

2010

Florida House Brewery Company - Business Plan



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Executive Summary

Florida House Brewery is a privately owned company that will be managed by the sole-proprietor, Austin Holmes. The firm seeks to produce high quality, fresh beer for the local market. The Florida House Brewery will be located on the southeast corner of McCulloch Road and Lockwood Boulevard in Oviedo, FL, in the former Winn-Dixie building. We will initially produce six core beers: A Brown Ale, an Irish Stout, and an IPA will be the initial year round offerings along with seasonal fruit wheat, Hefeweizen, and Amber Boch beers. In five years, the firm will expand the breadth of the product line. These products will be distributed in kegs to licensed retail outlets. In addition, the Florida House Brewery will have its own taproom where customers can purchase beer by the glass and retail items such as t-shirts and glassware. The firm will produce beer with a 15 barrel (bbl) stainless steel brewing system. The production capacity of a 15 barrel brewing system with 7 fermenters is approximately 2,000 barrels a year. The management team intends to produce a minimum of 1,920 barrels in the first year. The owner is responsible for the overall implementation of the plan of action and the daily operation of the firm. He will oversee the installation of the brewery. He will carry out the licensing process, secure the financing of operational expenses, and direct the daily start-up operations.

Florida House Brewery produces beer in kegs for wholesale to the licensed liquor retail market. The owner will also be the brewmaster and will be responsible for all tasks related to daily beer production. The sales and marketing staff will market the company's products and be personally responsible for acquiring local retail accounts. The owner is the individual who is most familiar with the product and with the local market for these products. He will train the sales and marketing staff accordingly.

Florida House Brewery is committed to bring to patrons the beer they deserve, never sacrificing quality for profits. We seek to be the next symbol of American culture, to give back to the community, and most importantly, those working to provide the public with this vision. The culture of the company will be one of brewing not of greed. We will reach these goals by inspiring a culture of pride and satisfaction in our work place, creating top-quality products, and responding to the needs of our team members, community, and environment.

The following numbers are our projection levels, gross sales, and net income for the Florida House Brewing, during the first five years of operation.

Year	Production	Gross Sales	Net Income
One	1,920 bbl.	\$ 307,200	\$ (46,522)
Two	2,870 bbl.	\$ 459,200	\$ 15,361
Three	3,588 bbl.	\$ 574,080	\$ 35,807
Four	4,126 bbl.	\$ 660,192	\$ 81,590
Five	4,745 bbl.	\$ 759,221	\$ 171,665

Acknowledgement

Florida House Brewery would like to thank the following people for contributing their time and knowledge to the business plan:

- Woodler Alice
- Menelik Sobukwe
- Pedro Blanco
- Doreen Sane

We would also like to mention The Brewers Association's Guide to Starting Your Own Brewery edited by Ray Daniels. This book provided us with a great deal of incite and guided us through our endeavor.

Reference

Daniels, R. (2006). *The Brewer's Association's Guide to Starting Your Own Brewery*. Boulder, CO: Brewers Publications.

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Company Overview

We are defining our establishment as a craft-packaging brewery. Our goal is to bring quality beer to the American public as a whole. Initially, revenue will be centered on a local niche market, ultimately moving toward national packaging. The strategic goal of the firm is to acquire a major portion of the United States and international beer markets while sticking to the craft brewing roots.

The firm will be setup as a sole-proprietorship and named The Florida House Brewery. Operations will begin in August 2011. The desired location of the brewery is the southeast corner of McCulloch Road and Lockwood Boulevard in Oviedo, FL, in the former Winn-Dixie building. Within the first five years, this site will be suitable for our initial operations. As demand for our products increase, we will move to other locations in order to facilitate our growth.

Mission Statement

Florida House Brewery is committed to bring to patrons the beer they deserve, never sacrificing quality for profits. We seek to be the next symbol of American culture, to give back to the community, and most importantly, those working to provide the public with this vision. The culture of the company will be one of brewing not of greed. We will reach these goals by inspiring a culture of pride and satisfaction in our work place, creating top-quality products, and responding to the needs of our team members, community, and environment.

Product Description

As long as the American beer market has been one dimensional, leaving a huge void for those desiring more from their beer. At the turn of the 20th century, America was one of the most esteemed beer producers in the world and then the 18th amendment came. Over the past 30 years, breweries have come back to their pre-prohibition numbers, but the mass-marketed low quality beer still dominates the market. Now it is our task to take it to the next level. Many smaller brewers today are content with their niche in the marketplace and have no desire to revolutionize the American beer scene and take it away from the adjunct brewed American light lager style; we do. Development of a flagship beer of superior quality and taste that can be competitive against the premium light lager is the solution. The American beer culture affects every individual in this country and has been stripped down to pure commercialism. The people of this great country deserve the best, they are not getting it, and we are going to give it to them. Our flagship beer is designed around a light Märzen beer. This bold, sweet, malty, well-hopped beer is traditionally an autumn seasonal beer going after the sweet tooth of the American public. The key part in making this successful is the lightening of the beer while maintaining the flavor, color, and alcohol content of the traditional Märzen.

Several other beers will be included in the initial line-up. A Brown Ale, an Irish Stout, and an Indian Pale Ale (IPA) will be the initial year round offerings along with seasonal fruit wheat, Hefeweizen, and Amber Boch beers. In five years, the firm will expand the breadth of the product line.

The brewing will take place on a 15-barrel (US) brewing system and will be described more in depth under operations. This will give us a weekly production of up to 420 barrels per week. Our primary distributor at first will be the Schenck Company, based out of Orlando. There are multiple other options available if a reasonable contract cannot be reached. Half barrel Kegs, 12-oz cans, and 12-oz bottles by case will be the primary medium for distribution.

Our beer is centered on the fact that beer itself is part of the American culture. The average patron is not privileged to a beer that tastes good and does not break the bank. The speed to which our beer reaches the consumer is critical, as freshness ensures a better beer. Readability is a team effort between us, our distributor, and the retail outlets who will sell our beer. The customers' satisfaction is key to our growth and we will provide them with what they want, fresh, tasty, refreshing, and affordable beer. The firm aims to position its product by creating a uniquely shaped bottle that is distinct to our brand and appealing to our customer.

Tax is \$0.48 per gallon for Florida and \$18 per barrel for federal tax. Our distributors will be picking up directly from the brewery, simplifying our job. Each staff member will be versed in every aspect of the process from grain ordering to beer shipping. Buy back will be offered to our customers if they are dissatisfied with the product. The base price of our beers will \$160 per

barrel (2 kegs/31 gallons), with prices varying by package. Distributor income will most likely be in accounts receivable.

The brewery will be in an industrial building with 20 inch ceilings. At least one loading dock is required with access for distributor trucks. A minimum size of 4,000 square feet is required for the building. Most of the space will be storage and brewing equipment with a small office area. Using the traditional brewing methods we will create craft beer. This involves mashing, sparging, boiling, fermenting and packaging. These packages will be picked up by a distributor and delivered to the wholesaler, to the retailer, and the end user.

Benefits

Beer is an entertainment product, refreshing beverage, a meal in a bottle, and an American past time; beer makes people feel good. Our products look cool in your hand, and are also cool and refreshing. As of recently, people began to dispel the negative connotations associated with drinking beer and have begun to embrace the positive health benefits that beers provide. Beer helps to reduce the risk of stroke and contributes immensely in maintaining the immune system.

There is already a growing knowledge of the industry, thanks to businesses like the Boston Beer Company; the industry of craft brewing is in its growth stage. This creates a benefit for both the firm and the consumer, making it the new trend. However, our beer is still in the development stage. The final recipe has not been decided on but testing is underway. Our primary obstacle is to keep the taste of the beer consistent since each batch is unique.

Competitive Advantage

Beer is America's beverage, but that does not guarantee sales by any stretch of the imagination. The initial start-up cost of \$400,000 gives the firm an advantage in comparison to competitors. A tax bracket break over the larger breweries gives us an additional advantage. Furthermore, our trade secret is significant enough of a barrier to keep those lacking true vision out of the industry.

The first brew system of 15 barrels will eventually be expanded and/or replaced by larger quantity systems with the possibility of adding a taproom to accommodate 50 or more loyal customers. The location is in close proximity to UCF which will offer us a great marketing tool and human capital. A small labor force is required in comparison to other industries; however, when growth is necessary it will be easy to find additional help in the metro Orlando area with minimal labor cost. The craft brewing industry is extremely self-supporting, being that brewers help each other out. The trademarks will be an advantage along with the lack of duplicability of our beer. With several beer industry contacts and the support of the craft community, it gives us the major advantage early on. Later, the advantage moves into advertising which UCF has excellent resources to help the firm's cause. A small staff will be working in coordination with other local business owners creating a strong sense of community.

Market and Industry Analysis

Market Size and Growth

Florida House Brewery will join an industry that has seen amazing growth in recent years, with craft beer sales in the United States reaching more than **\$6 billion** in 2008 with 10.3 percent increase in sales in 2009, despite the downturn in the economy.

(<http://www.fabjob.com/Brewery.asp>).

Florida House Brewery target market is the Orlando metropolitan area (Orlando, Kissimmee, Sanford, Tavares, Winter Park, Oviedo, Clermont, Altamonte Springs, and surrounding). A comprehensive study of the market allowed us to realize that there was a need for a new manufacturer that focuses on making affordable, refreshing, and high quality brew designed to satisfy our clients' needs and wants. There is a growing need for extended values relative to the amount of money spent. Growth is also expected as the economy rebounds, and people feel more confident in spending. Florida House Brewery also seeks to expand to the state of Florida after five years of operation.

Trends

The craft beer segment is the fastest growing domestic beer segment with a 13.6% increase in volume sales from 2007-08. (<http://academic.mintel.com/sinatra/oxygen/display/id=393546>)

Today's remarkably stressful work, learning environment, and the effects of the economic downturn dictate what individuals consume. The significance of a dollar spent for this target market has increased and they are looking for "deals". This present growing trend for extended values will drive the competitors' customers to our beers and this is a gap that we intend to exploit. The target markets demand for inexpensive high quality brews is steadily growing. With this in mind, the firm aims to ensure that we stand out from the competition with distinctive products.

Entry Point

Florida House Brewery will gain market share for their products through two different avenues: bar/clubs and retail stores. The driver of demand is consumer leisure and social activity. The recession plague affects bars to a certain degree slowing down sales; consumers do not appear confident in spending. When consumers do go out of the house to meet friends to drink, they are drinking less. Although price promotions have been the most commonly used approach to drive traffic, new vigorous flavors from craft brewing have sparked interest among consumers; aware of that fact, Florida House Brewery will compete effectively by developing specialty products and serving a local market. We intend to implement an aggressive guerrilla marketing strategy

that will fit between our products capabilities and benefits, and the target market, to develop a strong sustainable competitive position in the market. Consequently, we intend to implement a niche marketing strategy. Our initial overall target market share shall be 17% of the local market.

Industry Structure

The United States' brewery industry includes nearly 1,700 breweries with combined annual revenue of over \$21 billion. Major companies include the United States operations of Belgium-based Anheuser-Busch, InBev, and MillerCoors, a joint venture between UK-based SABMiller and Molson Coors, the second and third largest breweries in the US, respectively. The three largest breweries account for over 90 percent of US market share.

(http://www.hoovers.com/breweries/--ID_237--/free-ind-fr-profile-basic.xhtml). Because the industry is run by the big three on a global scale, product quality suffers, leaving a flavor void. The rest of the industry is covered by microbrewery that only operates in their local market, living many gaps.

Competitive Environment

Even though Florida House Brewery is targeting a local market, we are still competing with local, national, regional, and imported beer brands.

Florida House Brewery sustainable competitive advantage is linked to its integration in the community. Allowing locals to be involved in the building of the brand, the community identifies itself with the products and consumers take pride, have constant trust, and feel good when consuming our beers. This is the firm's competitive advantage; competitors cannot provide the same value because of their operations size or locations.

Competition

Competition comes from other beer producers (Anheuser-Busch, InBev, and MillerCoors, Yuengling, Boston Beer Company, etc.) and other alcoholic beverages, such as champagne, wine, wine coolers. Non-alcoholic beverages, such as Coca-Cola and Water, are also considered a direct competitor because it's a substitute against alcoholic beverages.

Opportunity

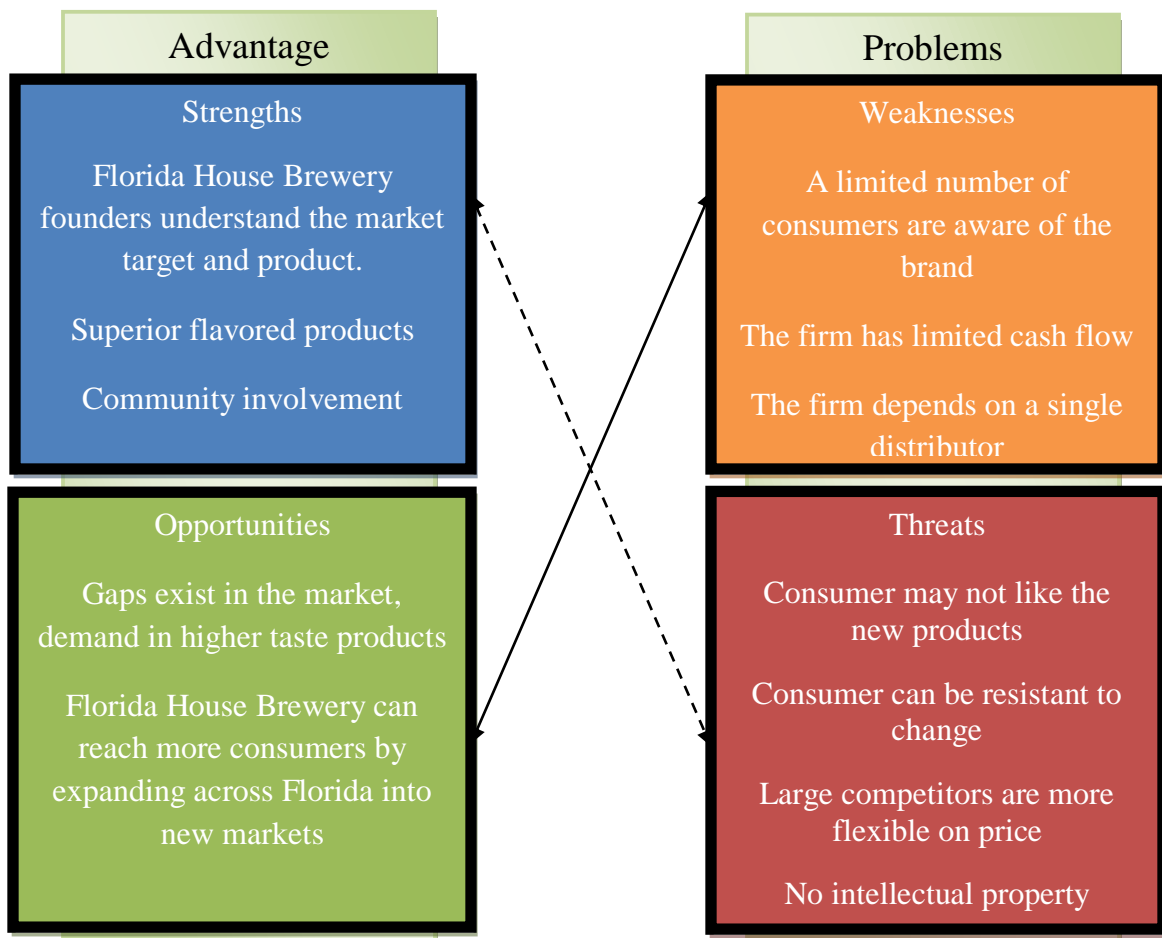
There is an overwhelming opportunity as beer lovers are willing to pay a bit more, as long as it is a reasonable price, for beer that is of finer quality, with improved taste, than the cheaper beers produced by the major breweries that dominate the beer market. It is essential to note the failure rate for microbreweries is 1 in 4, compared to small business startups, which is 1 in 2.

Indeed, craft beer sales are steadily growing as imported beer sales slowly decline, and the number of small, independent brewers has grown from fewer than 400 less than a decade ago to about 1,700 today.

- Growth of the craft brewing industry in 2009 was 7.2% by volume and 10.3% by dollars compared to growth in 2008 of 5.9% by volume and 10.1% by dollars.
- Craft brewers sold an estimated 9,115,635 barrels* of beer in 2009, up from 8,501,713 in 2008.
- Overall, US beer sales were down 2.2% in 2009.
- Imported beer sales were down 9.8% in 2009, equating to a loss of 2.8 million barrels.
- The craft brewing sales share in 2009 was 4.3% by volume and 6.9% by dollars.
- Craft brewer retail dollar value in 2009 was an estimated \$6.98 billion, up from \$6.32 billion in 2008.
- 1,595 breweries operated for some or all of 2009, the highest total since before Prohibition.

<http://www.brewersassociation.org/pages/business-tools/craft-brewing-statistics/facts>

SWOT ANALYSIS



Marketing Plan

Customer Research

The Orlando metropolitan area population is 2,082,421 according to the **U.S. Census Bureau** population estimates in 2009, the third largest metropolitan area in Florida after Miami and Tampa. It offers unique diversity in age, education, affluence, and ethnicity and is an ideal market for a microbrewery. Researchers reveal that affluent and educated individuals are more likely to consume beer.

The Orlando metropolitan area is comprised largely of students, professionals, and service industry employees. The University of Central Florida with the multiple satellite campuses and the presence of Valencia Community College provides the city with a large pre- and post-graduate student population. In addition, Disney and Universal amusement parks flood the city with visitors, extending the consumer base.

The Orlando metro area median age is 33 years old, ranging between 19 to 65 years old with a median household income of \$41,871, males at \$30,866 and \$25,267 for females. An income per capita of \$21,216 is sure to attract a growing number of craft brewers. The area's ideal demographics and traffic is well suited to beer sales and can easily support multiple breweries. The goal of Florida House Brewery is to be an innovator, integrated with the community, and sets a high standard for those that will follow. The target market for Florida House Brewery is active consumers between ages 23 to 59.

Target Market Strategy

Florida House Brewery will be focusing on scholars, tourists, and the working class. Our most important group of potential customers is students who often converge after hours, mostly on weekends for entertainment and socialization, and are known for being repetitive consumers. The working class is the other potential customer base wanting to have an enjoyable time while drinking a good refreshing alcoholic beverage. They appreciate a good quality beer at a reasonable price. We also intend to appeal to tourists who would be more accepting to new experiences.

Channel

Florida House Brewery will produce an average of 2,000 barrels (62,000 gallons) of beer the opening year. The firm is going sell to the public using the following methods: the traditional three-tier system (brewer to licensed distributors to licensed retailer to consumer) and directly to the consumer through carryout and/or on-site taproom. We intend to ensure that our brewery is

located close to our major distribution centers, not only to minimize costs but also to enable our products to be readily available, in the best condition. As the firm expands after the first five years, Florida House Brewery plans to start offering its products online.

Positioning

Florida House Brewery seeks to offer high quality products at moderate prices and branded merchandise where our image is recognizable among consumers. The firm wants to project a cool and relaxing image of an individual trading in their ties and jackets, books, and stress-filled days, for a relieving, comforting beer produced by the Florida House Brewery. Florida House Brewery seeks to provide top quality beer that's not only a drink, but an experience and a sense of community. This is the firm's winning formula.

Product Strategy

Florida House Brewery plans to enter local and national beer competitions to improve name recognition and reputation in the industry throughout the years. The brewery will also provide a variety of events like regular brewery tours, and regular scheduled tastings on popular beer drinking holidays like St. Urho's Day - March 16, Oktoberfest - Late September, St. Patrick's Day - March 17 and plenty more. In the initial startup stage, the firm's intent is to offer six different varieties of beers.

Pricing Strategy

Florida House Brewery products will be priced with the competition in mind. Florida house brewery will communicate the sense of quality by using value pricing in order to make consumers feel comfortable purchasing the products even if it is just to try. The firm is not anxious with setting high prices to signal prestige, nor is it attempting to impair the competition with low price. Instead, value-pricing strategy will be used to emphasize the benefit of our products in comparison to the price and quality of the competitions.

Initially, we will not control our prices, but they will be fixed by market demand. However, we realize that we must charge appropriately for the quality and work we will be providing, as well as our own costs. Pricing is expected to be constant, but customer feedback will be evaluated to align with their perception of the product.

E-commerce

The escalating growth of the Internet as an information source provides an opportunity that we will exploit. We will require adequate planning and research to establish a professionally done website and social networking pages (Facebook, twitter, blogger, forum, etc.). Our online

presence is intended to inform, educate, and indirectly coerce prospective customers in buying our products. As the brewery grows, the virtual presence will increase and offer products online.

Communication Strategy

Florida House Brewery will use a yearlong, ongoing advertising strategy to enhance the brand identity. Florida House Brewery will start by joining the Orlando Convention and Visitors Bureau. Yearly Events and beer festivals will provide opportunities to promote the brewery with minimal spending. Our small budget of \$7,000 does not allow much flexibility. Consequently, Florida House Brewery will mainly focus on using printed and guerilla marketing, in addition periodic televised advertisements as its main tool to advertise and get the buzz going.

Florida House Brewery representatives will visit bars and clubs two or three times a year to offer products and solidify relationships. Our marketing strategy is divided in four quarters to make it the most effective.

First quarter from November to January, Florida House Brewery will use cable access advertisements. Cable access advertisements are low in cost and may expand the brewery's customer base considerably without constant time-intensive marketing strategies. The advertisements will be informative, creating awareness.

Second quarter from February to April, Florida House Brewery will use print advertisements. Print advertisements will contain upcoming events and directions to the establishment. Print advertisements include postcards and flyers. These postcards and flyers will be posted around campus area, high traffic areas, and surrounding hotels and bars. The intended result is to position Florida House Brewery in the customers' immediate memory span for the summer.

Third quarter from May to July, we will be offering hats and t-shirts that depict our brand, the company, and related graphics in all major sizes. The beneficial side effect will be the free publicity gained from customers wearing the apparel, extending our reach.

Last quarter from August to October, is the connection with the community throughout sponsoring small charity events and non-profit organizations (sports teams, home-brewers clubs). This will increase exposure; people are encouraged to support the organization giving back. Additionally, the wholesaler and retailers will push the products, maximizing media coverage.

In addition, strategic alliances will be formed with clubs, professional services firms, and associations. These strategic alliances will serve multiple purposes: they will increase exposure, increase user base, expand product offerings, and increase revenue opportunities.

Sales Strategy

Our target customer averages 23 to 59 years of age, typically male. However, in the United States female interest in beer is growing faster in comparison to the male. We are primarily targeting workers who are driven by success and need comfort and relaxation back at home. Females will be targeted in clubs and bars and males will be targeted around homes and sports environments.

For the short term, the selling process will depend on personal selling approach, directed toward end consumers in bars and restaurants. Our strategy calls for the development of relationships with distributors, retailers, and customers to support our business. The target customers will include decision-makers in the wholesale and retail chains who often order for organizations. The purpose is to obtain an initial order, fully gratify the customer, and thereafter, build on that word of mouth.

Revenue Model

The primary financial drivers for developing revenue projections for a brewery operation are barrels, at \$160 per barrel. The second marketing thrust will be sales of bottled beer through retail outlets.

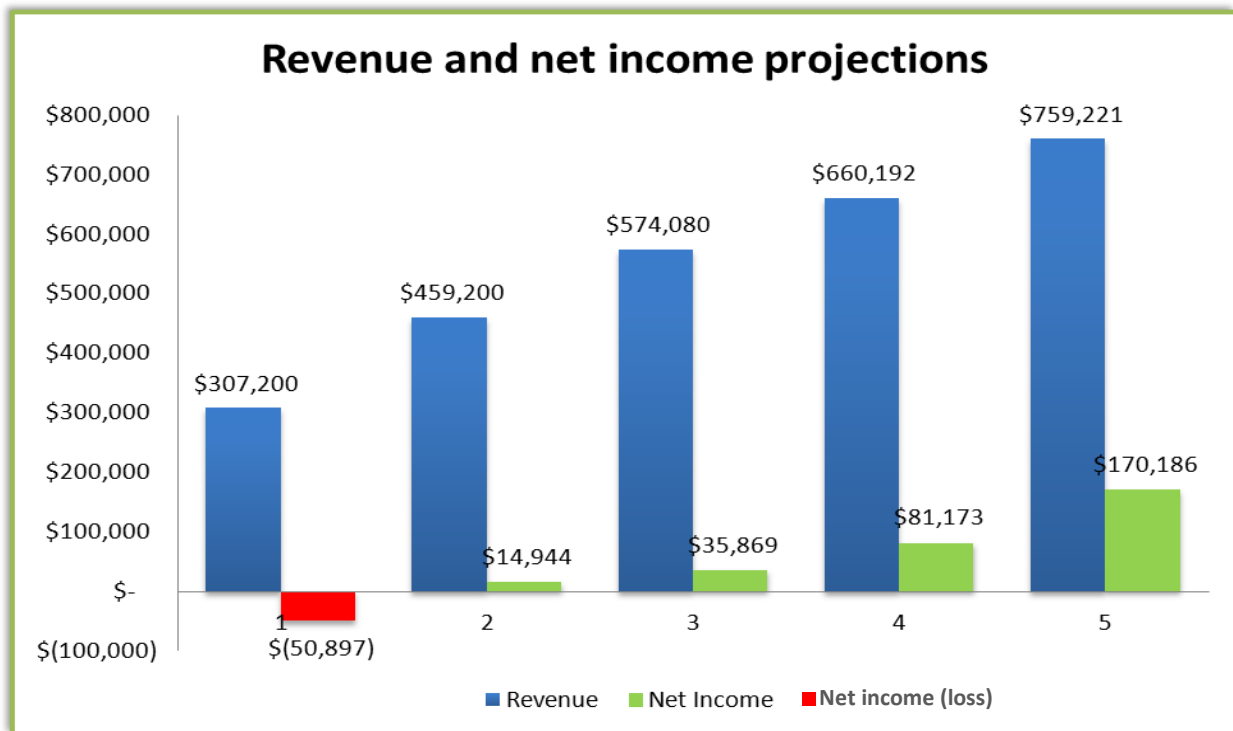


Figure A shows five years of projected sales. Additional data are included in the overall business plan for the firm.

Operation Plan

Florida House Brewery will be owned and operated by professional brew masters. Strict guidelines will be followed to ensure consistency and quality. Some of the best malted barley, hops, and yeast will be used in the brewing process to ensure that our customers receive the finest premium beers for their money. We will produce six core beers initially: A Brown Ale, an Irish Stout, and an Indian Pale Ale, will be the initial year round offerings along with seasonal fruit wheat, Hefeweizen, and Amber Boch beers. Other types of premium beers will also be produced as the need arises thereafter.

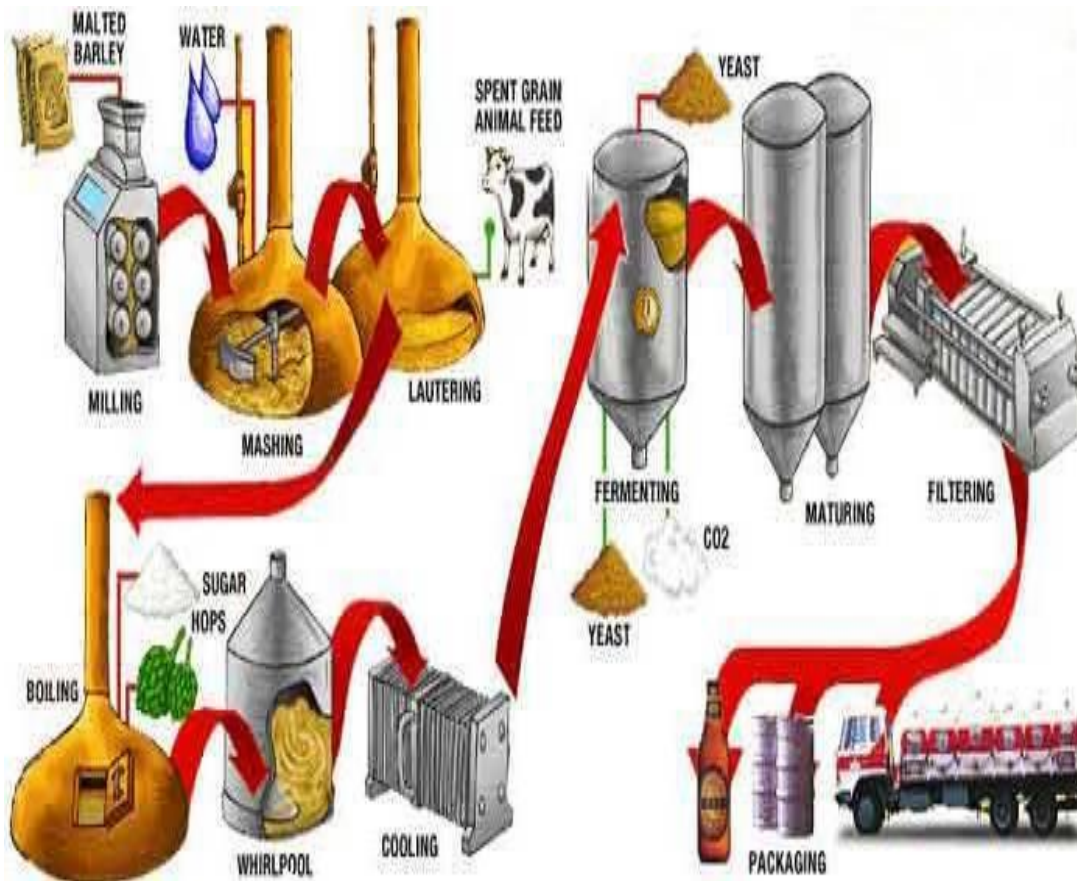
Operation Strategy

The grains will be brought in by our supplier and stored in our customized storage area to ensure freshness. When it is time for brewing, the grains will then be taken out and washed in water at a predetermined temperature to remove possible contaminants. They will be placed in the brew kettle at a scheduled time to brew. After the brewing is completed, the beer will be fed into a fermentation tank to begin the aging process. The aging process will be no less than a month. Longer aging time will be allotted to different batches. All of which will be determined by the type of beer we are producing. Samples will be taken from each batch and will be uniquely labeled with the amount and type of ingredients used, as well as brewing time. The samples will be taken to an outside lab for testing, as this is required by state and local authorities. Other samples will be placed into our secure refrigerated area. Only the members on staff will be allowed access to the samples.

After the aging process has completed, each batch of beer will be piped to the pasteurized and carbonated tanks. The product will then be placed into kegs, ready to be shipped to our distributor. At the end of the day we will be able to produce a unique type of beer that is not easily replicated due to the fact that the major competitors in the light lager category of beer are almost identical in body style and taste. We seek to differentiate ourselves by providing a product that is both bolder and more vibrant. That is to say the taste and color are better while keeping the lightness that is the general trend in demand. Instead of the light American lager base or the light American pilsner, we will produce a light Märzen style that reflects the sweeter tastes of the American public. Our unique combination of the coloring and flavoring of our beer will portray that it has more substance, and is therefore a higher quality beer, as opposed to looking like water. The quintessential elements to this beer will be color; superior taste; and clean, crisp sweet refreshment. Most breweries use rice in the process of brewing their beers which greatly reduce the quality and taste of beers. Conversely, we will use the finest barley and hops from the mid-west.

There is a market segment that is willing to pay a little bit more for a uniquely fine beer based on our marketing analysis. The larger breweries account for about 90% of the beer market. The

other 10% are shared between microbreweries, and we know that we can capture about 1% of the underserved market, based on our differentiation strategy. The sale of imported and specialty beer has been increasing steadily since the 1980s until presently. Currently, there is a market share of over 20,000,000 bottles while the total beer market in the country has essentially remained flat. We are confident that we are able to command a premium price for our beer. Our target market will be the middle and upper-middle class, which will be price insensitive. Their interest will be more geared towards drinking a quality beer that tastes different from other beers.



Scope of Operations

All our operation will be conducted in-house, as we will have the appropriate expertise and labor at our location, with the exception of equipment maintenance. This expenditure will be included in a maintenance plan that we are paying for in addition to the monthly lease payment. The firm does not see the need for outsourcing any other part of the operations.

Ongoing Operations

In order to sustain our operation we are planning a negotiated deal to supply a key distributor with 2,000 barrels of beers each year, over a year period or less, changing every year to accommodate demand. Each barrel will be sold to them at a price of \$160 per barrel. At this

price, our distributor will be able resell each barrel for an affordable price and still make a substantial profit.

Additionally, to fulfill our obligation to our distributor, a facility of 4,000 square feet is needed. A location of this size will provide us with sufficient space for our production activities, storage area, and a lab. Our facility will be located within the Orlando metro area. We will be leasing the facility. This location will provide us the opportunity to be located near our critical resources such as our distributor and suppliers, as well as consumers. The main equipment needed for the plant to be operational are as follows: A 15 barrel brewery system, a walk-in refrigeration unit, two desktop computers, and a telephone. The brewery system will cost \$200,000 and the refrigeration unit will cost \$9,000. The two computers will cost \$1,200 each. The remainder of the \$250,000, at \$38,600, initial outlay of the brewery will cover installation, setup, piping, and utility deposits. Modification to the plumbing layout will have to be done in order to facilitate the safe discharge of wastewater from the brewing system.

We will need a workforce of four people: A Brewmaster, Brewer, Sales Manager, and a General Manager and each will be paid an entry-level salary of \$30,000 per year. Employees will receive an increase in salary, contingent to the company expansion and growth.

Development Plan

In order for Florida House Brewery venture to succeed the following steps must be taken:

1. Secure an investment of \$300,000, and \$100,000 of credit loan, for our initial outlay. This capital will be used to pay for the lease of the location, production and supporting equipment, and the salaries of employees.
2. Secure a location that is zoned for the brewing industry. The facility must be laid out in such a way that will permit the appropriate plumbing modification for the brewery disposal system.
3. Make arrangements with suppliers for the procurement of raw materials to use in production.
4. Secure distribution channel for our beers.

Florida House Brewery will be open and operated five days per week, from 8:00 AM to 6:00 PM. We will operate on weekends if the needs arise. Our long-term strategic goal is to open additional breweries at different locations as demand for our products increases.

Management

Florida House Brewery is set up as a sole-proprietorship that anticipates significant growth and expansion within the next five years, however, during the start-up phase we will run a small, yet productive operation. For now, the owner will also take the roll of the brewmaster and our staff will consist of a brewer, a marketing and sales employee, and an administrative assistant handling their responsibilities and clerical work.

It is essential to have a strong management team that is disciplined, knowledgeable, and possesses the wherewithal to effectively overcome obstacles and pursue success. After all, a company is only as strong as the people who run it. We are fortunate in our venture that our sole-proprietor, Austin Holmes, is the ideal candidate for such a task. He will be the brewmaster and oversee all management operations. Austin has dedicated the last four years of his life to enriching his already extensive education with marketing, human resources, and entrepreneurship classes in addition to devoting his leisure time in the quest to learn the art of home brewing. This was made possible by his many trips to The Orlando Brewing Company with their co-op program, in addition to brewing over 25 of his own home brews at the age 22. Coming from a background of success in school, family, and sports, Austin realizes what it takes to create success as well as profit. Hard work is a staple Austin has shown time and time again. He has experience in the fields of management and food-service (CS Foodservice), customer service (Honours Golf), marketing (Break-thru), sales (UGA), and entrepreneurship (LTD) making him the well-rounded person a proprietor must be.

Although Austin is passionate and well informed when it comes to micro brewing, he has had limited hands-on experience with the process. Recognizing this as an area of weakness for the entrepreneur, we have recruited Christopher Kavanaugh as our head-brewer. Christopher attended Versuchs-und Lehranstalt für Brauerei (Research and Teaching Institute for Breweries) in Berlin, Germany and graduated from the certified brewmaster course that they offer. He completed his internship at the Svaneke Bryghus in Svaneke, Denmark.

To compliment Austin's and Christopher's talents, we have also hired Vince Cottone as a consultant at a flat fee of \$8,000. Vince owns his own business, Sound Brewing Systems, that sells new and used bottling and brewing equipment in addition to offering an array of consultants. He has 34 years of construction experience in the industry, coordinated over 30 brewery and brewpub start-ups and major expansions, and attended the Siebel Institute and U.C. Davis, where he completed a copious of brewing education programs.

With Austin's home brewing knowledge, Christopher's formal education, and Vince's brewery construction experience, we have an exceptional team that formulates success.

Financial Plan

Financial Projections

The financial success of the Florida House Brewery is based heavily on the initial investment. Under consideration, the initial investment of \$400,000 is enough for initial purchases, such as the brewing equipment and transportation, as well as any unforeseeable costs which may occur. The Pro Forma Financial Statements are based on an average-case scenario. Also, the majority of the expenses are assumed above average to avoid any unexpected costs.

The company is expected to produce and sell 1920 barrels in the initial year with revenues at \$230,400. Unfortunately, company is expected to incur a loss during the first year due to the lack of market share during market penetration. After expenses, taxes, and interest, the company's net income is -\$46,522. The following years the barrels sold are expected to be 2870, 3588, 4126, and 4745, respectively in the fiscal years August 2012, 2013, 2014, and 2015. Respectively, the net incomes are \$15,361; \$35,807, \$81,590, and \$171,665. The units sold are assumed following a seasonal trend, high during the fall and spring months and normal during the winter and summer months. Along with the trend is also growth which is assumed to be high the first two years as the company gains market share and then sustaining a normal growth thereafter. Some other assumptions included in the

In the company's initial month, the cash flow is expected to be \$125,478, considering the initial investment. Without the initial investment, cash flow is expected to be at -\$274,522 because the company is not expected to gain revenue until the second month as well as all the initial purchases and set-up costs are made. There are no units sold the first month because the process of making the beer is lengthy but providing units for the following months.

The profit margins are relatively low and expected to be at -15% the first year, and 3%, 6%, 12%, 23% respectively during the fiscal years August 2013, 2014, 2015, 2016. The profit margins, meaning the percent of net income over revenues, tend to increase exponentially as the production increases. The break-even point, the point where just enough units are made to cover all costs, for the initial year is 2058, which is stated in the Pro Forma Cash Flow Statement (appendix), and 2492, 3040, 3196, 3065 respectively in the fiscal years August 2013, 2014, 2015, 2016.

Financial Summary

Florida House Brewery					
Financial Summary					
Summary Financials	<u>Jul 2012 Year End</u>	<u>Jul 2013 Year End</u>	<u>Jul 2014 Year End</u>	<u>Jul 2015 Year End</u>	<u>Jul 2016 Year End</u>
Revenue	\$ 307,200	\$ 459,200	\$ 574,080	\$ 660,192	\$ 759,221
Gross Profit	\$ 230,400	\$ 114,800	\$ 430,560	\$ 495,144	\$ 569,416
EBIT	\$ 32,790	\$ 110,560	\$ 180,771	\$ 224,679	\$ 349,343
EBITDA	\$ 62,790	\$ 140,560	\$ 210,771	\$ 254,679	\$ 379,343
Net Earnings	\$ (46,522)	\$ 15,361	\$ 35,807	\$ 81,590	\$ 171,665
Net Cash from Operating Expenses	\$ 125,478	\$ 45,361	\$ 65,807	\$ 111,590	\$ 201,665
Capital Expenditures	\$ 285,000	\$ -	\$ -	\$ -	\$ -
Interest Income/(Expense)	\$ (10,000)	\$ (833)	\$ (833)	\$ (833)	\$ (3,333)
Dividends	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ 125,478	\$ 161,104	\$ 223,952	\$ 306,427	\$ 474,515
Total Equity	\$ 269,838	\$ 289,198	\$ 328,351	\$ 392,280	\$ 540,277
Total Debt	\$ 130,240	\$ 140,306	\$ 144,687	\$ 146,596	\$ 152,055
Growth					
Revenue Growth Rate - CAGR:		3.72%	28.89%	28.13%	17.65%
Net Earnings Growth Rate - CAGR:		172.64%	8.00%	7.77%	7.00%
Ratios					
Current Ratio	496.29%	519.78%	633.38%	813.10%	1080.27%
Debt to Capital (LT Debt + Equity)	25.00%	25.00%	25.00%	25.00%	25.00%
Profitability					
Gross Profit %	75.00%	75.00%	75.00%	75.00%	75.00%
Operating Expense %	64.33%	50.92%	43.51%	40.97%	28.99%
Net Earnings %	-15.14%	3.35%	6.24%	12.36%	22.61%
Returns					
Return on Assets	-11.63%	3.58%	7.57%	15.14%	24.80%
Return on Equity	-17.24%	5.31%	10.91%	20.80%	31.77%
Return on Capital (LT Debt + Equity)	-11.63%	3.84%	8.95%	20.40%	42.92%

Key Assumptions

Some of the key factors used in producing the revenue projections were market penetration and the sales cycle. Market penetration factors in the fact that beer sales are expected to be low during the first few months and then grow substantially as the market shares grow. As the company tends to fall out of the market penetration stage, the company assumes a normal growth in revenues of about 10-15%. The sales cycle is the other factor which is assumed to be high during the spring and fall season, March and October being the highest volume, and low-normal during the summer and winter months, December being the lowest.

Since the company is derived on selling to the distributor, the units are based as barrels, equivalent to 2 kegs or 31 gallons, and are priced at \$160. The company assumes the direct material cost, or Cost of Goods Sold, of about \$40 for every barrel.

The expenses incurred to produce beer are fairly high, especially in the overhead. On the variable side, the highest expenses will have to go to the utilities, water assuming for every 1 gallon of beer you need 3 gallons of water, and electric for refrigeration. Another variable is the surtax fees for every barrel and every bottle made, which is \$18 per barrel plus 48 cents for every bottle. On the non-variable side, the company's biggest expense is payroll because the work being done needs a certain trade skills.

The biggest capital expenditure is the brew house and fermenting tanks, as they are the primary driver of the company. Also the consultant is considered to help with any mentoring the management team can use.

Risks

A brewery is considered a high risk business mostly because the market, economy, and quality. The size of the market is big as a whole but so is the competition. The way to avoid this risk is to keep consumers aware of the products and differentiate from the taste of the competition. Worst-case scenario, capital might be needed to spend on extra marketing and advertisement to ensure an expanding market share. The economy is also a risk factor considering the current state of the economy is a recession. People are possibly less likely to buy the company's product and more the competitor's from price sensitivity. Quality can be a risk if the right measures are not used during operations to ensure quality is met.

Critical Risks

Although Florida House Brewing Company is confident in their venture to run a prosperous brewery, it is important to acknowledge the possibilities of unforeseen obstacles that could negatively affect the business. We have addressed said challenges and devised a contingency plan. Our areas of concerns are going over budget, customers being dissatisfied with the product or resistant to change, and new competition.

Exceeding financial guidelines is a common problem many new and even existing businesses run into. Changing our business from a sole-proprietorship to a corporation and selling common stock will be a viable option to address this issue.

Going over budget is no longer a consideration if your customers are adverse to your product. Open house sampling and listening to the feedback that the customers of our distributors are giving will serve as constructive feedback. Fortunately, having a microbrewery allows you to constantly change and tweak your recipes. These changes can be made within a day and it can take as little as three weeks to brew a batch of beer from start to finish. With a 15-barrel brew system and such a short lead time, not-so-popular brews can be discontinued and replaced with a new product. Also, several different types of brew will be brewing at once with different lengths of time needed to complete the product, so there will always be a variety of beers to choose from at any given time.

Offering free samples of our product at our location and marketing agreements with our distributors will give potential customers a chance to try our products free of charge. Clients that are resistant to change will be much more willing to drink an unfamiliar beer if it is of no cost to them. With our current economic conditions, the word “free” is a great attention grabber.

Getting customers is a feat in itself, but retaining them is much more difficult when new competition enters into the market. Our beer is moderately priced and is of such quality that you expect to pay much more for it. This dynamic combination gives the customer a sense of satisfaction and gives them confidence that the value of the product that they purchased was worth more than what they paid for it. The pricing of the beer can also be flexible to compete with lower prices from the competition. Brewing the beer ourselves allows us to be able to control our cost. In addition, having strong relationships with our distributors and being able to offer them our beer at a few cents cheaper than the competition gives us the competitive advantage. These strong vendor relationships are made possible by our sales and marketing staff who are not only excellent negotiators, but also very innovative when it comes to marketing our product. Our guerilla marketing tactics will be unique and the topics of many conversations, and all of very little cost to us. This will continue to give us word-of-mouth advertising and set us apart from many of the new microbreweries that enter into the market and never consider such measures.

Exit Strategy

Considering the high initial investment needed for start-up and initial purchases, risk is fairly high. Acquisition and liquidation are the two options that Florida House Brewery can use as exit strategies. A company could purchase our business in order to eliminate us as their competition or to expand their product line. There is also the possibility of liquidity, transferring ownership of the business to our investors so that they can recoup a portion of their investment.

Offering

Funding Requirement

The anticipated requirement for funding the Florida House Brewery is equivalent to \$400,000, which includes a cushion of about 80% in the event of incurring unexpected costs. The company will be using the funds to cover initial purchases and negative cash flows throughout the years.

In the initial year starting August of 2011, the company is expected to have negative cash flows throughout the year with the exceptions of October and March, which are our peak months, and the preceding and following month following the trend curve. The lowest sales volume is expected during the Christmas Holiday season since the target customer expenditures tends to increase and the demand for beer decreases. The funding will be most beneficial and used highly during the first year and about half of the second.

Funding Strategy

Since the company is structure as a sole proprietorship, the company will have a debt financial structure and incentive is in the form of interest. The company is seeking to have 25%, or \$100,000, of the funds comes from a financial institution, primarily a bank, in the form of a credit line and the rest from private investors. The private investors we seek are family, friends, and business angel investors accounting for the other 75%, or \$300,000, of the funding.

Offering

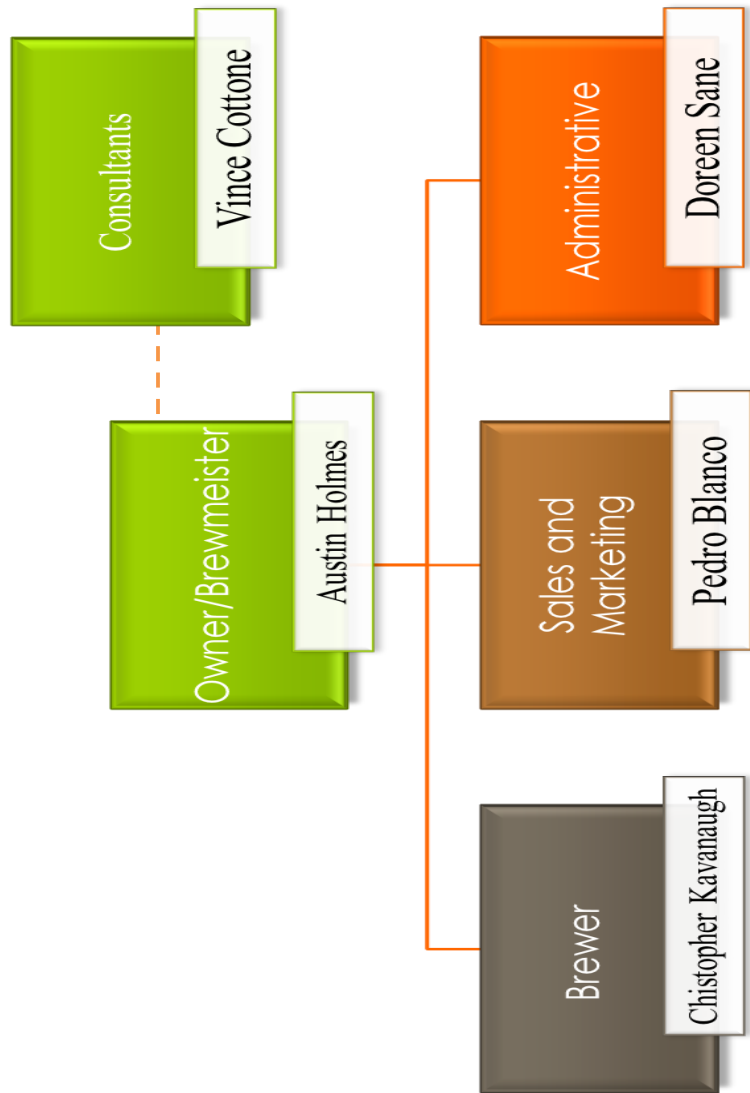
The company has a debt financing structure and is willing to pay back the principal and an interest on the principal. Although it can be negotiated, the annual interest on the principal will be 20% of the remaining. The principal will start being paid after the first year in the amount of 50% of a monthly positive cash flow until the principal is paid in full. Considering the cushion, the first payment on principal should be the largest, possibly in excess of \$50,000.

Sources and Uses of Funds

As stated before, the source of the funds will be from private investors, friends, family, and business angels, as well as a bank. The funds will be used to purchase the brewing equipment, fermenting tanks, piping, installation and setup, inventory, rent, deposit, utilities setup, as well as any other costs incurred, such as licensing fees and lawyer expenses. Negative cash flows are expected as well and the funds will also be used to cover it until positive cash flows are provided.

Appendix

Operation Chart



AUSTIN HOLMES

1081 KELLY CREEK CIR.
OVIEDO, FL
32765
904 318 2309
ARMITRO@LIVE.COM

OBJECTIVE

MY CURRENT CAREER GOAL IS TO ATTAIN OWNERSHIP OF A BREWERY THAT I CAN GROW TO A NATIONAL LEVEL AND PROSPER IN ALL THAT WHICH IS THE WORLD OF CRAFT BREWING.

EMPLOYMENT HISTORY LICENSED INSURANCE AGENT

SUMMER 2008, U.G.A, ORLANDO FL

- HIT ALL NEW AGENT MILESTONE ACHIEVEMENTS WHILE THERE.
- WAS FIRST IN MY HIRE GROUP TO FINISH LICENSING PROCESS.
- I PROSPECTED, BOOKED AN APPOINTMENT, SHOWED THE PRODUCT AND MADE THE SALE.

CUSTOMER SERVICE REPRESENTATIVE

FEB 2007-MAR 2009, CS FOOD SERVICE OF CENTRAL FLORIDA, ORLANDO FL

- ONE OF THE TOP PERFORMERS ON DELIVERY TIME AT THE COMPANY.
- ZERO NEGATIVE CUSTOMER FEEDBACK DURING WHOLE PERIOD OF EMPLOYMENT.
- I TOOK, PROCESSED, PACKAGED, AND DELIVERED ORDERS WHILE COLLECTING PAYMENT.

MARKETING AND RECRUITMENT MANAGER

NOV 2006-PRESENT, LTD, ORLANDO FL

- FOLLOW UP ON CUSTOMER SERVICE AND WEB RELATED BUSINESS.
- RESPONSIBLE FOR POSITIVE PROMOTION AND SALE OF PRODUCTS AND SERVICES.
- INDIVIDUALLY QUALIFYING PROSPECTIVE MANAGERS FOR EXPANSION PROJECTS.

OUTSIDE ATTENDANT

SUMMER 2006, HONOURS GOLF GROUP, ST AUGUSTINE FL

- GREETED CUSTOMERS AND ASSISTED IN ROUND PREPARATION.
- MAINTAINED OUTSIDE APPEARANCE AND UPKEEP OF EQUIPMENT.
- FOLLOWED UP ON ANY CUSTOMER NEEDS DURING SERVICES PROVIDED.

EDUCATION

AUG 2006-DEC 2010 UNIV. OF CENTRAL FLORIDA, ORLANDO, FL

- B.S.B.A. BUSINESS MANAGEMENT, ENTREPRENEURSHIP
- MINOR IN GERMAN LANGUAGE
- LEAD SCHOLAR

OTHER EXPERIENCE

EXTENSIVE COMPUTER SKILLS.

4.0 HS FINISHING GPA.

2006 STATE CHAMPION FOOTBALL PLAYER WITH THE NEASE PATHERS.

REFERENCES

TROY WILLIAMS – BUSINESS COACH AND MENTOR – 941 524 7857

SAUM SHARIFI – BUSINESS ASSOCIATE – 407 435 5571

MITCH LIENAU – LONG TIME PERSONAL FRIEND – 904 483 8201

OTHER REFERENCES AVAILABLE UPON REQUEST.

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Boones Mill, VA 24065

540-774-7616 (H)

540-263-2733 (C)

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+49-163-671-9302

Qualifications for Brewmaster with a Logistics and Facilities Management Background

Profile

Graduate of the 2009 Certified Brewmaster Course from the Versuchs- und Lehranstalt für Brauerei (Research and Teaching Institute for Breweries) in Berlin, Germany. Dynamic, decisive team leader whose comprehensive twelve-year background spans across personnel, warehouse, maintenance, training management and work control for facilities maintenance management within military and commercial environments throughout Europe and the Middle East. Adept in coordinating multifunctional logistics functions, including maintenance, supply, transportation, and medical, to ensure objectives are met. Has maintained accountability for \$14.5M in equipment and responsibility for \$180 Million in operational budgets. Proven track record in contributing to the development of training programs and operational plans. Bilingual: English and German. Proficient in the use of Microsoft Office, Automated Logistics Systems, and Facility Maintenance Management Databases.

Areas of Expertise

Strategic Planning

Training/Development

Inventory Control

Operations/Logistics Program Management

Vendor Relations

Writing

Security/Emergency/Risk Management

Foreign Trade

Selected Accomplishments

- Graduated from the Certified Brewmaster Course 2009, Versuchs- und Lehranstalt für Brauerei in Berlin, Germany: a five month intensive academic course based on scientific quality control. This includes courses in raw materials, malting technology, brewing technology, plant equipment, chemistry, biochemistry, microbiology, water/waste water treatment, energy and utilities. An accompanying internship was completed at the Svaneke Bryghus in Svaneke, Denmark; Svaneke Bryghus is a medium

sized craft brewery which produces a variety of beers and requires the personnel to be crossed trained in most production areas.

- Coordinated the development of the Work Classification, Management and Control cell for the purpose of managing scheduled and unscheduled work in support of the client task force; key to this was the deployment and coordination of Maximo, a computerized maintenance management database based on work flows and contractual data requirements.
- Worked closely with four task force rotations to ensure client satisfaction and efficient support to customer military units during transfer of authority periods and special operational events during the four task force rotations over a 2.5 year period.
- Played a key role in coordinating over \$1B in humanitarian, material, and logistical support vital to the reconstruction of Iraqi infrastructure and the Iraqi petroleum industry.
- Led a repair parts warehouse to achieve record-setting performance, including 99% location accuracy, 98% inventory, one-day request processing, and one-and-a-half day receipt processing.
- Resolved scheduling conflicts at American military facilities by spearheading an initiative to relocate crew-served weapons ranges from a normal training area to a German army training area; following implementation, the battalion improved from 0% qualified to 95-100% qualified.

Career Track

Kellogg, Brown and Root Services, Inc. (KBR) – Government and Infrastructure

Liaison Officer, Logistics Civilian Augmentation Program IV (LOGCAP IV)..... 2008

Deputy Project Manager, Logistics Civilian Augmentation Program III (LOGCAP III)..... 2007 to 2008

Operations Manager/Task Force Liaison, Balkan/USAREUR Support Contract (BSC/USC).... 2005 to 2007

Operations Coordinator, PCO Oil Program (PCOOP) 2004 to 2005

Logistics/Operations Coordinator, Turkey Support Office (TSO) 2003 to 2004

Provided diverse contracted facilities management and logistics services to organizations within the US Army through logistics support contracts in a variety of international environments. Worked with the various operational sections providing direct support to the customer to collect required contract data for reporting purposes. Coordinated with company internal security sections and external security providers to ensure movements of personnel and materials were tracked securely in hazardous areas of operations. Worked closely with the customer organizations' contracting officers in order to develop and clearly define their support requirements within the limits and requirements of the particular contract(s). Coordinated with government representatives, company internal elements and additional contracting companies to transition services when needed and coordinate services within larger project scopes as required by the customer organization.

- Coordinated the planned growth of a support task order to increase the number of supported sites from fifty (50) to sixty (60); planned growth and new construction required the growth of the task order to over 1300 personnel to provide increased services as requested by the customer to a mixture of Permanent Residence camps and Rotating Residence camps.
- Coordinated the deployment and operation of Maximo, a computerized maintenance management database for the management of facilities and equipment maintenance and asset/material visibility.
- Maintained consistent, accurate tracking and reporting of daily shipments of humanitarian fuel convoys and periodic material convoys over a 1,200-kilometer line of communication, ensuring client satisfaction and mission accomplishment.

United States Army

Division Support Command Assistant Operations Officer (Training)	2000 to 2001
Division Main Repair Parts Warehouse Platoon Leader/Accountable Officer	1999 to 2000
Battalion Assistant Operations Officer	1998 to 1999
Company Executive Officer/Platoon Leader	1998
Maintenance Support Platoon Leader	1997 to 1998

Stationed in Kitzingen, Germany and Fort Lee, Virginia. Supplied planning and training management support to the commanders and subordinate units of a 950-soldier multifunctional support battalion, which consisted of supply, transportation, maintenance and medical units, as well as a 2,500-soldier multifunctional support brigade, which consisted of four multifunctional support battalions. Directed three units comprised of 26-57 soldiers, local national civilian and American civilian employees that not only provided maintenance and supply support for internal assets and external customer units, but also offered large-scale technical supply support to 36 customer units through the management of a repair parts warehouse containing 3,800 lines of items valued at \$14.5M. Coordinated company internal supply and maintenance operations for a 200-item motorpool.

- Excelled in working together with other departments to achieve major goals; acquired extensive experience in strategic and lower-level tactical planning.
- Planned and coordinated air and rail load training to battalion units preparing for deployment to Kosovo; ensured each company in the battalion contained two sight-soldier teams qualified to properly supervise and lead equipment-loading operations in support of company deployments.
- Authored several training guides and matrices that facilitated improved planning by providing detailed outlines/guidance.
- Revised the Battalion Command Inspection Program, resulting in a plan that could be easily referenced by future operations officers.

Academic and Professional Credentials

Bachelor of Science in Civil Engineering, Virginia Military Institute

Graduate, Certified Brewmaster Course 2009, Versuchs- und Lehranstalt für Brauerei in Berlin, Germany

Commandant's List Graduate, Quartermaster Officer Basic Course

Graduate, Combined Logistics Captain's Career Course

Graduate, Combined Arms and Services Staff School

Graduate, US Army Petroleum Officer Course

Member, SOLE -The International Society of Logistics

National Security Clearance, Secret – Active Interim

Florida House Brewery											
Pro Forma Cash Flow Statement											
	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12					
Price Per Unit	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160					
Cost Per Unit	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40					
Units Sold	0	150	200	150	150	120					
Cash In Flows											
Income	\$ -	\$ 18,000	\$ 24,000	\$ 18,000	\$ 14,400	\$ 18,000					
Investment Income	\$ 300,000										
Debt Financing Income	\$ 100,000										
Total Cash In Flows	\$ 400,000	\$ 18,000	\$ 24,000	\$ 18,000	\$ 14,400	\$ 18,000					
Available Cash	\$ 133,742	\$ 132,663	\$ 133,425	\$ 130,345	\$ 127,231	\$ 125,897					
Cash Out Flows											
Payroll	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500					
Variable Operating Expense	\$ 3,750	\$ 3,750	\$ 5,000	\$ 3,750	\$ 3,000	\$ 3,750					
Advertising Expense	\$ -	\$ 450	\$ 600	\$ 450	\$ 360	\$ 450					
Maintenance Expense	\$ 300										
Rent	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075					
Operating Fees	\$ 500		\$ 500		\$ 500						
Interest Expense (assuming 8%)	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833					
Surtax Expense	\$ -	\$ 4,932	\$ 6,576	\$ 4,932	\$ 3,946	\$ 4,932					
Tax Expense	\$ -	\$ 239	\$ 854	\$ 239	\$ -	\$ 194					
Other Expenses	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300					
Other Cash Out Flows											
Capital Purchases	\$ 252,000			\$ 2,000							
Total Cash Out Flow	\$ 266,258	\$ 19,079	\$ 23,238	\$ 21,079	\$ 17,514	\$ 19,334					
Total Cash Flow	\$ 133,742	\$ (1,079)	\$ 762	\$ (3,079)	\$ (3,114)	\$ (1,334)					
Total Cash Flow w/o Investment	\$ (266,258)	\$ (1,079)	\$ 762	\$ (3,079)	\$ (3,114)	\$ (1,334)					
Break-Even Quantity	119	159	194	159	146	161					

\$	160	\$	160	\$	160	\$	160	\$	160	\$	160	\$	160	\$	160
\$	40	\$	40	\$	40	\$	40	\$	40	\$	40	\$	40	\$	40
280	280	2870	897	794	943	955	3588								
Jun-13	Jul-13	Jul 2013 Year End	Oct-13	Jan-14	Apr-14	Jul-14	Jul 2014 Year End								
\$	33,600	\$	344,400	\$	95,220	\$	113,160	\$	114,540	\$	114,540	\$	430,560		
\$	33,600	\$	344,400	\$	95,220	\$	113,160	\$	114,540	\$	114,540	\$	430,560		
\$	156,610	\$	161,104	\$	176,476	\$	187,837	\$	205,294	\$	223,952	\$	223,952		
\$	7,875	\$	94,500	\$	24,806	\$	24,806	\$	24,806	\$	24,806	\$	99,225		
\$	7,000	\$	77,000	\$	22,425	\$	19,838	\$	23,575	\$	23,863	\$	89,700		
\$	840	\$	9,240	\$	2,691	\$	2,381	\$	2,829	\$	2,864	\$	10,764		
\$	1,075	\$	12,900	\$	3,225	\$	3,225	\$	3,225	\$	3,225	\$	12,900		
\$	500	\$	6,000	\$	1,000	\$	500	\$	1,000	\$	500	\$	3,000		
\$	833	\$	833	\$	833	\$	833	\$	833	\$	833	\$	833		
\$	9,206	\$	75,502	\$	29,493	\$	26,090	\$	31,006	\$	31,384	\$	117,140		
\$	1,902	\$	18,864	\$	6,594	\$	5,286	\$	7,229	\$	7,507	\$	26,991		
\$	300	\$	3,600	\$	900	\$	900	\$	900	\$	900	\$	3,600		
\$	29,531	\$	299,039	\$	92,268	\$	83,858	\$	95,703	\$	95,882	\$	364,753		
\$	4,069	\$	45,361	\$	15,372	\$	11,362	\$	17,457	\$	18,658	\$	65,807		
\$	4,069	\$	45,361	\$	15,372	\$	11,362	\$	17,457	\$	18,658	\$	65,807		
246	243	2492	769	699	798	799	3040								

Florida House Brewery														
Pro Forma Income Statement														
		Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12						
Sales	\$	-	\$ 24,000	\$ 32,000	\$ 24,000	\$ 19,200	\$ 24,000	\$ 28,000						
COGS	\$	-	\$ 6,000	\$ 8,000	\$ 6,000	\$ 4,800	\$ 6,000	\$ 7,000						
Gross Profit	\$	-	\$ 18,000	\$ 24,000	\$ 18,000	\$ 14,400	\$ 18,000	\$ 21,000						
Operating Expenses:														
Fixed Payroll	\$	(7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)						
Variable Operating Expense	\$	(3,750)	\$ (3,750)	\$ (5,000)	\$ (3,750)	\$ (3,000)	\$ (3,750)	\$ (4,375)						
Advertising Expense	\$	-	\$ (450)	\$ (600)	\$ (450)	\$ (360)	\$ (450)	\$ (525)						
Maintenance Expense	\$	(300)	\$ -	\$ -	\$ -	\$ -	\$ (300)	\$ -						
Rent	\$	(1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)						
Operating Fees	\$	(500)	\$ -	\$ (500)	\$ -	\$ (500)	\$ -	\$ (500)						
Depreciation Expense	\$	(2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)						
Other Expenses	\$	(300)	\$ (300)	\$ (300)	\$ (300)	\$ (300)	\$ (300)	\$ (300)						
Income Before Interest and Tax	\$	(15,925)	\$ 2,425	\$ 6,525	\$ 2,425	\$ (835)	\$ 2,125	\$ 4,225						
Interest Expense	\$	(833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)						
Income Before Tax	\$	(16,758)	\$ 1,592	\$ 5,692	\$ 1,592	\$ (1,668)	\$ 1,292	\$ 3,392						
Tax Expense	\$	-	\$ (239)	\$ (854)	\$ (239)	\$ -	\$ (194)	\$ (509)						
Surtax Expense	\$	-	\$ (4,932)	\$ (6,576)	\$ (4,932)	\$ (3,946)	\$ (4,932)	\$ (5,754)						
Net Income	\$	(16,758)	\$ (3,579)	\$ (1,738)	\$ (3,579)	\$ (5,614)	\$ (3,834)	\$ (2,871)						
Sales Growth														
Profit Growth														
Profit Margin			-15%	-5%	-15%	-29%	-16%	-10%						

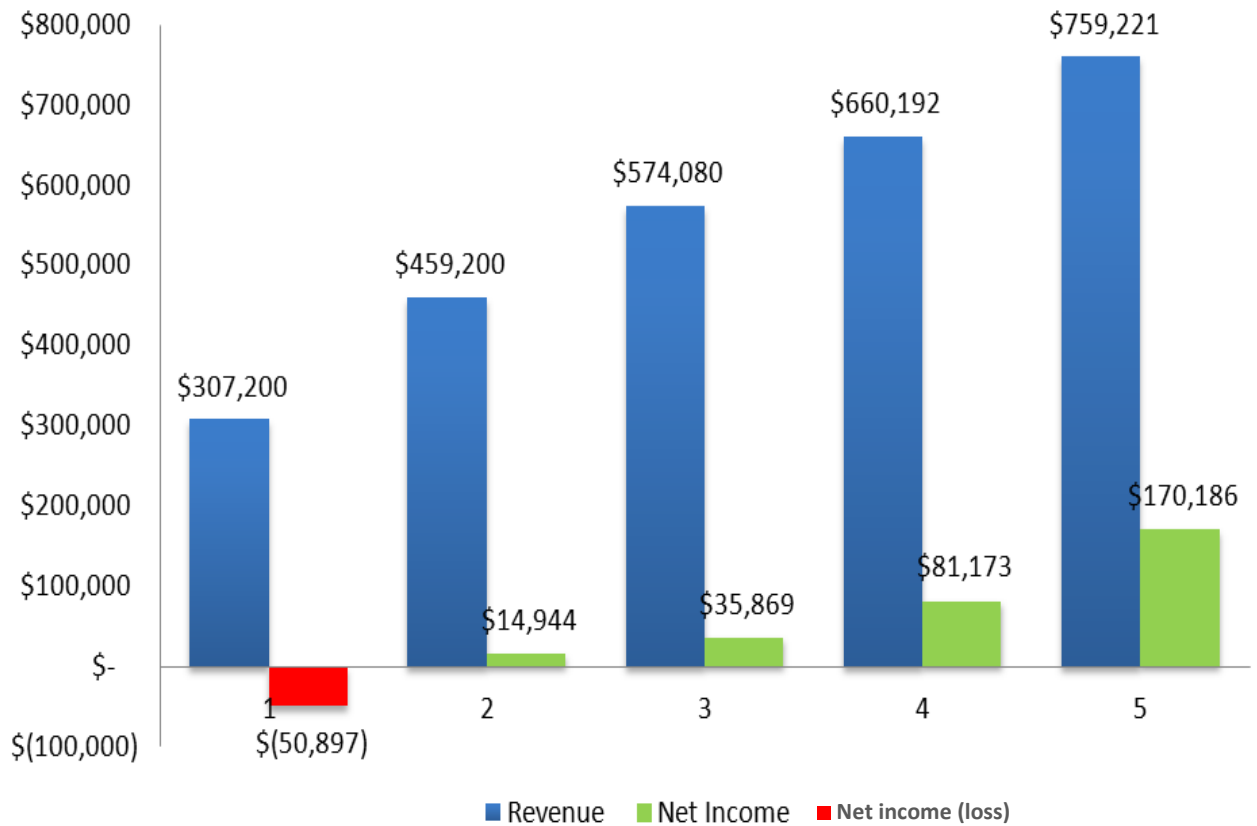
	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Jul 2012 Year End</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
	\$ 35,200	\$ 30,400	\$ 28,800	\$ 30,400	\$ 31,200	\$ 307,200	\$ 33,600	\$ 40,000	\$ 44,800	\$ 40,000
	\$ 8,800	\$ 7,600	\$ 7,200	\$ 7,600	\$ 7,800	\$ 76,800	\$ 8,400	\$ 10,000	\$ 11,200	\$ 10,000
	\$ 26,400	\$ 22,800	\$ 21,600	\$ 22,800	\$ 23,400	\$ 230,400	\$ 25,200	\$ 30,000	\$ 33,600	\$ 30,000
	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (90,000)	\$ (7,875)	\$ (7,875)	\$ (7,875)	\$ (7,875)
	\$ (5,500)	\$ (4,750)	\$ (4,500)	\$ (4,750)	\$ (4,875)	\$ (51,750)	\$ (5,250)	\$ (6,250)	\$ (7,000)	\$ (6,250)
	\$ (660)	\$ (570)	\$ (540)	\$ (570)	\$ (585)	\$ (5,760)	\$ (630)	\$ (750)	\$ (840)	\$ (750)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (600)	\$ (300)	\$ -	\$ -	\$ -
	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (12,900)	\$ (1,075)	\$ (1,075)	\$ (1,075)	\$ (1,075)
	\$ -	\$ (500)	\$ -	\$ (500)	\$ -	\$ (3,000)	\$ (3,500)	\$ -	\$ (500)	\$ -
	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (30,000)	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)
	\$ (300)	\$ (300)	\$ (300)	\$ (300)	\$ (300)	\$ (3,600)	\$ (300)	\$ (300)	\$ (300)	\$ (300)
	\$ 8,865	\$ 5,605	\$ 5,185	\$ 5,605	\$ 6,565	\$ 32,790	\$ 3,770	\$ 11,250	\$ 13,510	\$ 11,250
	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (10,000)	\$ (833)	\$ (833)	\$ (833)	\$ (833)
	\$ 8,032	\$ 4,772	\$ 4,352	\$ 4,772	\$ 5,732	\$ 22,790	\$ 2,937	\$ 10,417	\$ 12,677	\$ 10,417
	\$ (1,205)	\$ (716)	\$ (653)	\$ (716)	\$ (860)	\$ (6,183)	\$ (441)	\$ (1,563)	\$ (1,902)	\$ (1,563)
	\$ (7,234)	\$ (6,247)	\$ (5,918)	\$ (6,247)	\$ (6,412)	\$ (63,130)	\$ (6,905)	\$ (8,220)	\$ (9,206)	\$ (8,220)
	\$ (407)	\$ (2,191)	\$ (2,219)	\$ (2,191)	\$ (1,540)	\$ (46,522)	\$ (4,409)	\$ 634	\$ 1,569	\$ 634
						18%				
	-1%	-7%	-8%	-7%	-5%	-15%	-13%	2%	4%	2%

	<u>Jul 2013 Year End</u>	<u>Oct-13</u>	<u>Jan-14</u>	<u>Apr-14</u>	<u>Jul-14</u>	<u>Jul 2014 Year End</u>	<u>Oct-14</u>	<u>Jan-15</u>	<u>Apr-15</u>
\$	459,200	\$ 143,520	\$ 126,960	\$ 150,880	\$ 152,720	\$ 574,080	\$ 165,048	\$ 146,004	\$ 173,512
\$	114,800	\$ 35,880	\$ 31,740	\$ 37,720	\$ 38,180	\$ 143,520	\$ 41,262	\$ 36,501	\$ 43,378
\$	344,400	\$ 107,640	\$ 95,220	\$ 113,160	\$ 114,540	\$ 430,560	\$ 123,786	\$ 109,503	\$ 130,134
\$	(94,500)	\$ (24,806)	\$ (24,806)	\$ (24,806)	\$ (24,806)	\$ (99,225)	\$ (26,047)	\$ (26,047)	\$ (26,047)
\$	(77,000)	\$ (22,425)	\$ (19,838)	\$ (23,575)	\$ (23,863)	\$ (89,700)	\$ (25,789)	\$ (22,813)	\$ (27,111)
\$	(9,240)	\$ (2,691)	\$ (2,381)	\$ (2,829)	\$ (2,864)	\$ (10,764)	\$ (3,095)	\$ (2,738)	\$ (3,253)
\$	(600)	\$ (300)	\$ -	\$ (300)	\$ -	\$ (600)	\$ (300)	\$ -	\$ (300)
\$	(12,900)	\$ (3,225)	\$ (3,225)	\$ (3,225)	\$ (3,225)	\$ (12,900)	\$ (3,386)	\$ (3,386)	\$ (3,386)
\$	(6,000)	\$ (1,000)	\$ (500)	\$ (1,000)	\$ (500)	\$ (3,000)	\$ (1,000)	\$ (500)	\$ (1,000)
\$	(30,000)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (30,000)	\$ (7,500)	\$ (7,500)	\$ (7,500)
\$	(3,600)	\$ (900)	\$ (900)	\$ (900)	\$ (900)	\$ (3,600)	\$ (900)	\$ (900)	\$ (900)
\$	110,560	\$ 44,793	\$ 36,071	\$ 49,025	\$ 50,883	\$ 180,771	\$ 55,770	\$ 45,619	\$ 60,637
\$	(833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)
\$	109,727	\$ 43,959	\$ 35,237	\$ 48,191	\$ 50,049	\$ 179,938	\$ 54,936	\$ 44,786	\$ 59,803
\$	(18,864)	\$ (6,594)	\$ (5,286)	\$ (7,229)	\$ (7,507)	\$ (26,991)	\$ (8,240)	\$ (6,718)	\$ (8,970)
\$	(75,502)	\$ (29,493)	\$ (26,090)	\$ (31,006)	\$ (31,384)	\$ (117,140)	\$ (33,917)	\$ (30,004)	\$ (35,657)
\$	15,361	\$ 7,872	\$ 3,862	\$ 9,957	\$ 11,158	\$ 35,807	\$ 12,779	\$ 8,064	\$ 15,176
	4%	14%	11%	12%	13%	29%	15%	13%	12%
	173%					8%			
	3%	5%	3%	7%	7%	6%	8%	6%	9%

	<u>Jul-15</u>	<u>Jul 2015 Year End</u>	<u>Oct-15</u>	<u>Jan-16</u>	<u>Apr-16</u>	<u>Jul-16</u>	<u>Jul 2016 Year End</u>
	\$ 175,628	\$ 660,192	\$ 189,805	\$ 167,905	\$ 199,539	\$ 201,972	\$ 759,221
	\$ 43,907	\$ 165,048	\$ 47,451	\$ 41,976	\$ 49,885	\$ 50,493	\$ 189,805
	\$ 131,721	\$ 495,144	\$ 142,354	\$ 125,928	\$ 149,654	\$ 151,479	\$ 569,416
	\$ (26,047)	\$ (104,186)	\$ (9,116)	\$ (9,116)	\$ (9,116)	\$ (9,116)	\$ (36,464)
	\$ (27,442)	\$ (103,155)	\$ (29,657)	\$ (26,235)	\$ (31,178)	\$ (31,558)	\$ (118,628)
	\$ (3,293)	\$ (12,379)	\$ (3,559)	\$ (3,148)	\$ (3,741)	\$ (3,787)	\$ (14,235)
	\$ -	\$ (600)	\$ (300)	\$ -	\$ (300)	\$ -	\$ (600)
	\$ (3,386)	\$ (13,545)	\$ (3,386)	\$ (3,386)	\$ (3,386)	\$ (3,386)	\$ (13,545)
	\$ (500)	\$ (3,000)	\$ (1,000)	\$ (500)	\$ (1,000)	\$ (500)	\$ (3,000)
	\$ (7,500)	\$ (30,000)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (7,500)	\$ (30,000)
	\$ (900)	\$ (3,600)	\$ (900)	\$ (900)	\$ (900)	\$ (900)	\$ (3,600)
	\$ 62,653	\$ 224,679	\$ 86,936	\$ 75,143	\$ 92,532	\$ 94,732	\$ 349,343
	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (833)	\$ (3,333)
	\$ 61,820	\$ 223,846	\$ 86,102	\$ 74,309	\$ 91,699	\$ 93,898	\$ 346,009
	\$ (9,273)	\$ (33,577)	\$ (12,915)	\$ (11,146)	\$ (13,755)	\$ (14,085)	\$ (51,901)
	\$ (36,092)	\$ (108,679)	\$ (39,005)	\$ (34,504)	\$ (41,005)	\$ (41,505)	\$ (122,443)
	\$ 16,455	\$ 81,590	\$ 34,182	\$ 28,659	\$ 36,939	\$ 38,308	\$ 171,665
	13%	28%	14%	13%	-7%	3%	18%
		8%					7%
	9%	12%	18%	17%	19%	19%	23%

Florida House Brewery					
Pro Forma Balance Sheet					
	<u>Jul 2012 Year End</u>	<u>Jul 2013 Year End</u>	<u>Jul 2014 Year End</u>	<u>Jul 2015 Year End</u>	<u>Jul 2016 Year End</u>
Assets:					
Current Assets:					
Cash & Equivalents	\$ 125,478	\$ 161,104	\$ 223,952	\$ 306,427	\$ 474,515
Accounts Receivable	\$ 31,200	\$ 44,800	\$ 50,907	\$ 58,543	\$ 67,324
Less: Accumulated Depreciation	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)
Inventory	\$ 23,400	\$ 33,600	\$ 38,180	\$ 43,907	\$ 50,493
Total Current Asset	\$ 150,078	\$ 209,504	\$ 283,039	\$ 378,876	\$ 562,332
Fixed Asset:					
Equipment (5 Year Dep., \$100,000 resale)	\$ 250,000	\$ 220,000	\$ 190,000	\$ 160,000	\$ 130,000
Total Fixed Assests	\$ 250,000	\$ 220,000	\$ 190,000	\$ 160,000	\$ 130,000
Total Assets	\$ 400,078	\$ 429,504	\$ 473,039	\$ 538,876	\$ 692,332
Liabilities:					
Current Liabilities:					
Accounts Payable	\$ 7,800	\$ 11,200	\$ 12,727	\$ 14,636	\$ 16,831
Accrued Expenses	\$ 22,440	\$ 29,106	\$ 31,961	\$ 31,961	\$ 35,224
Total Current Liabilities	\$ 30,240	\$ 40,306	\$ 44,687	\$ 46,596	\$ 52,055
Long-Term Liabilities:					
Notes Payable	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Long-Term Liabilities	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Liabilities	\$ 130,240	\$ 140,306	\$ 144,687	\$ 146,596	\$ 152,055
Owners' Equity:					
Capital	\$ 316,361	\$ 273,837	\$ 292,545	\$ 310,690	\$ 368,613
Retained Earnings		\$ 15,361	\$ 35,807	\$ 81,590	\$ 171,665
Less: Retained Loss	\$ (46,522)				
Total Owners' Equity	\$ 269,839	\$ 289,198	\$ 328,352	\$ 392,280	\$ 540,277
Total Liabilities and Equity	\$ 400,078	\$ 429,504	\$ 473,039	\$ 538,876	\$ 692,332

Revenue and net income projections



Cash Flow Diagram

