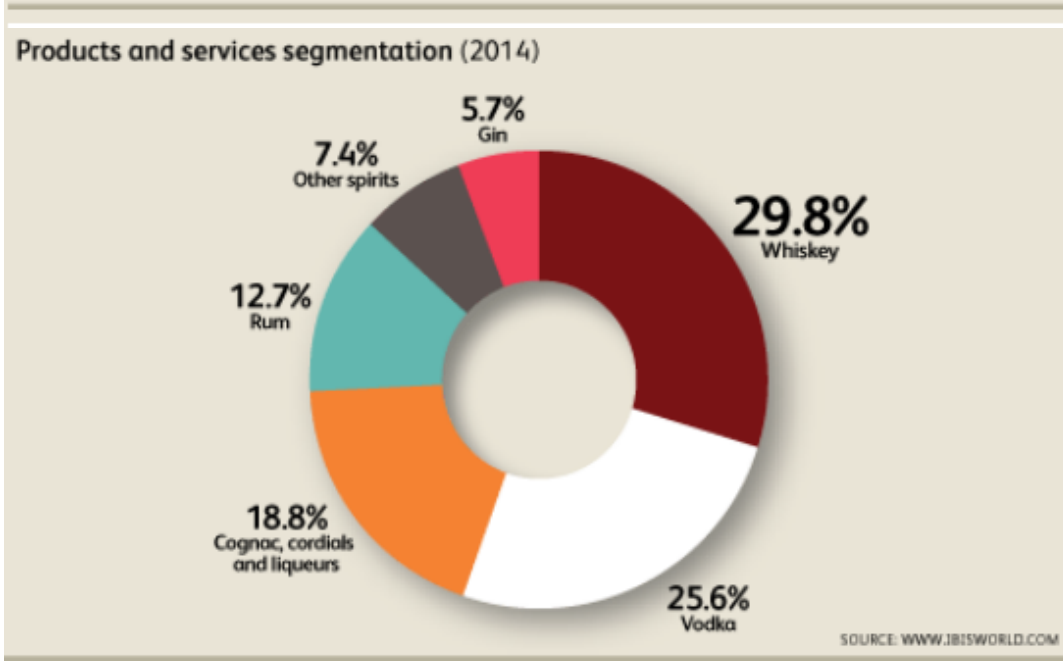
Distilled Spirits Plants Bottling Less Than 100k Gallons Annually



According to market research firm IBISWorld, the \$8.8 billion *Distilleries* industry is forecast to grow at an average annual rate of 4.6% over the next five years, reaching anticipated total revenue of \$11.1 billion by 2019. This growth will be driven by stronger consumer sentiment, expanding household budgets, widespread premiumization, rising alcohol consumption, and a growing population of legal drinkers. The following charts give an overview of this industry as it operates in the United States:<sup>6</sup>



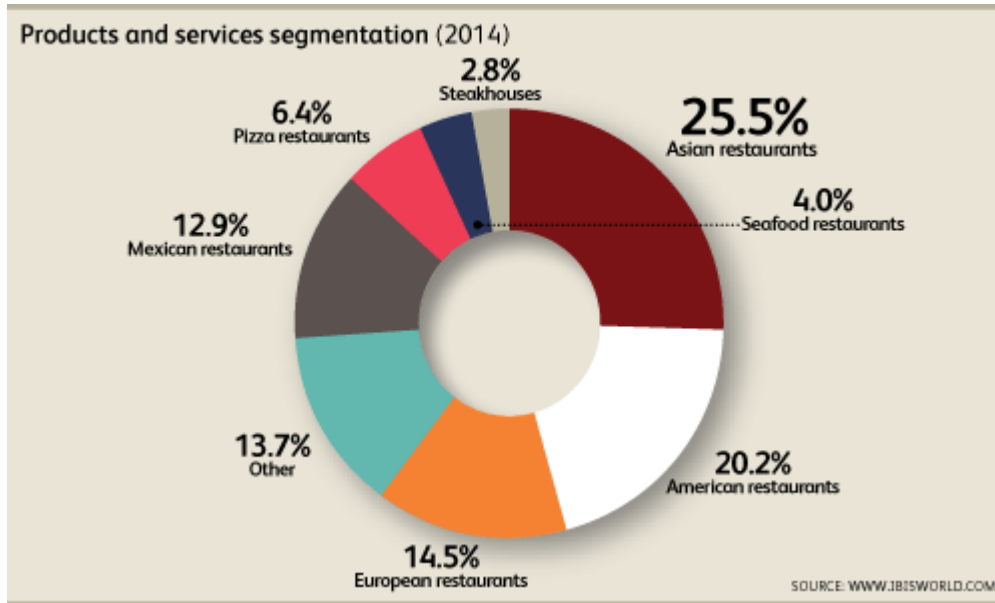
<sup>6</sup> IBISWorld. Source: [www.ibisworld.com](http://www.ibisworld.com)



Finally, due to its onsite restaurant and tasting room, the Company will also participate in the \$141.1 billion *Single Location Full-Service Restaurants* industry. Despite experiencing a major slowdown due to the struggling economy between 2007 and 2012, recovery has been buoyed by increases in consumer spending as improving economic conditions allow customers to return to pre-recession dining and entertainment habits. IBISWorld predicts that revenue in this industry will exceed \$160 billion by 2019. The following graphics, created by IBISWorld, summarize this robust industry.<sup>7</sup>

<sup>7</sup> IBISWorld. *Single Location Full-Service Restaurants*. February 2014. Source: [www.ibisworld.com](http://www.ibisworld.com)

Revenue <b>\$141.4bn</b>	Annual Growth 09-14 <b>2.6%</b>	Annual Growth 14-19 <b>2.5%</b>
Profit <b>\$8.8bn</b>	Wages <b>\$49.1bn</b>	Businesses <b>200,964</b>



## Competitive Comparison

The state of Idaho is home to only three other craft distillers: Bardenay, Koenig Distillery & Winery, and Grand Teton Distillery.

### **Bardenay**

610 Grove Street  
Boise, Idaho  
Products: Gin, rum, vodka (all white, unaged)  
Founded: 2000  
Notes: Bardenay also operates restaurants with a full bar in downtown Boise, Eagle, and Coeur D'Alene, Idaho

### **Koenig Distillery and Winery**

20928 Grape Lane  
Caldwell, Idaho  
Products: wine, fruit brandy, and vodka  
Founded: 1994

### **Grand Teton Distillery**

1755 N Highway 33  
Driggs, Idaho  
Products: Potato vodka

Founded: 2010

In addition to these competitors, The Granary Distillery will also compete with Dry Fly Distillery located in nearby Spokane, Washington, as well as other craft distilleries in the Northwest region. Finally, the Company will experience some competition from large international distillers and spirits corporations, such as Diageo and Pernot Ricard. However, no business currently operating in Idaho produces the wide range of spirits that The Granary Distillery will, and only one integrates on-premises drink and food service. The Company will capitalize on this near-completely untapped market niche by earning a reputation as the most exciting and innovative distillery in the state of Idaho. The Company has carefully analyzed the strengths and weaknesses of its competitors, and will utilize its analysis of these businesses' successes and shortcomings as a roadmap as it finalizes its own marketing and operational plans.

## STRATEGY AND IMPLEMENTATION SUMMARY

The Granary Distillery will develop a brand that emphasizes its commitment to supporting local agriculture and unique collection of high-quality spirits. The Company will encourage adoption of its products through a variety of advertising techniques designed to spread brand awareness, facilitated by the creation of a logo that will be featured on all marketing materials and outdoor signage.

With its brand and guiding principles established, the Company will send a clear message about the value and advantages its products offer consumers. The Company will promote this message using a comprehensive marketing strategy guided by a partnership with a dedicated marketing firm, as well as onsite branding and advertising at its tasting room and restaurant. The Granary Distillery intends to use this approach to accomplish the following objectives:

- Complete its funding and planning process by September 2014
- Begin construction of facilities in March 2015
- Complete construction and build-out by October 2015
- Launch restaurant and spirits production by November 2015
- Establish itself as a community hub for Sandpoint
- Build a base of customers that is large enough to sustain business
- Enhance its client base to sustain the business and support its growth objectives
- Generate enough revenue to expand distribution to neighboring states, and eventually nationally

To achieve these operational benchmarks, The Granary Distillery will build on its advantages as outlined in the following section.

### Competitive Edge

The Company will experience competition from other distillers, most of which lack an onsite restaurant and none of which are located in Sandpoint. The Granary Distillery will capitalize on its competitors' weaknesses by building on several strengths:

- Widest range of spirits available in Idaho
- Onsite restaurant and tasting room creates tourism draw
- Dedication to supporting local producers and communities
- Limited regional competition
- Owning its facility and the surrounding buildings, allowing the flexibility to develop related and/or complementary business (restaurant, brewery, bakery, etc.)

### Marketing Strategy

The Granary Distillery will partner with a dedicated marketing firm to build its brand and increase its exposure among prospective customers. The Company anticipates utilizing a full range of marketing tactics, including brand development, attendance at events and conferences, industry sampling, a dedicated website, active use of new and social media, and direct sales to restaurants, bars, and liquor stores. A brief overview of these strategies is as follows:

**Networking:** As with any relationship-based business, the Company will benefit from participating in a number of networking opportunities that have the potential to yield new business contacts as well as nourish existing ones. The Granary Distillery will attend a variety of events that draw substantial numbers of prospective liquor distributors and retailers, including seminars, mixers, and luncheons that provide opportunities to speak to and associate with larger audiences.

**Direct sales:** In the business-to-business world, direct advertising has always been the most effective means of reaching new customers. For this reason, The Granary Distillery will use direct sales calls, presentations, and appointments with prospective distributors, as well as restaurant and retail buyers. The Company will also arrange conference calls and webinar presentations with faraway prospects when geography is a limiting factor. The benefits of a direct sales approach include lower upfront marketing costs, enhanced lead generation, and immediate results.

**Trade shows:** The Company will attend trade shows throughout the United States to increase brand awareness and establish valuable business partnerships.

**Grand opening:** The Company's grand opening event in December 2015 will be designed to generate initial buzz for The Granary Distillery, signaling its formal launch. This event will feature live entertainment/demonstrations, complimentary refreshments, and special discounts.

**Website:** The Company will create a website to generate interest in its products and tasting room. This website will be search engine optimized and contain a number of features including: shopping cart, product information, client testimony, photo gallery, company profile, location, and hours of operation.

**Social networking:** The Granary Distillery will develop a presence on social networking sites including Facebook, Instagram, and Twitter, and may also place advertisements on these sites. Customers can "like" The Granary Distillery on Facebook or "follow" the Company's Twitter feed in order to gain access to special discounts or promotions. Active use of Twitter and Facebook provides unprecedented access to consumers and can be an invaluable marketing tool,<sup>8</sup> and Instagram recently overtook Twitter in terms of daily active users.<sup>9</sup>

In addition, The Granary Distillery will leverage its existing community relationships to market its wholesale products as well as its tasting room and restaurant. Word travels quickly between family members, peers, and colleagues who are pleased with their experiences with a particular business. The Company will rely on this effective and inexpensive resource to generate interest in its restaurant and tasting room. According to research conducted by Nielsen, word of mouth remains among the most trusted forms of advertising, and "92% of consumers around the world say they trust earned media, such as word of mouth or recommendations from friends and family, above all other forms of advertising."<sup>10</sup>

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<sup>8</sup> Baker, Loren. Pronet Advertising. "5 Ways to Connect Facebook with Your Business Life." May 31, 2010. Source: [http://www.pronetadvertising.com/articles/5\\_ways\\_to\\_conne.html](http://www.pronetadvertising.com/articles/5_ways_to_conne.html)

<sup>9</sup> Fiegeman, Seth. Mashable.com. "Instagram Now Has More Daily Active Users on Mobile than Twitter." September 27, 2012. Source: <http://mashable.com/2012/09/27/instagram-passes-twitter-users/>

<sup>10</sup> Grimes, Marisa. Nielsen Report. "Global Trust in Advertising and Brand Messages." April, 2012. Obtained at: <http://tinyurl.com/7c73gdw>



## MANAGEMENT SUMMARY

### **Steve Holt, Co-owner**

Steve Holt currently serves as the Executive Director of the Eureka Institute, a non-profit, life-long learning and leadership conference center and outdoor education camp program based in Sandpoint, Idaho. Previously, Mr. Holt owned and operates a design/build contracting business in the San Francisco Bay Area for more than 15 years. He is the Founder and Board President of Lake Pend Oreille Waterkeeper, and regularly volunteers his time to enhance the greater Sandpoint area through positive community development and environmental initiatives. Mr. Holt has two grown children and is an avid fly fisherman, builder, and connoisseur of both vodka and tequila. At The Granary Distillery, Mr. Holt will be responsible for the planning and oversight of the facility conversion and build out, as well as installation of equipment. He will also assist with business planning and investor relations.

### **John Edwards, Co-owner**

John is currently the Vice President and Co-Owner of Misty Mountain Furniture, a custom furniture design and production company that has been based in Sandpoint for 22 years. He also is Co-Owner of Edsark, LLC and the Granary, both land holdings and real estate/rental companies. Prior to his current enterprises, Mr. Edwards worked for a number of custom builders, the National Wildlife Federation (Teen Program), Idaho Educational Adventures, and Idaho State Parks. John holds a Bachelor of Science degree in Wildland Recreation Management from the University of Idaho and attended the National Outdoor Leadership School.

Mr. Edward's volunteer efforts include serving as a board member on the Rock Creek Alliance, and as President of the Eureka Institute. He and his wife have two grown children and live with their dog Bella Blue. John's other avocations include playing upright bass and guitar in an Americana music band and attending music festivals. He is also an enthusiastic fly fisherman, paddler, backcountry skier, mountain biker, hiker and backpacker. His connection to distilling includes his experience home brewing beer for eight years; his spirit preferences include tequila on the rocks with a twist of lime, and gin and tonics. At The Granary Distillery, Mr. Edwards will be responsible for the planning and oversight of the facility conversion and build out, as well as installation of equipment. He will also assist with business planning and investor relations.

### **Jim Zuberbuhler, Co-owner**

Jim Zuberbuhler is Associate Vice President and Financial Advisor with D.A. Davidson & Co. in Sandpoint, Idaho, where he focuses his practice on retirement planning and assisting families with funding post-secondary educational opportunities. Prior to becoming a financial advisor in 2007, Jim spent 25 years in education, working at a number of colleges, universities, and specialized independent schools in Ohio, California, Hawaii, and Idaho, as well as an outdoor experiential education non-profit in California and after-school academic enrichment and internship program in Massachusetts. Mr. Zuberbuhler also founded an organizational development practice focused on non-profit governance and organizational leadership.

He is actively involved in the Sandpoint community, serving as board president of the Bonner County Community and Forrest Bird Charter School. He is also the race director of the Long Bridge Swim, and serves on the boards of the Kaniksu Land Trust and the Eureka Institute. Mr. Zuberbuhler. He holds a Master's degree in history from the University of Hawaii in Honolulu, Hawaii, and a Bachelor of Arts degree in history from the College of Wooster in Wooster, Ohio. Jim and his children enjoy hiking, skiing, reading, gardening, mountain biking, snowshoeing, swimming and traveling. Early in his career Jim developed and managed a bar and he particularly enjoys whiskey, tequila, and gin. At The Granary Distillery, Mr. Zuberbuhler will serve as the lead for all business planning and development, capital procurement, marketing and staff management, and investor relations.

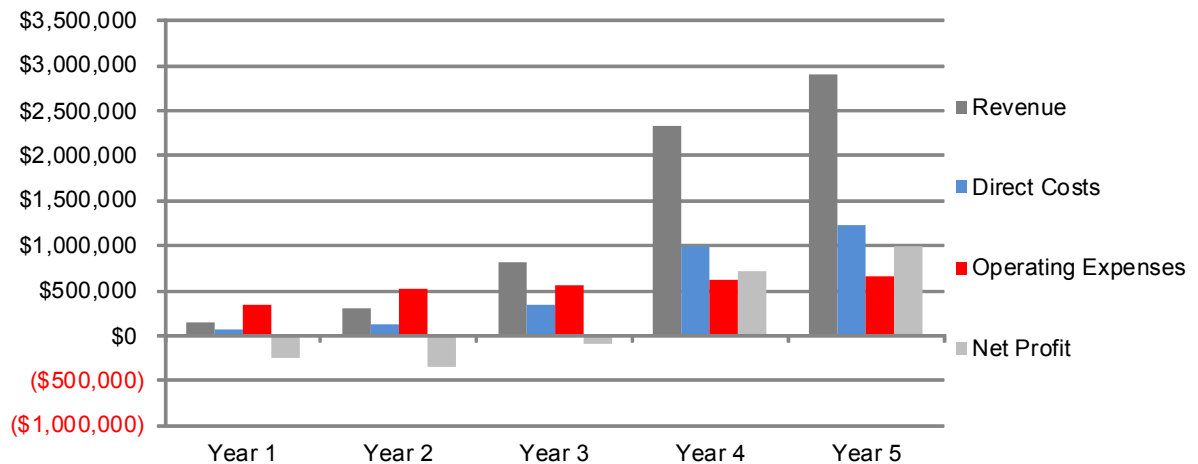
# FINANCIAL PROJECTIONS

The following table and graph illustrate the financial goals of the Company during the next five years:

## FINANCIAL HIGHLIGHTS

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$150,000	\$300,000	\$820,000	\$2,325,000	\$2,900,000
Gross Margin	\$90,000	\$180,000	\$477,000	\$1,338,750	\$1,665,000
Operating Expenses	\$344,835	\$529,793	\$556,736	\$629,475	\$665,426
EBITDA*	(\$197,102)	(\$292,060)	(\$22,003)	\$767,008	\$1,057,308
Net Profit	(\$254,835)	(\$349,793)	(\$79,736)	\$709,275	\$999,574
<i>*Earnings before interest, taxes, depreciation &amp; amortization</i>					
<b>Profitability Ratios</b>					
Gross Margin/Revenue	60%	60%	58%	58%	57%
EBITDA/Revenue	-131%	-97%	-3%	33%	36%
Net Profit %	-170%	-117%	-10%	31%	34%
<b>Debt Ratios</b>					
Debt Ratio (Total Debt/Total Assets)	0.80%	1.35%	2.76%	4.53%	3.85%
Interest Coverage Ratio	N/A	N/A	N/A	N/A	N/A
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A
<b>Days on Hand</b>					
Receivables	0	0	0	0	0
Inventory	330	675	580	367	453
Payables	30	30	30	30	30
Net Cash Flow	(\$253,219)	(\$524,202)	(\$396,440)	\$338,026	\$496,230
Cash Balance - Ending	\$997,281	\$473,079	\$76,639	\$414,665	\$910,895

## Financial Highlights



The following is a five-year revenue forecast. Direct costs include all costs which can be directly tied to revenue and include “cost of goods.”

## REVENUE FORECAST

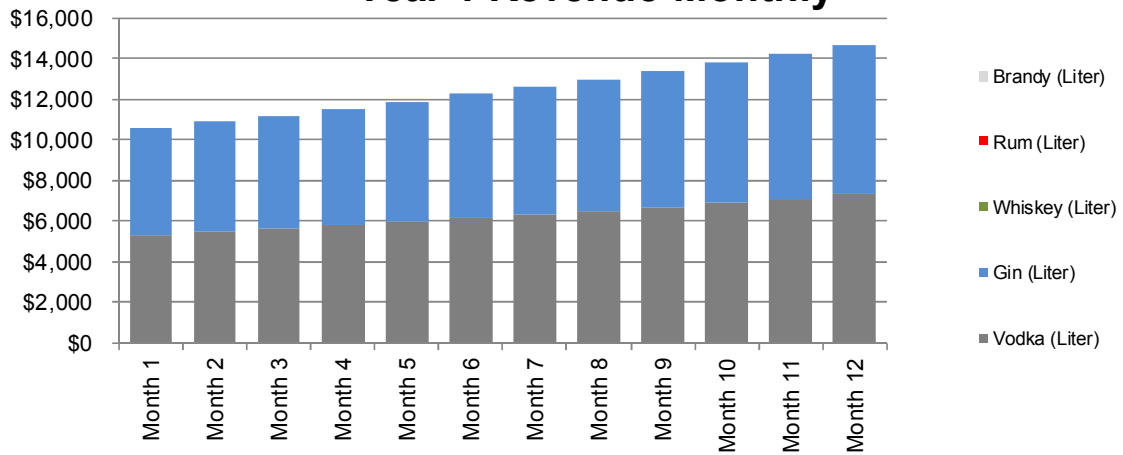
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>					
Vodka (Liter)	\$75,000	\$150,000	\$300,000	\$750,000	\$900,000
Gin (Liter)	\$75,000	\$150,000	\$300,000	\$750,000	\$900,000
Whiskey (Liter)	\$0	\$0	\$80,000	\$300,000	\$400,000
Rum (Liter)	\$0	\$0	\$70,000	\$262,500	\$350,000
Brandy (Liter)	\$0	\$0	\$70,000	\$262,500	\$350,000
<b>Total Revenue</b>	<b>\$150,000</b>	<b>\$300,000</b>	<b>\$820,000</b>	<b>\$2,325,000</b>	<b>\$2,900,000</b>
<b>Direct Cost of Revenue</b>					
Vodka (Liter)	\$30,000	\$60,000	\$120,000	\$300,000	\$360,000
Gin (Liter)	\$30,000	\$60,000	\$120,000	\$300,000	\$360,000
Whiskey (Liter)	\$0	\$0	\$40,000	\$150,000	\$200,000
Rum (Liter)	\$0	\$0	\$31,500	\$118,125	\$157,500
Brandy (Liter)	\$0	\$0	\$31,500	\$118,125	\$157,500
Subtotal Cost of Revenue	\$60,000	\$120,000	\$343,000	\$986,250	\$1,235,000
Other Direct Cost	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Costs</b>	<b>\$60,000</b>	<b>\$120,000</b>	<b>\$343,000</b>	<b>\$986,250</b>	<b>\$1,235,000</b>
Gross Margin	\$90,000	\$180,000	\$477,000	\$1,338,750	\$1,665,000
Gross Margin/Revenue	60%	60%	58%	58%	57%

The table below shows the units and pricing assumptions underlying the revenue forecast:

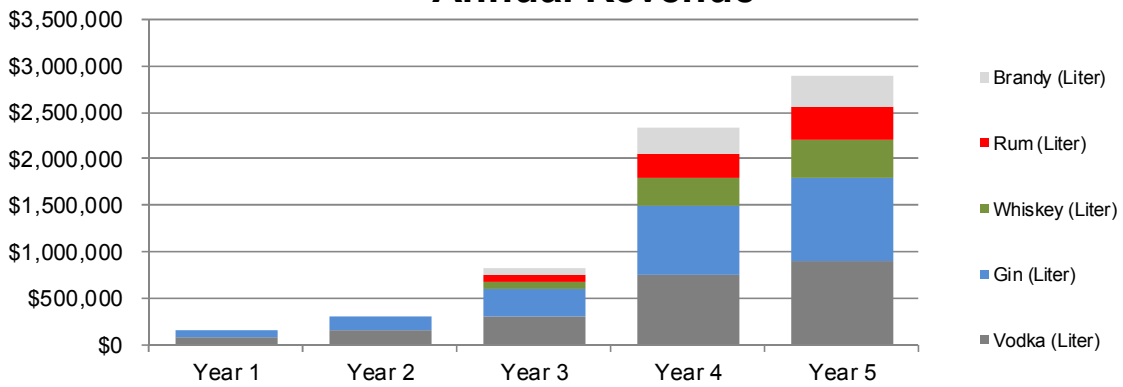
## UNIT ASSUMPTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5
Liters Produced	25,000	60,000	100,000	125,000	150,000
Liters Sold	(10,000)	(20,000)	(52,000)	(145,000)	(180,000)
Evaporation	(215)	(514)	(1,289)	(2,386)	(3,721)
Balance of Liters	14,785	54,271	100,982	78,596	44,876
<b>Units</b>					
Vodka (Liter)	5,000	10,000	20,000	50,000	60,000
Gin (Liter)	5,000	10,000	20,000	50,000	60,000
Whiskey (Liter)	0	0	4,000	15,000	20,000
Rum (Liter)	0	0	4,000	15,000	20,000
Brandy (Liter)	0	0	4,000	15,000	20,000
Total Units	10,000	20,000	52,000	145,000	180,000
<b>Unit Price</b>					
Vodka (Liter)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Gin (Liter)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Whiskey (Liter)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Rum (Liter)	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
Brandy (Liter)	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
<b>Direct Unit Cost</b>					
Vodka (Liter)	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Gin (Liter)	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Whiskey (Liter)	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Rum (Liter)	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88
Brandy (Liter)	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88

## Year 1 Revenue Monthly



## Annual Revenue



The Company's personnel forecast is outlined below. Personnel wages indicate the average wage per position and personnel costs are total wages for each position.

## PERSONNEL FORECAST

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Personnel Count</b>					
Managers	4	4	4	4	4
Distillery Staff	4	4	4	4	4
Admin	1	1	1	1	1
<b>Total Personnel</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Personnel Wage</b>					
Managers	\$0	\$40,000	\$40,800	\$41,616	\$42,448
Distillery Staff	\$32,500	\$33,150	\$33,813	\$34,489	\$35,179
Admin	\$31,200	\$31,824	\$32,460	\$33,110	\$33,772
<b>Personnel Costs</b>					
Managers	\$0	\$160,000	\$163,200	\$166,464	\$169,793
Distillery Staff	\$130,000	\$132,600	\$135,252	\$137,957	\$140,716
Admin	\$31,200	\$31,824	\$32,460	\$33,110	\$33,772
<b>Total Payroll</b>	<b>\$161,200</b>	<b>\$324,424</b>	<b>\$330,912</b>	<b>\$337,531</b>	<b>\$344,281</b>
<b>Payroll/Revenue</b>	<b>107.47%</b>	<b>108.14%</b>	<b>40.36%</b>	<b>14.52%</b>	<b>11.87%</b>

The Company intends to deploy its funding to maximize growth and profitability. In the Profit and Loss table below, gross margin equals revenue minus direct costs. The “bottom line” or profit (as measured before and after interest, taxes, depreciation, and amortization) equals gross margin minus operating expenses.

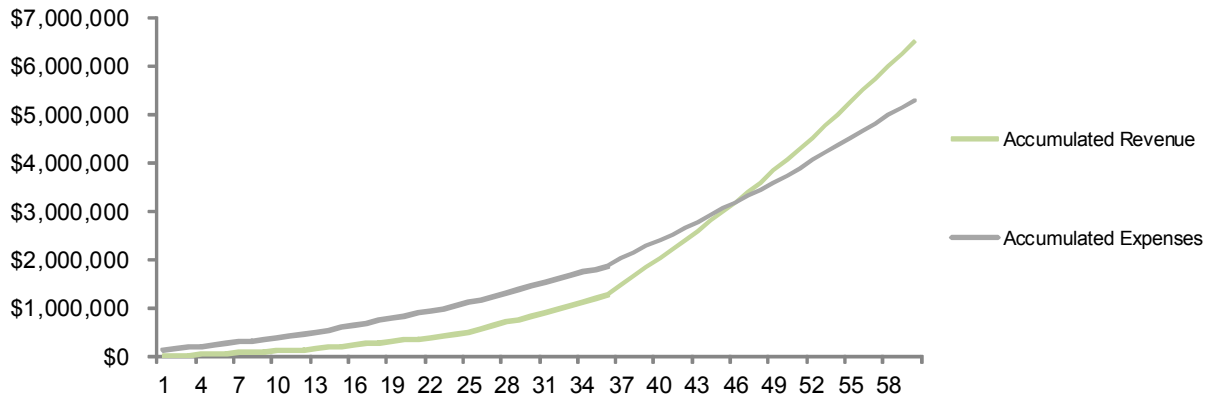
## PRO FORMA PROFIT & LOSS

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Revenue</b>	<b>\$150,000</b>	<b>\$300,000</b>	<b>\$820,000</b>	<b>\$2,325,000</b>	<b>\$2,900,000</b>
Total Direct Cost of Revenue	\$60,000	\$120,000	\$343,000	\$986,250	\$1,235,000
Gross Margin	\$90,000	\$180,000	\$477,000	\$1,338,750	\$1,665,000
Gross Margin/Revenue	60%	60%	58%	58%	57%
<b>Expenses</b>					
Marketing/Promotion	\$15,000	\$18,000	\$32,800	\$93,000	\$116,000
Rent	\$40,000	\$42,000	\$44,100	\$46,305	\$48,620
Utilities	\$8,000	\$8,400	\$8,820	\$9,261	\$9,724
Insurance	\$12,000	\$12,600	\$13,230	\$13,892	\$14,586
Travel & Entertainment	\$15,000	\$15,750	\$16,538	\$17,364	\$18,233
Leased Equipment	\$6,000	\$6,300	\$6,615	\$6,946	\$7,293
Accounting	\$6,000	\$6,300	\$6,615	\$6,946	\$7,293
Office Supplies	\$1,800	\$1,890	\$1,985	\$2,084	\$2,188
Phone/Internet	\$2,400	\$2,520	\$2,646	\$2,778	\$2,917
Misc	\$6,000	\$6,300	\$6,615	\$6,946	\$7,293
Depreciation	\$57,733	\$57,733	\$57,733	\$57,733	\$57,733
Payroll Taxes	\$13,702	\$27,576	\$28,128	\$28,690	\$29,264
Total Personnel	\$161,200	\$324,424	\$330,912	\$337,531	\$344,281
<b>Total Op. Expenses</b>	<b>\$344,835</b>	<b>\$529,793</b>	<b>\$556,736</b>	<b>\$629,475</b>	<b>\$665,426</b>
Profit Before Int. & Tax	(\$254,835)	(\$349,793)	(\$79,736)	\$709,275	\$999,574
EBITDA	(\$197,102)	(\$292,060)	(\$22,003)	\$767,008	\$1,057,308
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0
<b>Net Profit</b>	<b>(\$254,835)</b>	<b>(\$349,793)</b>	<b>(\$79,736)</b>	<b>\$709,275</b>	<b>\$999,574</b>
<b>Net Profit %</b>	<b>-169.9%</b>	<b>-116.6%</b>	<b>-9.7%</b>	<b>30.5%</b>	<b>34.5%</b>

The table and chart below demonstrate when the Company is expected to become profitable. Break-even occurs when accumulated revenue equals accumulated expenses. According to the forecasted financials, month 46 will be the point at which break-even will occur.

## BREAK-EVEN ANALYSIS

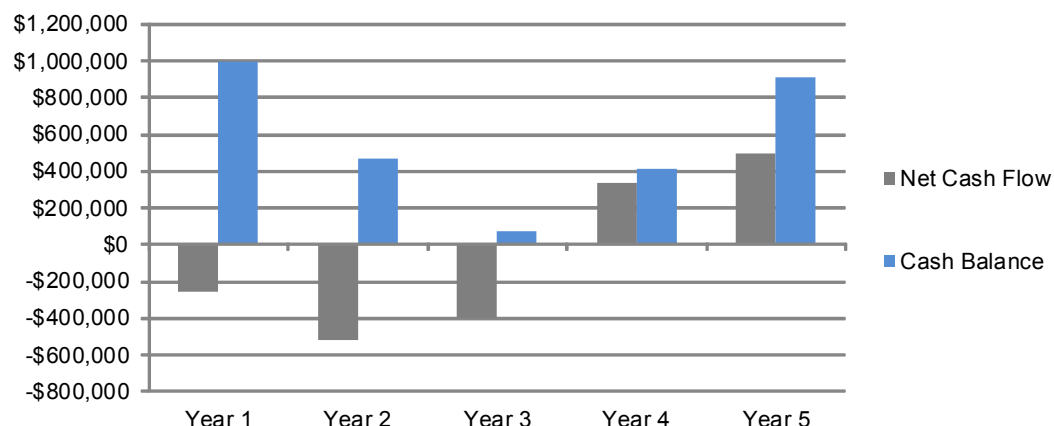
Break-Even Month	46
Accumulated Gross Revenue	\$3,187,969





The following depictions of the Company's projected cash flow show that the Company expects to maintain sufficient cash balances over the five years of this plan. The "pro forma cash flow" table differs from the "pro forma profit and loss" (P&L) table. Pro forma cash flow is intended to represent the actual flow of cash in and out of the Company. In comparison, the revenue and expense projections on the P&L table include "non-cash" items and exclude funding and investment illustrations.

## Cash Flow



### CASH FLOW

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>OPERATING</b>					
Net Profit	(\$254,835)	(\$349,793)	(\$79,736)	\$709,275	\$999,574
<u>Adjustments to Net Profit</u>					
Depreciation & Amortization	\$57,733	\$57,733	\$57,733	\$57,733	\$57,733
(Increases)/Decreases in Accounts Receivable	\$0	\$0	\$0	\$0	\$0
(Additions)/Depletions of Inventory	(\$71,321)	(\$237,944)	(\$394,844)	(\$490,457)	(\$585,118)
Increases/(Decreases) in Accounts Payable	\$15,204	\$5,803	\$20,407	\$61,475	\$24,041
Net Cash From Operating Activities	(\$253,219)	(\$524,202)	(\$396,440)	\$338,026	\$496,230
<b>INVESTING</b>					
Purchase of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sale of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase of Land	\$0	\$0	\$0	\$0	\$0
Sale of Land	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Sale of Long-term Assets	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0
<b>FINANCING</b>					
Investment	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
Current Borrowing Repay.	\$0	\$0	\$0	\$0	\$0
New Long Term Liabilities	\$0	\$0	\$0	\$0	\$0
Long Term Liability Repay	\$0	\$0	\$0	\$0	\$0
Net Cash From Financing Activities	\$0	\$0	\$0	\$0	\$0
<b>NET CASH FLOW</b>	<b>(\$253,219)</b>	<b>(\$524,202)</b>	<b>(\$396,440)</b>	<b>\$338,026</b>	<b>\$496,230</b>
Beginning Cash	\$1,250,500	\$997,281	\$473,079	\$76,639	\$414,665
Ending Cash	\$997,281	\$473,079	\$76,639	\$414,665	\$910,895

The balance sheet below highlights the Company's projected assets, liabilities, and capital:

## BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
Current Assets					
Cash	\$997,281	\$473,079	\$76,639	\$414,665	\$910,895
Accounts Receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$96,321	\$334,265	\$729,110	\$1,219,567	\$1,804,684
Other Current Assets	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$1,093,602</b>	<b>\$807,345</b>	<b>\$805,749</b>	<b>\$1,634,231</b>	<b>\$2,715,579</b>
Fixed Assets					
Long-term Assets	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000
Accum. Depreciation	\$57,733	\$115,467	\$173,200	\$230,933	\$288,667
Land	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$808,267</b>	<b>\$750,533</b>	<b>\$692,800</b>	<b>\$635,067</b>	<b>\$577,333</b>
<b>Total Assets</b>	<b>\$1,901,869</b>	<b>\$1,557,878</b>	<b>\$1,498,549</b>	<b>\$2,269,298</b>	<b>\$3,292,913</b>
<b>Liabilities and Capital</b>					
Current Liabilities					
Accounts Payable	\$15,204	\$21,007	\$41,414	\$102,888	\$126,929
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$15,204</b>	<b>\$21,007</b>	<b>\$41,414</b>	<b>\$102,888</b>	<b>\$126,929</b>
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$15,204</b>	<b>\$21,007</b>	<b>\$41,414</b>	<b>\$102,888</b>	<b>\$126,929</b>
Paid-in Capital	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000
Retained Earnings	(\$108,500)	(\$363,335)	(\$713,129)	(\$792,865)	(\$83,590)
Earnings	(\$254,835)	(\$349,793)	(\$79,736)	\$709,275	\$999,574
<b>Total Capital</b>	<b>\$1,886,665</b>	<b>\$1,536,871</b>	<b>\$1,457,135</b>	<b>\$2,166,410</b>	<b>\$3,165,984</b>
<b>Total Liabilities and Capital</b>	<b>\$1,901,869</b>	<b>\$1,557,878</b>	<b>\$1,498,549</b>	<b>\$2,269,298</b>	<b>\$3,292,913</b>

The sensitivity analysis below assumes that revenues are 15% higher or lower than figures projected earlier in this business plan:

## BEST CASE SCENARIO

<b>REVENUE IS 15% GREATER THAN PROJECTED</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenue	\$172,500	\$345,000	\$943,000	\$2,673,750	\$3,335,000
Cost of Goods	\$69,000	\$138,000	\$394,450	\$1,134,188	\$1,420,250
Gross Margin	\$103,500	\$207,000	\$548,550	\$1,539,563	\$1,914,750
Gross Margin/Revenue	60%	60%	58%	58%	57%
Operating Expenses	\$344,835	\$529,793	\$556,736	\$629,475	\$665,426
Net Profit	(\$241,335)	(\$322,793)	(\$8,186)	\$910,087	\$1,249,324
Net Profit/Revenue	-140%	-94%	-1%	34%	37%
Cash Flow	(\$239,719)	(\$497,202)	(\$324,890)	\$538,838	\$745,980
Cash Balance	\$1,010,781	\$513,579	\$188,689	\$727,527	\$1,473,508

## WORST CASE SCENARIO

<b>REVENUE IS 15% LESS THAN PROJECTED</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenue	\$127,500	\$255,000	\$697,000	\$1,976,250	\$2,465,000
Cost of Goods	\$51,000	\$102,000	\$291,550	\$838,313	\$1,049,750
Gross Margin	\$76,500	\$153,000	\$405,450	\$1,137,938	\$1,415,250
Gross Margin/Revenue	60%	60%	58%	58%	57%
Operating Expenses	\$344,835	\$529,793	\$556,736	\$629,475	\$665,426
Net Profit	(\$268,335)	(\$376,793)	(\$151,286)	\$508,462	\$749,824
Net Profit/Revenue	-210%	-148%	-22%	26%	30%
Cash Flow	(\$266,719)	(\$551,202)	(\$467,990)	\$137,213	\$246,480
Cash Balance	\$983,781	\$432,579	(\$35,411)	\$101,802	\$348,283

# APPENDIX

## REVENUE FORECAST

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Revenue</b>												
Vodka (Liter)	\$5,285	\$5,443	\$5,606	\$5,775	\$5,948	\$6,126	\$6,310	\$6,499	\$6,694	\$6,895	\$7,102	\$7,315
Gin (Liter)	\$5,285	\$5,443	\$5,606	\$5,775	\$5,948	\$6,126	\$6,310	\$6,499	\$6,694	\$6,895	\$7,102	\$7,315
Whiskey (Liter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rum (Liter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Brandy (Liter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$10,569</b>	<b>\$10,886</b>	<b>\$11,213</b>	<b>\$11,549</b>	<b>\$11,896</b>	<b>\$12,253</b>	<b>\$12,620</b>	<b>\$12,999</b>	<b>\$13,389</b>	<b>\$13,791</b>	<b>\$14,204</b>	<b>\$14,630</b>
<b>Direct Cost of Revenue</b>												
Vodka (Liter)	\$2,114	\$2,177	\$2,243	\$2,310	\$2,379	\$2,451	\$2,524	\$2,600	\$2,678	\$2,758	\$2,841	\$2,926
Gin (Liter)	\$2,114	\$2,177	\$2,243	\$2,310	\$2,379	\$2,451	\$2,524	\$2,600	\$2,678	\$2,758	\$2,841	\$2,926
Whiskey (Liter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rum (Liter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Brandy (Liter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Cost of Revenue</b>	<b>\$4,228</b>	<b>\$4,355</b>	<b>\$4,485</b>	<b>\$4,620</b>	<b>\$4,758</b>	<b>\$4,901</b>	<b>\$5,048</b>	<b>\$5,200</b>	<b>\$5,356</b>	<b>\$5,516</b>	<b>\$5,682</b>	<b>\$5,852</b>
Other Direct Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Costs</b>	<b>\$4,228</b>	<b>\$4,355</b>	<b>\$4,485</b>	<b>\$4,620</b>	<b>\$4,758</b>	<b>\$4,901</b>	<b>\$5,048</b>	<b>\$5,200</b>	<b>\$5,356</b>	<b>\$5,516</b>	<b>\$5,682</b>	<b>\$5,852</b>
<b>Gross Margin</b>	<b>\$6,342</b>	<b>\$6,532</b>	<b>\$6,728</b>	<b>\$6,930</b>	<b>\$7,138</b>	<b>\$7,352</b>	<b>\$7,572</b>	<b>\$7,799</b>	<b>\$8,033</b>	<b>\$8,274</b>	<b>\$8,523</b>	<b>\$8,778</b>
<b>Gross Margin/Revenue</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>

## UNIT ASSUMPTIONS

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Units</b>												
Vodka (Liter)	352	363	374	385	397	408	421	433	446	460	473	488
Gin (Liter)	352	363	374	385	397	408	421	433	446	460	473	488
Whiskey (Liter)	0	0	0	0	0	0	0	0	0	0	0	0
Rum (Liter)	0	0	0	0	0	0	0	0	0	0	0	0
Brandy (Liter)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Units</b>	<b>705</b>	<b>726</b>	<b>748</b>	<b>770</b>	<b>793</b>	<b>817</b>	<b>841</b>	<b>867</b>	<b>893</b>	<b>919</b>	<b>947</b>	<b>975</b>
<b>Unit Price</b>												
Vodka (Liter)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Gin (Liter)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Whiskey (Liter)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Rum (Liter)	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
Brandy (Liter)	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
<b>Direct Unit Cost</b>												
Vodka (Liter)	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Gin (Liter)	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Whiskey (Liter)	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Rum (Liter)	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88
Brandy (Liter)	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88	\$7.88

# PERSONNEL FORECAST

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Personnel Count</b>												
Managers	4	4	4	4	4	4	4	4	4	4	4	4
Distillery Staff	4	4	4	4	4	4	4	4	4	4	4	4
Admin	1	1	1	1	1	1	1	1	1	1	1	1
<b>Total Personnel</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Personnel Wage</b>												
Managers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distillery Staff	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708
Admin	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
<b>Personnel Costs</b>												
Managers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distillery Staff	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833
Admin	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
<b>Total Payroll</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>	<b>\$13,433</b>
<b>Payroll/Revenue</b>	<b>127.10%</b>	<b>123.40%</b>	<b>119.80%</b>	<b>116.31%</b>	<b>112.92%</b>	<b>109.64%</b>	<b>106.44%</b>	<b>103.34%</b>	<b>100.33%</b>	<b>97.41%</b>	<b>94.57%</b>	<b>91.82%</b>

## PRO FORMA PROFIT & LOSS

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Total Revenue	\$10,569	\$10,886	\$11,213	\$11,549	\$11,896	\$12,253	\$12,620	\$12,999	\$13,389	\$13,791	\$14,204	\$14,630
Total Direct Cost of Revenue	\$4,228	\$4,355	\$4,485	\$4,620	\$4,758	\$4,901	\$5,048	\$5,200	\$5,356	\$5,516	\$5,682	\$5,852
Gross Margin	\$6,342	\$6,532	\$6,728	\$6,930	\$7,138	\$7,352	\$7,572	\$7,799	\$8,033	\$8,274	\$8,523	\$8,778
Gross Margin/Revenue	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Expenses</b>												
Marketing/Promotion	\$1,057	\$1,089	\$1,121	\$1,155	\$1,190	\$1,225	\$1,262	\$1,300	\$1,339	\$1,379	\$1,420	\$1,463
Rent	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333	\$3,333
Utilities	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667
Insurance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Travel & Entertainment	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Leased Equipment	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Accounting	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Office Supplies	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Phone/Internet	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Misc	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Depreciation	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811	\$4,811
Payroll Taxes	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142	\$1,142
Total Personnel	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433	\$13,433
Total Op. Expenses	\$28,543	\$28,575	\$28,608	\$28,641	\$28,676	\$28,712	\$28,748	\$28,786	\$28,825	\$28,865	\$28,907	\$28,949
Profit Before Int. & Tax	(\$22,202)	(\$22,043)	(\$21,880)	(\$21,712)	(\$21,538)	(\$21,360)	(\$21,176)	(\$20,987)	(\$20,792)	(\$20,591)	(\$20,384)	(\$20,171)
EBITDA	(\$17,391)	(\$17,232)	(\$17,069)	(\$16,900)	(\$16,727)	(\$16,549)	(\$16,365)	(\$16,176)	(\$15,981)	(\$15,780)	(\$15,573)	(\$15,360)
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$22,202)	(\$22,043)	(\$21,880)	(\$21,712)	(\$21,538)	(\$21,360)	(\$21,176)	(\$20,987)	(\$20,792)	(\$20,591)	(\$20,384)	(\$20,171)
Net Profit %	-210.1%	-202.5%	-195.1%	-188.0%	-181.1%	-174.3%	-167.8%	-161.5%	-155.3%	-149.3%	-143.5%	-137.9%

## BALANCE SHEET

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$1,243,492	\$1,223,514	\$1,203,616	\$1,183,802	\$1,164,073	\$1,140,667	\$1,116,228	\$1,091,998	\$1,067,982	\$1,044,186	\$1,020,617	\$997,281
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$27,818	\$30,722	\$33,712	\$36,791	\$39,964	\$46,997	\$55,252	\$63,493	\$71,721	\$79,935	\$88,135	\$96,321
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$1,271,311</b>	<b>\$1,254,235</b>	<b>\$1,237,328</b>	<b>\$1,220,593</b>	<b>\$1,204,037</b>	<b>\$1,187,664</b>	<b>\$1,171,480</b>	<b>\$1,155,491</b>	<b>\$1,139,703</b>	<b>\$1,124,121</b>	<b>\$1,108,752</b>	<b>\$1,093,602</b>
<b>Fixed Assets</b>												
Long-term Assets	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000
Accum. Depreciation	\$4,811	\$9,622	\$14,433	\$19,244	\$24,056	\$28,867	\$33,678	\$38,489	\$43,300	\$48,111	\$52,922	\$57,733
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$861,189</b>	<b>\$856,378</b>	<b>\$851,567</b>	<b>\$846,756</b>	<b>\$841,944</b>	<b>\$837,133</b>	<b>\$832,322</b>	<b>\$827,511</b>	<b>\$822,700</b>	<b>\$817,889</b>	<b>\$813,078</b>	<b>\$808,267</b>
<b>Total Assets</b>	<b>\$2,132,500</b>	<b>\$2,110,613</b>	<b>\$2,088,894</b>	<b>\$2,067,349</b>	<b>\$2,045,981</b>	<b>\$2,024,797</b>	<b>\$2,003,802</b>	<b>\$1,983,002</b>	<b>\$1,962,403</b>	<b>\$1,942,010</b>	<b>\$1,921,830</b>	<b>\$1,901,869</b>
<b>Liabilities and Capital</b>												
<b>Current Liabilities</b>												
Accounts Payable	\$13,201	\$13,358	\$13,519	\$13,685	\$13,855	\$14,031	\$14,213	\$14,399	\$14,592	\$14,790	\$14,994	\$15,204
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$13,201</b>	<b>\$13,358</b>	<b>\$13,519</b>	<b>\$13,685</b>	<b>\$13,855</b>	<b>\$14,031</b>	<b>\$14,213</b>	<b>\$14,399</b>	<b>\$14,592</b>	<b>\$14,790</b>	<b>\$14,994</b>	<b>\$15,204</b>
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$13,201</b>	<b>\$13,358</b>	<b>\$13,519</b>	<b>\$13,685</b>	<b>\$13,855</b>	<b>\$14,031</b>	<b>\$14,213</b>	<b>\$14,399</b>	<b>\$14,592</b>	<b>\$14,790</b>	<b>\$14,994</b>	<b>\$15,204</b>
<b>Capital</b>												
Paid-in Capital	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000
Retained Earnings	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)
Earnings	(\$22,202)	(\$44,245)	(\$66,124)	(\$87,836)	(\$109,374)	(\$130,734)	(\$151,910)	(\$172,897)	(\$193,689)	(\$214,280)	(\$234,664)	(\$254,835)
<b>Total Capital</b>	<b>\$2,119,298</b>	<b>\$2,097,255</b>	<b>\$2,075,376</b>	<b>\$2,053,664</b>	<b>\$2,032,126</b>	<b>\$2,010,766</b>	<b>\$1,989,590</b>	<b>\$1,968,603</b>	<b>\$1,947,811</b>	<b>\$1,927,220</b>	<b>\$1,906,836</b>	<b>\$1,886,665</b>
<b>Total Liabilities and Capital</b>	<b>\$2,132,500</b>	<b>\$2,110,613</b>	<b>\$2,088,894</b>	<b>\$2,067,349</b>	<b>\$2,045,981</b>	<b>\$2,024,797</b>	<b>\$2,003,802</b>	<b>\$1,983,002</b>	<b>\$1,962,403</b>	<b>\$1,942,010</b>	<b>\$1,921,830</b>	<b>\$1,901,869</b>



## BALANCE SHEET

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$1,243,492	\$1,223,514	\$1,203,616	\$1,183,802	\$1,164,073	\$1,140,667	\$1,116,228	\$1,091,998	\$1,067,982	\$1,044,186	\$1,020,617	\$997,281
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$27,818	\$30,722	\$33,712	\$36,791	\$39,964	\$46,997	\$55,252	\$63,493	\$71,721	\$79,935	\$88,135	\$96,321
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$1,271,311</b>	<b>\$1,254,235</b>	<b>\$1,237,328</b>	<b>\$1,220,593</b>	<b>\$1,204,037</b>	<b>\$1,187,664</b>	<b>\$1,171,480</b>	<b>\$1,155,491</b>	<b>\$1,139,703</b>	<b>\$1,124,121</b>	<b>\$1,108,752</b>	<b>\$1,093,602</b>
<b>Fixed Assets</b>												
Long-term Assets	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000	\$866,000
Accum. Depreciation	\$4,811	\$9,622	\$14,433	\$19,244	\$24,056	\$28,867	\$33,678	\$38,489	\$43,300	\$48,111	\$52,922	\$57,733
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$861,189</b>	<b>\$856,378</b>	<b>\$851,567</b>	<b>\$846,756</b>	<b>\$841,944</b>	<b>\$837,133</b>	<b>\$832,322</b>	<b>\$827,511</b>	<b>\$822,700</b>	<b>\$817,889</b>	<b>\$813,078</b>	<b>\$808,267</b>
<b>Total Assets</b>	<b>\$2,132,500</b>	<b>\$2,110,613</b>	<b>\$2,088,894</b>	<b>\$2,067,349</b>	<b>\$2,045,981</b>	<b>\$2,024,797</b>	<b>\$2,003,802</b>	<b>\$1,983,002</b>	<b>\$1,962,403</b>	<b>\$1,942,010</b>	<b>\$1,921,830</b>	<b>\$1,901,869</b>
<b>Liabilities and Capital</b>												
<b>Current Liabilities</b>												
Accounts Payable	\$13,201	\$13,358	\$13,519	\$13,685	\$13,855	\$14,031	\$14,213	\$14,399	\$14,592	\$14,790	\$14,994	\$15,204
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$13,201</b>	<b>\$13,358</b>	<b>\$13,519</b>	<b>\$13,685</b>	<b>\$13,855</b>	<b>\$14,031</b>	<b>\$14,213</b>	<b>\$14,399</b>	<b>\$14,592</b>	<b>\$14,790</b>	<b>\$14,994</b>	<b>\$15,204</b>
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$13,201</b>	<b>\$13,358</b>	<b>\$13,519</b>	<b>\$13,685</b>	<b>\$13,855</b>	<b>\$14,031</b>	<b>\$14,213</b>	<b>\$14,399</b>	<b>\$14,592</b>	<b>\$14,790</b>	<b>\$14,994</b>	<b>\$15,204</b>
<b>Capital</b>												
Paid-in Capital	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000	\$2,250,000
Retained Earnings	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)	(\$108,500)
Earnings	(\$22,202)	(\$44,245)	(\$66,124)	(\$87,836)	(\$109,374)	(\$130,734)	(\$151,910)	(\$172,897)	(\$193,689)	(\$214,280)	(\$234,664)	(\$254,835)
<b>Total Capital</b>	<b>\$2,119,298</b>	<b>\$2,097,255</b>	<b>\$2,075,376</b>	<b>\$2,053,664</b>	<b>\$2,032,126</b>	<b>\$2,010,766</b>	<b>\$1,989,590</b>	<b>\$1,968,603</b>	<b>\$1,947,811</b>	<b>\$1,927,220</b>	<b>\$1,906,836</b>	<b>\$1,886,665</b>
<b>Total Liabilities and Capital</b>	<b>\$2,132,500</b>	<b>\$2,110,613</b>	<b>\$2,088,894</b>	<b>\$2,067,349</b>	<b>\$2,045,981</b>	<b>\$2,024,797</b>	<b>\$2,003,802</b>	<b>\$1,983,002</b>	<b>\$1,962,403</b>	<b>\$1,942,010</b>	<b>\$1,921,830</b>	<b>\$1,901,869</b>