

**Clipper City Cooperative  
Strategic Plan  
2020 – 2025**

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Legal Page

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Upon request, this document is to be immediately returned to the Board of Directors of Clipper City Cooperative.

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Date

This is a strategic plan. It does not imply an offering of securities.

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## 1.0 Executive Summary

This strategic plan was developed for Clipper City Cooperative and designed for the start-up of a retail food cooperative store/wholesale distributor which will be located in Manitowoc WI. Projected start-up will be January 2010.

In order to increase sales revenue to make this strategic plan economically feasible wholesale sales and a retail on-line store has been added as revenue streams. By doing this the store will be able to generate sales and revenue from the retail sales area as well as the back of the store normally used for food storage and handling. This income is referred to as backdoor sales. In other words, the operation will generate income from the total space of 5000 square feet needed for a 3000 square foot retail store. The goal is to match gross sales proportionally to the square footage with 60% coming from the retail sales area of the store and 40% coming from back door sales. Generating 40% of gross income from backdoor sales will be a challenge and is one of the assumptions that make this strategic plan economically feasible. By adding back door sales, the co-op will operate as a local product food hub as well as a retail grocery store featuring local and non-local food choices that meet the needs of the Manitowoc Community.

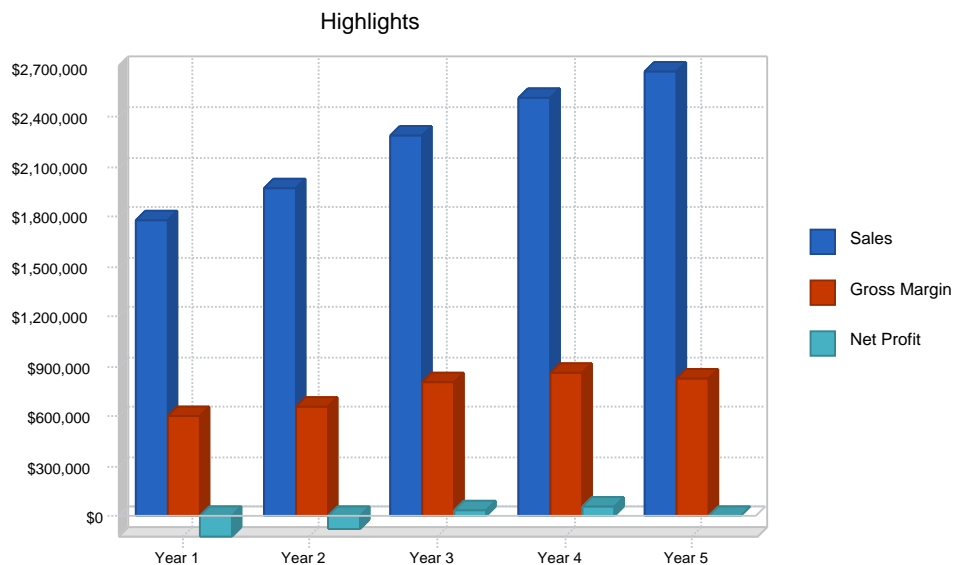
The other assumption is that the cooperative can raise all or most of the needed startup expenses from owner loans, local contributions, and grants. This assumption will also be a challenge, but the board of directors feel that it's possible based on other recent fundraising efforts in the community.

Based on input from owners and community at large the location of the operation will be in downtown Manitowoc. This will fit into the city's downtown revitalization plan and will fill a need by being the only retail grocery store in the downtown area.

Retail sales estimates come from a recent market study completed in 2016 by Dakota Worldwide Corporation and cost estimates for operation come from a pro forma provided by Cooperative Development Services. That market study will be updated when a final site will be selected. Projections for wholesale and on-line sales and costs come from John Ellerman's experience working as the general manager of SLO Farmers Cooperative in 2018.

Input from owners has been provided by a survey completed in 2019 which confirms the direction that the store development is taking in this strategic plan. Additional input for this plan comes from a strategic planning workshop conducted in May of 2019 with the Board of Directors of the co-op.

Chart: Highlights



## 1.1 Objectives

Clipper City Co-op Pledges to:

- Nurture community engagement.
- Cultivate local, sustainable agricultural and food production.
- Operate a sustainable business that fosters growth in Manitowoc county.
- Provide access to healthy, quality food and food education.
- Open a viable grocery store with foot traffic and purchases by each shopper.
- Open a store that will adapt to the needs of both shopper owners and producer farmer owners.
- Bring affordable fresh food to downtown Manitowoc.
- Promote value added businesses incubation that will support the mission of the co-op.

## 1.2 Mission

Clipper City Cooperative is a community-owned grocery store dedicated to providing access to locally sourced food, strengthening the regional economy, and promoting health and wellbeing.

### 1.3 Keys to Success

We will accomplish our mission by:

#### 1. Nurturing community engagement.

Follow the core principles of cooperative management and democratic decision-making, including the principles of inclusive excellence, fairness, transparency, and shared responsibility.

Supply products to meet the diverse community food needs and preferences.

Create opportunities for vibrant community engagement through social networking, civic pride, and partnerships among individuals, organizations, governments, and businesses.

#### 2. Cultivating local, sustainable agricultural and food production.

Showcase food and products from local and regional businesses

Support the development of local agricultural, food, and other businesses in the community.

Feature products produced and distributed using sustainable and environmentally sound practices.

Highlight products that support the responsible treatment of living things impacted by the food chain.

#### 3. Operating a sustainable business that fosters growth in Manitowoc County.

Create good jobs that pay fair wages and provide quality benefits.

Maintain a high-quality business that attracts other enterprises and consumers to downtown Manitowoc.

Manage member and investor resources in a fiscally responsible way.

Deliver superior customer service that fosters community.

#### 4. Providing access to healthy, quality food and food education.

Provide access to nutritious and tasty food at fair and competitive retail market prices.

Offer education on healthy food choices and sound agricultural and food systems.

Supply high quality local and organic food from reliable sources for the optimal health of consumers.

Clipper City Cooperative has to be economically viable and sustainable.

The co-op will be democratically controlled with input from owner members and the group process will strive for a consensus on all issues.



The co-op will strive to hire a general manager that adheres to cooperative core principles and values and able to work effectively with a board and employees as well as meet owner members needs while meeting the business objectives to keep the co-op economically feasible.

The co-op will strive to meet the health needs of its owner members and other customers with unique nutritional needs and food allergies to include special orders if possible.

The co-op will strive to achieve diversity with staff and board members to best meet the needs of the community.

The co-op will build and maximize relationships with local producers, local businesses, and local government entities.

## 2.0 Company Summary

Clipper City Cooperative will be a store that will focus on providing retail wholesome and local food products for the residents of Manitowoc County. However, the store will also act as a food hub by providing locally produced food wholesale to restaurants as well as custom ordered CSA where co-op owners can order online and have delivered food boxes of seasonal vegetables, meat, and value-added specialty items such as honey, maple syrup, and prepared meals. The store will also provide bulk sales of meat from local producers to customers who want to purchase a half steer, quarter steer, pig or half pig, or larger quantities of poultry meat or eggs. In other words, the store will create an on line store for both wholesale and retail sales that will create additional revenue and compliment the store's retail sales generated from its retail storefront sales.

The store will have a retail sales area of ~3,000 square feet but the total space leased will be ~5,000 square feet. By adding the three income streams above the co-op can essentially utilize all 5,000 square feet of area leased to generate gross sales needed to make the effort profitable. This effort can be considered a hybrid co-op grocery store that will be operating as a local food hub as well as a retail grocery store for Manitowoc County. The co-op will connect farmer owners, retail customer owners, and restaurant/ business owners It will also provide a variety of healthy food options that will be purchased wholesale and sold retail.

The store will be part of the downtown Manitowoc revitalization effort and will be the only source of groceries in the downtown area.

## 2.1 Company Ownership

Clipper City Cooperative is organized as a cooperative under Chapter 193 and is classified as an unincorporated co-op with one class of stock known as class A stock. Ownership is by household unit owners with no restrictions on residence. The co-op is run by a board of directors that is elected by the owners at an annual membership meeting.

## 2.2 Startup Summary

Startup costs came from the operating budget of Clipper City Cooperative initiative and from the CDS Consulting proforma developed for the co-op. The costs are based on the actual startup costs of comparable co-op retail stores from around the country and are as accurate of an estimate as there is. The costs include a bit of a cushion for cost overruns.

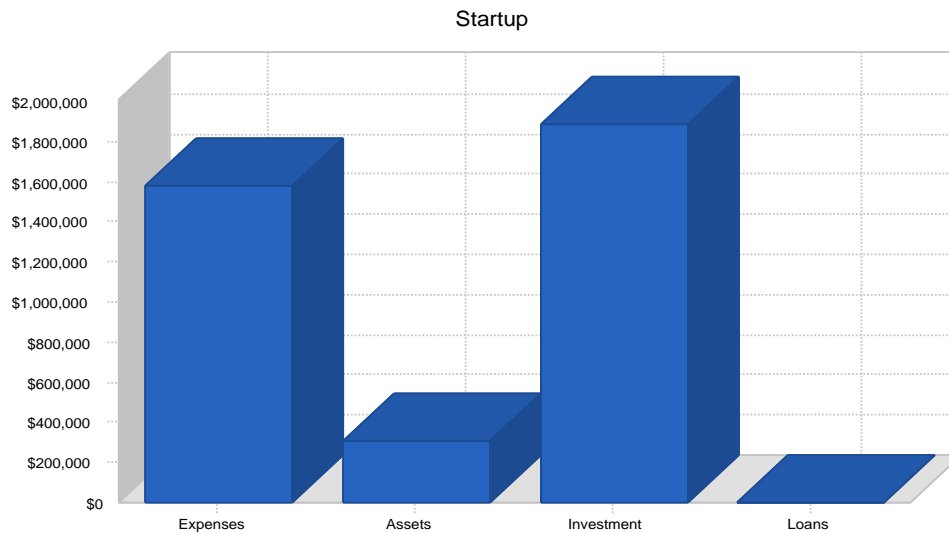
Table: Startup

<i>Startup</i>	
Requirements	
Startup Expenses	
Advertising and Marketing	\$1,800
Annual Meeting	\$1,250
Board Development	\$2,250
Charitable Contributions	\$260
Educational Events	\$400
Dues and Subscriptions	\$1,000
Meeting Room Rent	\$100
Insurance - General Liability	\$500
Insurance - Workman's Comp	\$400
Insurance - Board of Directors	\$1,200
Intern Pay	\$750
Outreach Coordinator Pay	\$15,600
Meals and Entertainment	\$300
Office Rent	\$700
Legal and Professional Fees	\$4,000
Owner Outreach Merchandise	\$5,650
Office Supplies	\$1,000
Ownership Events	\$1,200
Postage	\$300
Printing	\$1,250
Pro Forma	\$1,250
Project Manager	\$750
Taxes and Licenses	\$600
Startup Promotion	\$11,000
Startup Staffing Before Store Opening	\$150,314
Leasehold Improvements	\$500,000
Equipment	\$450,000
Startup Fees	\$129,000
Post Opening Professional Support	\$20,000
Overrun Allocation (15% of Projected Costs)	\$246,000
Internet Expenses and Software	\$1,175
Total Startup Expenses	\$1,549,999
Startup Assets	
Cash Required	\$184,000
Startup Inventory	\$124,000

## Clipper City Cooperative Strategic Plan

Other Current Assets	\$0
Long-term Assets	\$0
Total Assets	\$308,000
<b>Total Requirements</b>	<b>\$1,857,999</b>

Chart: Startup



### 3.0 Products and Services

#### PRODUCTS

Organic and/or sustainably produced vegetables

Salad bar and deli

Kombucha made locally

Vitamins and natural foods (partnership?)

Essential Oils

Basic necessities

Cut Flowers from local sources

Local beer, wine and cheese

Local nonfood products, crafts

Smoothie bar

#### SERVICES

Seasonal vegetable online custom order boxes and delivery

Local grass-fed beef bulk orders and delivery

Locally Produced and Sustainable Pork Products

Locally Produced and Sustainable Free-Range Chickens and Eggs

Locally made greeting cards

Wholesale sales to restaurants and delivery

Online retail ordering and pick up

#### 4.0 Market Analysis Summary

The co-op will strive to serve a diverse group of repeat customers, visiting customers , restaurants, catering businesses, and tourists. The co-op can increase gross sales by selling wholesale as well as retail. It will also tap into the tourist traffic to sell local products and connect with local downtown businesses.

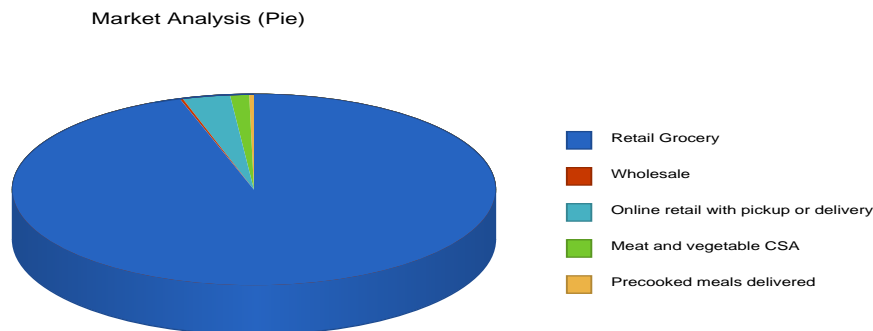
#### 4.1 Market Segmentation

The co-op will focus its marketing approach on special nutritional needs for diverse customers. This will include senior citizens, and customers with unique dietary needs.

Table: Market Analysis

Market Analysis		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Retail Grocery	10%	15,000	16,500	18,150	19,965	21,962	10.00%
Wholesale	15%	30	35	40	46	53	15.29%
Online retail with pickup or delivery	20%	500	600	720	864	1,037	20.01%
Meat and vegetable CSA	10%	200	220	242	266	293	10.02%
Precooked meals delivered	10%	50	55	61	67	74	10.30%
<b>Total</b>	<b>10.37%</b>	<b>15,780</b>	<b>17,410</b>	<b>19,213</b>	<b>21,208</b>	<b>23,419</b>	<b>10.37%</b>

Chart: Market Analysis (Pie)



## 4.2 Target Market Segment Strategy

What makes the five sales categories above interesting is that there is a real need for the diverse groups to find quality foods that meet their dietary needs. This is a niche market that the co-op can meet which will in turn generate additional sales meet their marketing goals and make the co-op economically feasible. The co-op will make efforts to work with all ethnic groups in the county. The co-op will also assist local farmers by supporting their marketing efforts.

## 4.3 Industry Analysis

### **Business You Are In**

Food Co-op - "A food distribution outlet organized as a cooperative rather than a private or organized company. Food cooperatives are usually consumer cooperatives where the production and the distribution are chosen by its members."

Clipper City Cooperative will be primarily a retail grocery store with 60% of gross sales coming from retail sales through the store front and 40% of sales through the back door in bulk retail and wholesale sales.

To make this hybrid model work the co-op will have to:

- Rely on niche markets to maximize profit per square foot
- Inviting local farmers and local value-added sources to provide food for sale
- Make sure local farmers achieve a fair profit for their products sold through the co-op
- Maintain food quality at all times
- Focus on separating the co-op from competitive grocery stores
- Focus on downtown since it separates the store and provides a food shopping alternative for that area of the city

### **How do customers make their buying decisions?**

- Quality focused customers who are looking for healthy food alternatives
- Specific needs, Quality, Local, Healthy, Sustainable
- Educating future consumers while recruiting additional owners
- We will provide an online ordering system and delivery for both retail and wholesale sales

### **4.3.1 Competition and Buying Patterns**

- The store will be competing with a large corporate grocery industry and

economies of scale help them drive down their cost.

- Our customers have a strong CONCERN ABOUT QUALITY
- They also have a CONCERN ABOUT CONVENIENCE
- We have less shipping cost and offer fresher food
- We will inform owners and community of importance of supporting the local economy

Focuses

-Sustainability

-Giving Farmer's marketing opportunities

-Educating the Customers

What is the nature of the whole sale business for restaurants?

-Ensuring freshness

-Frequent delivery as needed for wholesale sales

- As a cooperative we are interested in buying for our owner customers and not just selling to them

- Hmong customers/producers can be a valuable resource for high quality vegetables as well as a niche market for sales

- Letting our owner producers present their products in the store and answer customer questions

- Provide farm tours to show customers where and how the food is produced

- Build communication during summer farmers markets

**How do people in target group choose between competition?**

- Location

- Competition has many advantages // compete with location

- Importance of the Badger times

- Quality and meeting needs of owners // Possible special orders

## 5.0 Web Plan Summary

Clipper City Cooperative will enhance and continue to use its current web site for regular information with owners and the public. The co-op will add two major features that will create online wholesale and retail stores that will be utilized for the "back door" sales of the co-op. The co-op will rely on the experiences of SLO Farmers Co-op for assistance in setting up these two online markets. SLO Farmers' Co-op has already established both online

markets in the Green Bay market area and will also be used as a wholesale provider for Clipper City Co-op. These efforts follow the cooperative principle of co-ops cooperatively working together to achieve goals.

### 5.1 Website Marketing Strategy

There are several web software programs that can be used for Clipper City Co-ops two online markets. After evaluation SLO Farmers Co-op selected the Farm Link program that has been developed by Feeding America of Wisconsin for their wholesale sales. That program includes an inventory presentation, and ordering and invoicing system. SLO Farmers Co-op has been using this program for wholesale sales for about three years and it has worked very well for them and that is why Clipper City Co-op will start out with this program for wholesale sales. For retail online sales Clipper City Co-op will use the Farmigo CSA management software which includes an inventory control section, retail sales of what is available in inventory, and a retail online payment system. The main difference between wholesale sales and retail sales is the payment process with wholesale sales using invoicing with 30-day payments and retail sales are paid in full at the time an order is placed.

### 5.2 Development Requirements

The up-front development requirements will include purchasing the two software programs and training an order specialist to manage the two programs. On the back end of these enterprises space for inventory storage and aggregation will be developed in the rear of the Clipper City Co-op store.

### 6.0 Strategy and Implementation Summary

In order to increase sales revenue to make this strategic plan economically feasible wholesale sales and a retail on-line store has been added as revenue streams. By doing this the store will be able to generate sales and revenue from the retail sales area as well as the back of the store normally used for food storage and handling. This income is referred to as backdoor sales. In other words, the operation will generate income from the total space of 5000 square feet needed for a 3000 square foot retail store. The goal is to match gross sales proportionally to the square footage with 60% coming from the retail sales area of the store and 40% coming from back door sales. Generating 40% of gross income from backdoor sales will be a challenge and is one of the assumptions that make this strategic plan economically feasible. By adding back door sales, the co-op will operate as a local product food hub as well as a retail grocery store featuring local and non-local food choices that meet the needs of the Manitowoc Community.

## 6.1 SWOT Analysis

Overall, the strengths and opportunities are stronger than the weaknesses and threats. But the co-op has to pay attention to their weaknesses and threats to make sure that the issues listed for them are considered and addressed in the development process of the co-op. The co-op will be more than a retail grocery store. It will be a hybrid that will also be a local food hub for Manitowoc County and will have to rely on niche market opportunities to compete with the larger corporate retail grocery stores in the county while meeting the needs of diverse owners.

The co-op will conduct separate focus group sessions, which will include a SWOT analysis, for wholesales sales with restaurants in Manitowoc County, retail bulk sales to owners, and CSA sales of meat and seasonal vegetables to owner/customers. The SWOT analysis below focusses on retail store sales and input was provided by the co-op's board of directors.

### 6.1.1 Strengths

Strong Adaptive Board

Location

The Board and the Co-op is making progress this year. Going in a positive direction toward meeting ownership goals - good momentum

Grow from PR of new hire

Strong Community Support (Households, City, Progress Lakeshore, Downtown Association, Local Farmers)

Strong Business Aspects

- (Legal and accounting books are in order)

Unique/Niche Market

Ability to Use Events for Promotional Activities (Summer Market, Golf, Annual Meeting, etc.)

Possibility - Increase limited income owners.

Many Invested People and Interested people

- Many grant opportunities

- Danas grant writing skills

Being Creative with Possible Profit Possibilities

- Maximizing profit per floor space (Front door back door)



### 6.1.2 Weaknesses

If we build it will people come - will owners/customers following through with their commitments to the store?

Offering prices that are competitive to other retail grocery stores

Need for providing education to owners/customers

Proforma - We need to be more than just a grocery store to make the operation economically feasible

History since it has started - Stage 3 stagnation - Ambiguity from owners - We need to build and maintain optimism

Competition – Local chain grocery stores

Initial Misleading Marketing

- People were not expecting an owner loan campaign
- Education before the campaign starts
- Multiple campaign options

We need to choose an established site

### 6.1.3 Opportunities

#### **Community Involvement**

- Growing Local Farmers (Center of Business Partnerships)
- Collaborative value-added opportunities
- Rural and City - Building these together
- Growing Downtown Manitowoc

#### **Tourism - Downtown advantage**

- Foot traffic
- Badger

-Signing and/or promotional efforts for tourists

**Growing with the Hmong Community**

**Appealing to Dietary Needs - Autism, Allergies, Celiac, Etc.**

**Education Collaborations with Non-Profits and Schools**

**Promising Consistent Food Safety**

**Plant Towers**

**Supplying Businesses, Restaurants, and Schools with Foods**

6.1.4 Threats

**Big Corporations**

- Retail Chain Stores - People who know what they are doing

**The Timeline - Perceived amount of time**

- Owners giving up on the co-op because of the time needed to start a project like this

**Regulations**

- Meeting Regulatory Requirements

- Avoiding Food Safety Accidents

- Different Certifications and Licenses Needed

- Avoiding Cross Contamination of Locally Produced Food (Organic, Non GMOs) with Industrially Produced Food

**Pricing**

- Competing with larger scale grocery chains

- Competing with economies of scale issues

**Reputation, Image, and Associations**

- Maintaining relationships and credibility with owners and supply sources

### **Finding Good Employees Will be a Challenge**

- Qualified Manager (With same values and management expertise)
- General lack of workers in the Midwest

## 6.2 Competitive Edge

### **The Co-op:**

Will serve Niche Markets

Will Provide Food and Nutritional Education

Will Assure Freshness and Quality

Will be Local and Provide Locally Produced Food Products

Will Build Social Fabric and Support the Local Economy

Will Have Functioning Board Representing Owner's Needs - That We Are Democratic

Will have an attitude that we are: "Here to meet the needs of our owners, not to convince them what to buy"

Will Provide Healthy Food For the Community

## 6.3 Marketing Strategy

We have an integrated approach which includes four farm to table efforts. This includes retail, wholesale, and value-added products.

## 6.4 Sales Strategy (From Strategic Planning Workshop)

### **Strategy**

Getting Enough Owner/Members

- Honeymoon period after first opening
- Continue growing support
- How do we forecast non owner sales?
- Promotion / Market promotion
- Billboards

How do you reward salespeople?

For a grocery store reputation is key

Parking and access are importance

We need to

- Sell to farmer owners, restaurant owners, and business owners
- Maintain good HR
- Maintain good employees
- Provide extensive training for employees and owners

### **Plan to Contact Customers**

- Town Money Saver- Coupons
- Push yard signs in neighbors at the annual meeting
- Giving back to the community

Promotions

- Weekly drawings
- Deck of cards random draw for free meal
- Gift promotions for collaborative food

### **Marketing Strategy for Wholesale**

- Knocking on doors and building one on one relationships
- Help businesses advertise they use Co-op
- Advertise producer owners on our social media options

#### **6.4.1 Sales Forecast**

Sales forecast for the first year has been reduced during startup but the operation will be established by the second year and operations should see about a 23% growth rate in year two, a 18% growth rate in year three, a 10% growth rate in year four, and a 5% growth rate in year five. After the fifth year the growth rate will taper off to a steady growth rate of about 2.5% in retail sales per year. This forecast comes from the CDS consulting pro forma developed for Clipper City Cooperative and is based on the initial market study done in 2015 and data from other retail grocery co-ops from around the US.

Sales forecast for the wholesale, online custom CSA, and prepared meal delivery have a 10% increase in sales forecast per year for the first five years and like the retail store sales will taper off to about a 2.5% sales growth after year five.

**Where did the Numbers come from?**

## Clipper City Cooperative Strategic Plan

- Market Study by Dakota International Consultants
- SLO Farmers' Cooperative Experience Sales Data
- Proforma from CDS
- Expenses Based on Database of more than 100 co-ops
- Expected 10% increase/year
- 10 years of info from Proforma

Table: Sales Forecast

<i>Sales Forecast</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales					
Retail Sales	\$1,268,253	\$1,407,500	\$1,665,000	\$1,832,000	\$1,923,000
Wholesale Sales	\$253,646	\$279,000	\$306,900	\$337,590	\$371,350
Online Sales and Delivery	\$253,646	\$279,000	\$306,900	\$337,590	\$371,350
Prepared Meal Delivery	\$6,702	\$7,372	\$8,109	\$8,920	\$9,812
Total Sales	\$1,782,247	\$1,972,872	\$2,286,909	\$2,516,100	\$2,675,512
Direct Cost of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Retail	\$837,055	\$937,502	\$1,050,002	\$1,176,002	\$1,317,122
Wholesale	\$167,409	\$187,498	\$209,998	\$235,198	\$263,421
Online	\$167,409	\$187,498	\$209,998	\$235,198	\$263,421
Prepared	\$5,064	\$5,672	\$6,352	\$7,115	\$7,968
Subtotal Direct Cost of Sales	\$1,176,937	\$1,318,169	\$1,476,350	\$1,653,512	\$1,851,933

Chart: Sales Monthly

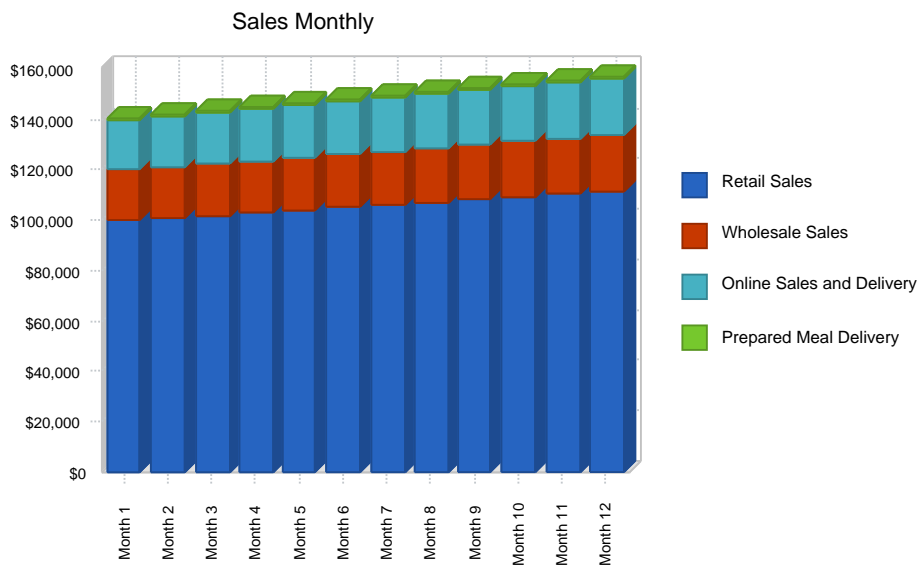
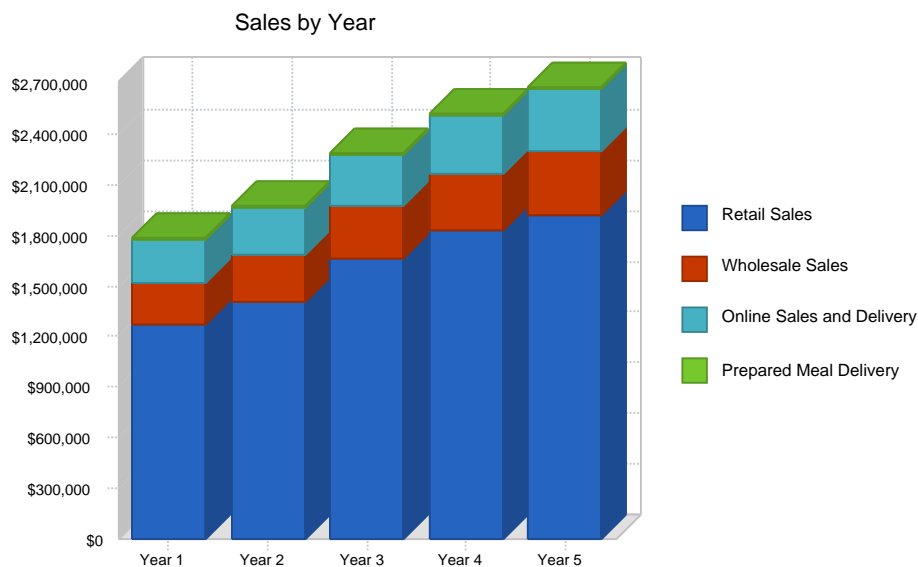


Chart: Sales by Year



## 6.5 Milestones

The milestones presented in this plan follow an outline from the Food Co-op Initiative Guide to Starting a Co-op and include stages 2b and stage 3. Stage 2b is complete when Clipper City Co-op site is secured with contingencies, made public, and has enough owner/members for a successful campaign (or 60% of the owner goal by opening). Stage 3 ends with the opening of the store and it's time to celebrate. At this point the co-op should have met or exceeded its goal of 750 owner members and secured its financing and site. When the general manager hires and trains staff, and sets up operational systems, and the project manager coordinates the construction to completion, the co-op will be ready to open its doors to the community.

Table: Milestones

<i>Milestones</i>					
Milestone	Start Date	End Date	Budget	Manager	Department
Conduct Feasibility Study	5/14/2019	6/13/2019	\$3,000	Treasurer	Board
Develop a Concept Paper	5/14/2019	6/13/2019	\$0	Beacon Consulting	Board
Hire Outreach Coordinator	5/14/2019	6/13/2019	\$15,600	President	Board
Share Vision with Owners and Community	5/14/2019	6/30/2019	\$5,650	Outreach Coordinator	Outreach Committee
Choose Site	5/14/2019	7/31/2019	\$0	Site Selection Committee	Board
Initiate Capital Campaign Program	6/30/2019	12/31/2019	\$0	Capital Campaign Committee	Board
Conduct Second Market Study	12/1/2019	2/29/2020	\$5,000	Dakota Consulting	Board
Apply for Grants	7/1/2019	7/1/2020	\$0	Grant Committee	Grant Committee
Hire General Manager	1/1/2020	2/29/2020	\$0	President	Board
Finalize Site and Design Options	8/1/2019	12/31/2019	\$0	Site Selection Committee	Site Selection Committee
Retail Operations Plan	1/1/2020	3/1/2020	\$0	General Manager	Department
Wholesale Operations Plan	1/1/2020	3/1/2020	\$0	Assistant Manager	Department
Web Operations Plan	1/1/2020	3/1/2020	\$0	Assistant Manager	Department
Implement Operational Plans	3/1/2020	5/31/2020	\$0	General Manager	Department
Finalize Staffing Plans	3/1/2020	5/31/2020	\$0	General	Department

## Clipper City Cooperative Strategic Plan

Begin Hiring Staff	6/1/2020	6/30/2020	\$0	Manager General Manager	Department
Set Up Vender Accounts	6/1/2020	6/30/2020	\$0	General Manager	Department
Negotiate Service Contracts	6/1/2020	6/30/2020	\$0	General Manager	Department
Set Up Store Systems	6/1/2020	7/31/2020	\$0	General Manager	Department
Determine Opening Day	6/1/2020	6/30/2020	\$0	General Manager and Board	Department
Marketing and Promotions	3/1/2020	11/30/2021	\$0	General Manager	Department
<b>Totals</b>				\$29,250	

Chart: Milestones



### 7.0 Management Summary

Clipper City Cooperative will appoint a project manager to oversee the initial development and implementation stage of the store facility. At the same time the co-op will begin the planning process to hire a general manager for store operations. Both of the above steps are



important to the future success of the store. Once a general manager is hired that person will start the process of hiring general labor for the store from the local community. The co-op will also rely on consulting services when and if they are needed.

## 7.1 Personnel Plan

The project manager position will be completed by board members and local support with assistance from consulting services.

The general manager will be hired in advance of store opening to oversee the store layout and develop relationships with supply sources and initiate bulk orders as well as wholesale orders in the community. There are examples of position descriptions for general managers from other start-up food cooperatives.

Some general laborers will be hired prior to store opening to stock shelves and get the store open for business. The cost of the general manager and pre-opening labor are included in the start-up expenses and not shown on the personnel table below.

Table: Personnel

<i>Personnel Plan</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Outreach Coordinator	\$0	\$0	\$0	\$0	\$0
Project Manager	\$0	\$0	\$0	\$0	\$0
General Manager	\$84,000	\$90,000	\$94,500	\$99,200	\$104,000
Web Order Manager and Inventory Control (Assistant Manager)	\$36,000	\$37,800	\$39,700	\$41,500	\$43,250
General Laborers	\$240,000	\$252,000	\$264,000	\$276,000	\$288,000
Total People	5	12	12	12	12
<b>Total Payroll</b>	<b>\$360,000</b>	<b>\$379,800</b>	<b>\$398,200</b>	<b>\$416,700</b>	<b>\$435,250</b>

## 8.0 Financial Plan

### 8.1 Startup Funding

Startup funding is dominated by community investment, owner/member loans, and grants. Clipper City Cooperative Board has put a lot of time and effort into obtaining financial support from the Manitowoc Community and feel that the startup efforts can be primarily financed from those sources. These efforts are in line with fundraising efforts that have been successful in the past. The co-op has contracted with Beacon Consulting to initiate a capital campaign that will start at the end of June 2019. The co-op will also apply for grants to assist with startup funding needs.

Table: Startup Funding

<i>Startup Funding</i>	
Startup Expenses to Fund	\$1,579,999
Startup Assets to Fund	\$308,000
Total Funding Required	\$1,887,999
Assets	
Non-cash Assets from Startup	\$124,000
Cash Flow Requirements for Startup	\$184,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$184,000
Total Assets	\$308,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
Capital	
Planned Investment	
Owner	\$500,000
Investor	\$1,000,000
Grants	\$250,000
Additional Investment Requirement	\$137,999
Total Planned Investment	\$1,887,999
Loss at Startup (Startup Expenses)	(\$1,579,999)
Total Capital	\$308,000
Total Capital and Liabilities	\$308,000
<b>Total Funding</b>	<b>\$1,887,999</b>

## 8.2 Important Assumptions

It's assumed that Clipper City Cooperative can raise most, or all of the capital needed to start up this effort. There is a strong interest in the community regarding the need for a co-op store that will provide superior quality and nutritious locally produced food as part of

the downtown Manitowoc revitalization efforts. The board of directors have participated in successful fund-raising projects in the past and feel that this assumption is feasible.

An accounts receivable and payment system will be set up for both retail and wholesale sales. Retail sales will be paid at point of sales on both in-store sales and on-line orders. On-line orders will utilize the Farmigo sales program for sales transactions. Wholesale sales will be paid in a net 30 day system and will utilize the Farmlink program for billing.

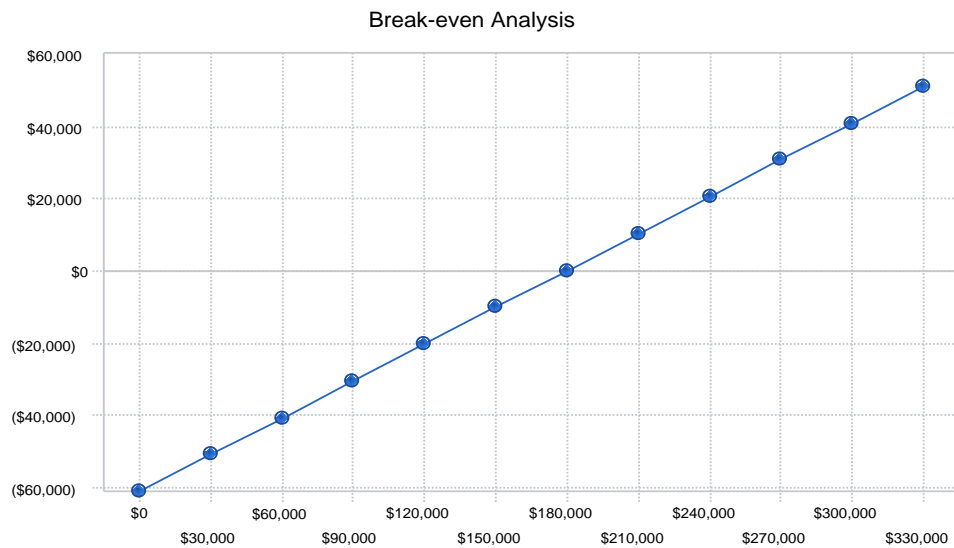
### 8.3 Break-even Analysis

The co-op will need to generate a monthly revenue of about \$180,000 to break even and cover monthly expenses. This amount is a goal that the co-op will focus on and may not be reached in the first year of operation.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$179,296
Assumptions:	
Average Percent Variable Cost	66%
<b>Estimated Monthly Operating Cost</b>	<b>\$60,895</b>

Chart: Break-even Analysis



#### 8.4 Projected Profit and Loss

The profit and loss table was put together using costs and a retail sales forecast from the CDS Consulting proforma made for Clipper City Co-op. However, three additional streams of income were added to gross sales to allow the co-op to be financially viable. These sources of income are wholesale sales, custom online CSA sales, and a prepared food delivery enterprise. All three can be considered back door sales because customers will order online and either pick up or have their orders delivered for a delivery cost. The co-op will attempt to achieve 60% of gross sales through regular retail store sales out the front door and 40% of gross sales through the other three enterprises out the back door. These percentages are consistent with the square footage breakdown of the entire facility. By doing this the co-op can achieve sales from the entire square footage of the store

The profit and loss table are also profitable under the assumption that most, or all of startup and investment expenses can be covered by community grants, owner loans, and outside grants.

# Clipper City Cooperative Strategic Plan

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$1,782,247	\$1,972,872	\$2,286,909	\$2,516,100	\$2,675,512
Direct Cost of Sales	\$1,176,937	\$1,318,169	\$1,476,350	\$1,653,512	\$1,851,933
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$1,176,937	\$1,318,169	\$1,476,350	\$1,653,512	\$1,851,933
Gross Margin	\$605,310	\$654,703	\$810,559	\$862,588	\$823,579
Gross Margin %	33.96%	33.19%	35.44%	34.28%	30.78%
Expenses					
Payroll	\$360,000	\$379,800	\$398,200	\$416,700	\$435,250
Marketing/Promotion	\$40,990	\$35,237	\$29,080	\$27,917	\$31,267
Depreciation	\$125,472	\$125,472	\$125,472	\$125,472	\$125,472
Rent	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Utilities	\$35,000	\$36,050	\$37,132	\$38,245	\$39,393
Insurance	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Payroll Taxes	\$54,000	\$56,970	\$59,730	\$62,505	\$65,288
Repairs & Maintenance	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Property Taxes	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Licenses and Permits	\$500	\$515	\$530	\$536	\$563
Building Services	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Store Supplies	\$24,000	\$18,014	\$21,314	\$23,445	\$24,618
Telephone/Internet/It Services	\$2,400	\$2,640	\$2,904	\$3,194	\$3,514
Small Equipment Purchases	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Trash/Baler	\$1,140	\$1,113	\$1,250	\$1,400	\$1,500
Bad Debt, Cash Over (Short), Bank Fees	\$175	\$190	\$210	\$233	\$260
Vehicle Expense	\$1,200	\$1,400	\$1,600	\$1,800	\$2,000
Office Supplies/Postage	\$9,600	\$9,600	\$9,600	\$9,600	\$9,600
Dues & Subscriptions	\$2,400	\$3,000	\$3,600	\$3,800	\$4,000
Legal, Accounting, Consulting Fees	\$16,800	\$9,800	\$11,500	\$12,700	\$13,000
Travel Expenses	\$840	\$880	\$920	\$9,60	\$1,000
Board of Directors Expenses	\$2,400	\$2,700	\$3,000	\$3,300	\$3,600
Newsletter Expense	\$1,200	\$1,320	\$1,410	\$1,500	\$1,600
Member Services	\$420	\$500	\$580	\$660	\$720
Miscellaneous	\$3,600	\$4,600	\$5,200	\$58,00	\$6,500
Total Operating Expenses	\$730,737	\$738,431	\$761,893	\$781,700	\$817,871
Profit Before Interest and Taxes	(\$125,427)	(\$83,728)	\$48,666	\$80,888	\$5,708
EBITDA	\$45	\$41,744	\$174,138	\$206,360	\$131,180
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$14,600	\$24,266	\$1,713

## Clipper City Cooperative Strategic Plan

Other Income					
Other Income Account Name	\$0	\$0	\$0	\$0	\$0
Other Income Account Name	\$0	\$0	\$0	\$0	\$0
Total Other Income	\$0	\$0	\$0	\$0	\$0
Other Expense					
Other Expense Account Name	\$0	\$0	\$0	\$0	\$0
Other Expense Account Name	\$0	\$0	\$0	\$0	\$0
Total Other Expense	\$0	\$0	\$0	\$0	\$0
Net Other Income	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$125,427)	(\$83,728)	\$34,066	\$56,622	\$3,996
Net Profit/Sales	-7.04%	-4.24%	1.49%	2.25%	0.15%

Chart: Profit Monthly

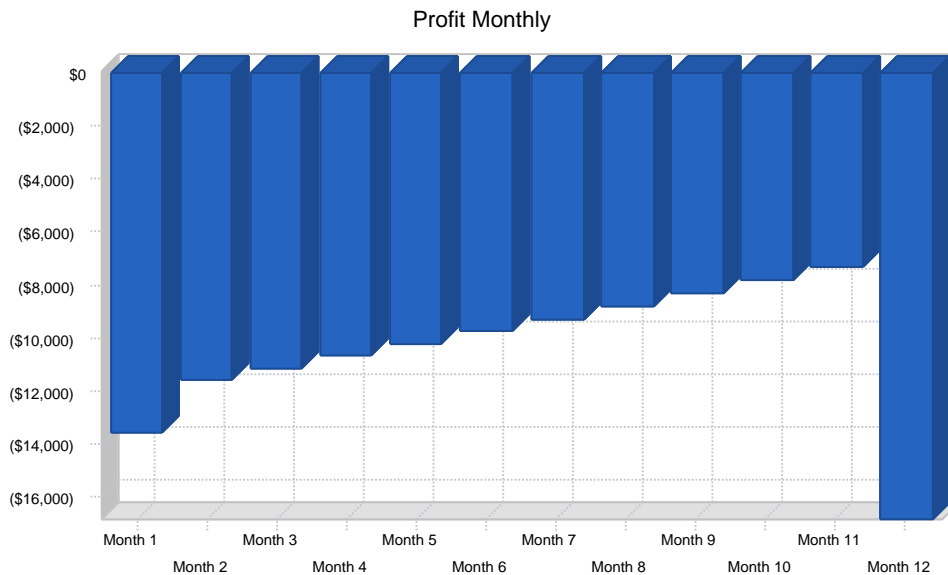


Chart: Profit Yearly

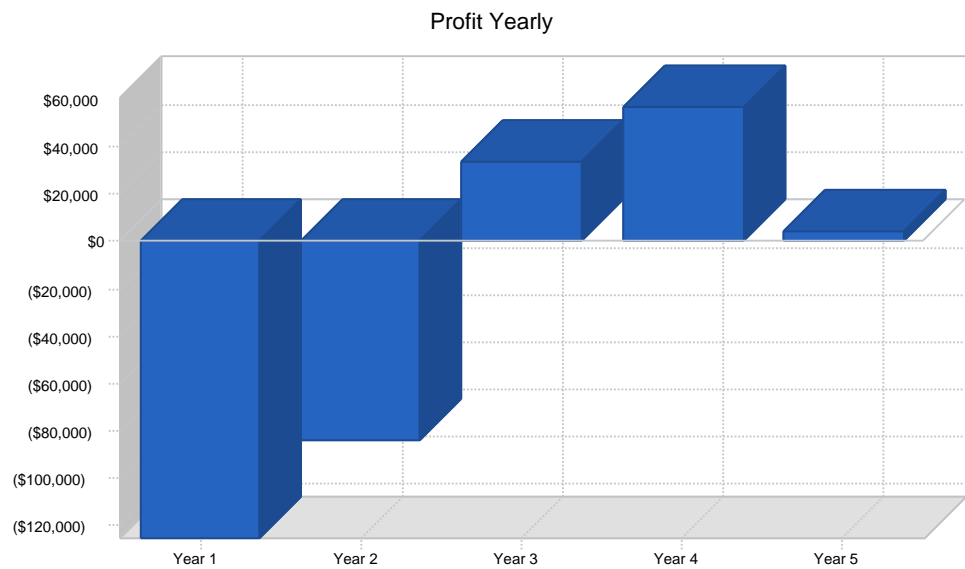


Chart: Gross Margin Monthly

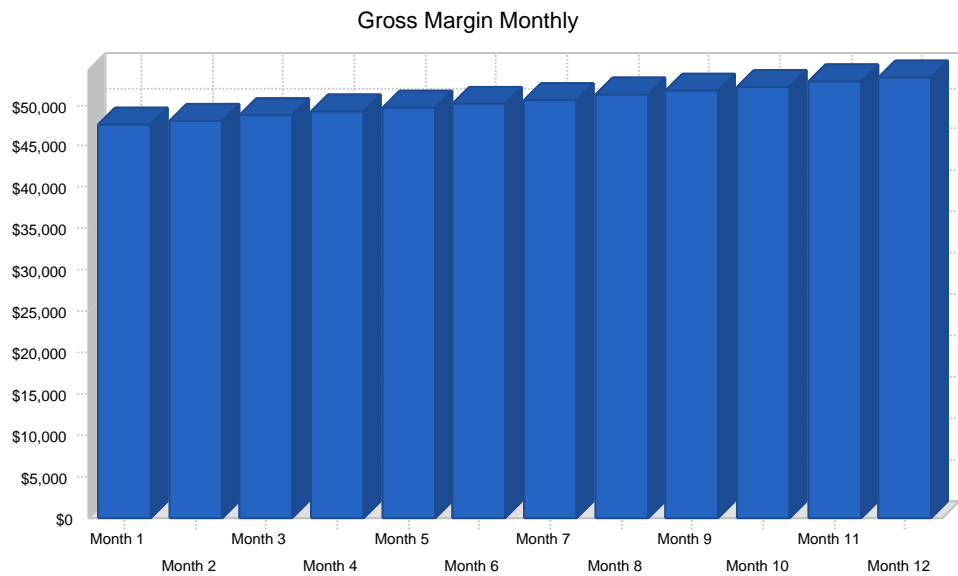
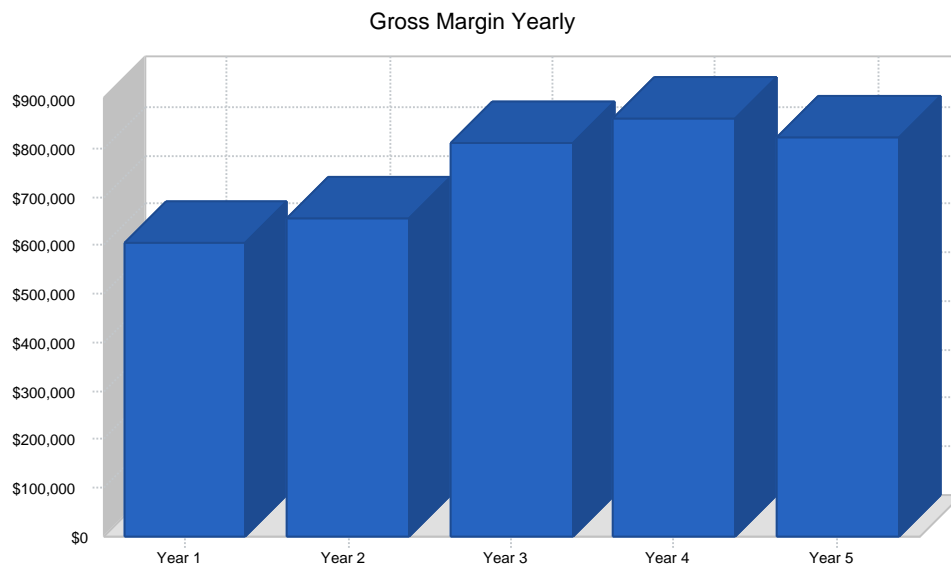


Chart: Gross Margin Yearly



## 8.5 Projected Cash Flow

Table: Cash Flow

<i>Pro Forma Cash Flow</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	\$1,782,247	\$1,972,872	\$2,286,909	\$2,516,100	\$2,675,512
Subtotal Cash from Operations	\$1,782,247	\$1,972,872	\$2,286,909	\$2,516,100	\$2,675,512
Additional Cash Received					
Non-Operating (Other) Income	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	\$62,379	\$69,051	\$80,042	\$88,064	\$93,643
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0

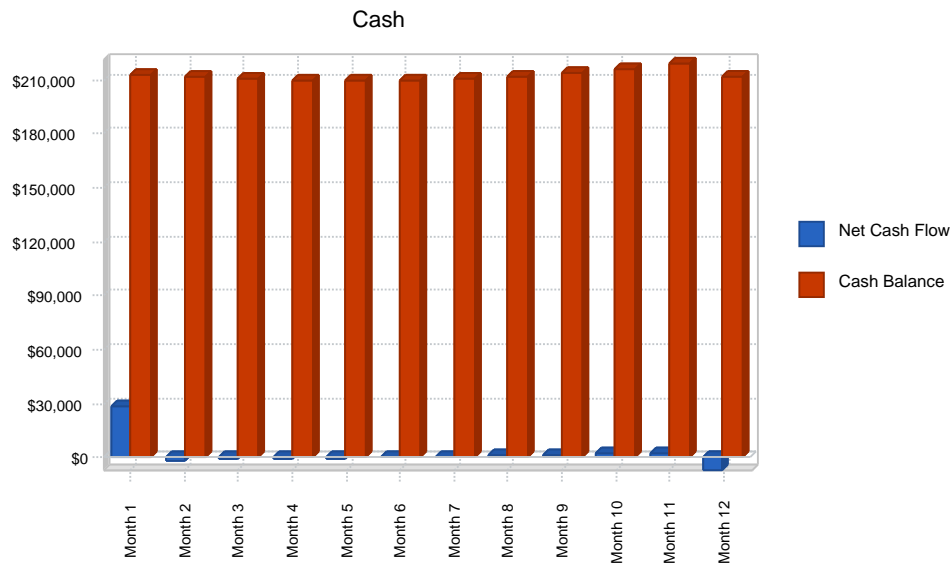


# Clipper City Cooperative Strategic Plan

New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Subtotal Cash Received	\$1,851,826	\$2,049,123	\$2,374,151	\$2,611,364	\$2,776,355
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations					
Cash Spending	\$360,000	\$379,800	\$398,200	\$416,700	\$435,250
Bill Payments	\$1,401,736	\$1,566,520	\$1,743,460	\$1,933,321	\$2,128,778
Subtotal Spent on Operations	\$1,761,736	\$1,946,320	\$2,141,660	\$2,350,021	\$2,564,028
Additional Cash Spent					
Non-Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$62,379	\$69,051	\$80,042	\$88,064	\$93,643
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$1,824,115	\$2,015,370	\$2,221,702	\$2,438,085	\$2,657,671
Net Cash Flow	\$27,711	\$33,752	\$152,449	\$173,279	\$118,684
Cash Balance	\$211,711	\$245,463	\$397,912	\$571,191	\$689,875

# Clipper City Cooperative Strategic Plan

Chart: Cash



## 8.6 Projected Balance Sheet

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$211,711	\$245,463	\$397,912	\$571,191	\$689,875
Inventory	\$103,534	\$123,029	\$137,793	\$154,328	\$172,847
Other Current Assets	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$315,245</b>	<b>\$368,492</b>	<b>\$535,705</b>	<b>\$725,519</b>	<b>\$862,722</b>
<b>Long-term Assets</b>					
Long-term Assets	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$125,472	\$250,944	\$376,416	\$501,888	\$627,360
<b>Total Long-term Assets</b>	<b>(\$125,472)</b>	<b>(\$250,944)</b>	<b>(\$376,416)</b>	<b>(\$501,888)</b>	<b>(\$627,360)</b>
<b>Total Assets</b>	<b>\$189,773</b>	<b>\$117,548</b>	<b>\$159,289</b>	<b>\$223,631</b>	<b>\$235,362</b>
<b>Liabilities and Capital</b>	Year 1	Year 2	Year 3	Year 4	Year 5

# Clipper City Cooperative Strategic Plan

Current Liabilities					
Accounts Payable	\$0	\$4,304	\$4,778	\$5,298	\$5,834
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$4,304	\$4,778	\$5,298	\$5,834
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$4,304	\$4,778	\$5,298	\$5,834
Paid-in Capital	\$1,895,199	\$1,902,399	\$1,909,599	\$1,916,799	\$1,923,999
Retained Earnings	(\$1,579,999)	(\$1,705,426)	(\$1,789,154)	(\$1,755,088)	(\$1,698,466)
Earnings	(\$125,427)	(\$83,728)	\$34,066	\$56,622	\$3,996
Total Capital	\$189,773	\$113,245	\$154,511	\$218,333	\$229,529
Total Liabilities and Capital	\$189,773	\$117,548	\$159,289	\$223,631	\$235,362
<b>Net Worth</b>	<b>\$189,773</b>	<b>\$113,245</b>	<b>\$154,511</b>	<b>\$218,333</b>	<b>\$229,529</b>

## 8.7 Business Ratios

Table: Ratios

<i>Ratio Analysis</i>						
	Year 1	Year 2	Year 3	Year 4	Year 5	Industry Profile
Sales Growth	n.a.	10.70%	15.92%	10.02%	6.34%	0.00%
Percent of Total Assets						
Inventory	54.56%	104.66%	86.50%	69.01%	73.44%	0.00%
Other Current Assets	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Total Current Assets	166.12%	313.48%	336.31%	324.43%	366.55%	100.00%
Long-term Assets	-66.12%	-213.48%	-236.31%	-224.43%	-266.55%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.00%	3.66%	3.00%	2.37%	2.48%	0.00%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Liabilities	0.00%	3.66%	3.00%	2.37%	2.48%	0.00%
Net Worth	100.00%	96.34%	97.00%	97.63%	97.52%	100.00%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	33.96%	33.19%	35.44%	34.28%	30.78%	0.00%
Selling, General & Administrative Expenses	41.00%	37.43%	33.95%	32.03%	30.63%	0.00%

## Clipper City Cooperative Strategic Plan

Advertising Expenses	2.30%	1.79%	1.27%	1.11%	1.17%	0.00%
Profit Before Interest and Taxes	-7.04%	-4.24%	2.13%	3.21%	0.21%	0.00%
Main Ratios						
Current	0.00	85.62	112.12	136.94	147.89	0.00
Quick	0.00	57.04	83.28	107.81	118.26	0.00
Total Debt to Total Assets	0.00%	3.66%	3.00%	2.37%	2.48%	0.00%
Pre-tax Return on Net Worth	-66.09%	-73.94%	31.50%	37.05%	2.49%	0.00%
Pre-tax Return on Assets	-66.09%	-71.23%	30.55%	36.17%	2.43%	0.00%
Additional Ratios						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Profit Margin	-7.04%	-4.24%	1.49%	2.25%	0.15%	n.a
Return on Equity	-66.09%	-73.94%	22.05%	25.93%	1.74%	n.a
Activity Ratios						
Inventory Turnover	12.00	11.64	11.32	11.32	11.32	n.a
Accounts Payable Turnover	0.00	365.00	365.00	365.00	365.00	n.a
Payment Days	0	1	1	1	1	n.a
Total Asset Turnover	9.39	16.78	14.36	11.25	11.37	n.a
Debt Ratios						
Debt to Net Worth	0.00	0.04	0.03	0.02	0.03	n.a
Current Liab. to Liab.	0.00	1.00	1.00	1.00	1.00	n.a
Liquidity Ratios						
Net Working Capital	\$315,245	\$364,189	\$530,927	\$720,221	\$856,889	n.a
Interest Coverage	0.00	0.00	0.00	0.00	0.00	n.a
Additional Ratios						
Assets to Sales	0.11	0.06	0.07	0.09	0.09	n.a
Current Debt/Total Assets	0%	4%	3%	2%	2%	n.a
Acid Test	0.00	57.04	83.28	107.81	118.26	n.a
Sales/Net Worth	9.39	17.42	14.80	11.52	11.66	n.a
Dividend Payout	0.00	0.00	0.00	0.00	0.00	n.a

### 8.8 Long-term Plan

# Appendix

Table: Sales Forecast

<i>Sales Forecast</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales												
Retail Sales	\$100,000	\$101,000	\$102,010	\$103,030	\$104,060	\$105,101	\$106,152	\$107,214	\$108,286	\$109,369	\$110,463	\$111,568
Wholesale Sales	\$20,000	\$20,200	\$20,402	\$20,606	\$20,812	\$21,020	\$21,230	\$21,442	\$21,656	\$21,873	\$22,092	\$22,313
Online Sales and Delivery	\$20,000	\$20,200	\$20,402	\$20,606	\$20,812	\$21,020	\$21,230	\$21,442	\$21,656	\$21,873	\$22,092	\$22,313
Prepared Meal Delivery	\$500	\$510	\$520	\$530	\$541	\$552	\$563	\$574	\$585	\$597	\$609	\$621
Total Sales	\$140,500	\$141,910	\$143,334	\$144,772	\$146,225	\$147,693	\$149,175	\$150,672	\$152,183	\$153,712	\$155,256	\$156,815
Direct Cost of Sales	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Retail	\$66,000	\$66,660	\$67,327	\$68,000	\$68,680	\$69,367	\$70,061	\$70,762	\$71,470	\$72,185	\$72,907	\$73,636
Wholesale	\$13,200	\$13,332	\$13,465	\$13,600	\$13,736	\$13,873	\$14,012	\$14,152	\$14,294	\$14,437	\$14,581	\$14,727
Online	\$13,200	\$13,332	\$13,465	\$13,600	\$13,736	\$13,873	\$14,012	\$14,152	\$14,294	\$14,437	\$14,581	\$14,727
Prepared	\$400	\$404	\$408	\$412	\$416	\$420	\$424	\$428	\$432	\$436	\$440	\$444
Subtotal Direct Cost of Sales	\$92,800	\$93,728	\$94,665	\$95,612	\$96,568	\$97,533	\$98,509	\$99,494	\$100,490	\$101,495	\$102,509	\$103,534

## Appendix

Table: Personnel

<i>Personnel Plan</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Outreach Coordinator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Manager	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Web Order Manager and Inventory Control (Assistant Manager)	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
General Laborers	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total People	2	2	2	2	2	2	5	5	5	5	5	5
<b>Total Payroll</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>

# Appendix

Table: Profit and Loss

Pro Forma Profit and 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
Sales		\$140,500	\$141,910	\$143,334	\$144,772	\$146,225	\$147,693	\$149,175	\$150,672	\$152,183	\$153,712	\$155,256	\$156,815
Direct Cost of Sales		\$92,800	\$93,728	\$94,665	\$95,612	\$96,568	\$97,533	\$98,509	\$99,494	\$100,490	\$101,495	\$102,509	\$103,534
Other Costs of Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales		\$92,800	\$93,728	\$94,665	\$95,612	\$96,568	\$97,533	\$98,509	\$99,494	\$100,490	\$101,495	\$102,509	\$103,534
Gross Margin		\$47,700	\$48,182	\$48,669	\$49,160	\$49,657	\$50,160	\$50,666	\$51,178	\$51,693	\$52,217	\$52,747	\$53,281
Gross Margin %		33.95%	33.95%	33.95%	33.96%	33.96%	33.96%	33.96%	33.97%	33.97%	33.97%	33.97%	33.98%
Expenses													
Payroll		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Marketing/Promotion		\$3,232	\$3,264	\$3,297	\$3,330	\$3,363	\$3,397	\$3,431	\$3,465	\$3,500	\$3,535	\$3,570	\$3,606
Depreciation		\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456	\$10,456
Rent		\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,087
Utilities		\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,913
Insurance		\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Payroll Taxes	15%	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Repairs & Maintenance	15%	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Property Taxes	15%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
Licenses and Permits	15%	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Services	15%	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Store Supplies	15%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Telephone/Internet/It Services	15%	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Small Equipment Purchases	15%	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Trash/Baler	15%	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95
Bad Debt, Cash Over (Short), Bank Fees	15%	\$15	\$10	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Vehicle Expense	15%	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Office Supplies/Postage	15%	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Dues & Subscriptions	15%	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

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Legal, Accounting, Consulting Fees	15%	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400
Travel Expenses	15%	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70
Board of Directors Expenses	15%	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Newsletter Expense	15%	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Member Services	15%	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Miscellaneous		\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Total Operating Expenses		\$61,253	\$59,780	\$59,818	\$59,851	\$59,884	\$59,918	\$59,952	\$59,986	\$60,021	\$60,056	\$60,091	\$70,127
Profit Before Interest and Taxes		(\$13,553)	(\$11,598)	(\$11,149)	(\$10,691)	(\$10,227)	(\$9,758)	(\$9,286)	(\$8,808)	(\$8,328)	(\$7,839)	(\$7,344)	(\$16,846)
EBITDA		(\$3,097)	(\$1,142)	(\$693)	(\$235)	\$229	\$698	\$1,170	\$1,648	\$2,128	\$2,617	\$3,112	(\$6,390)
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
Other Income													
Other Income Account Name		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income Account Name		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expense													
Other Expense Account Name		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expense Account Name		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Other Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit		(\$13,553)	(\$11,598)	(\$11,149)	(\$10,691)	(\$10,227)	(\$9,758)	(\$9,286)	(\$8,808)	(\$8,328)	(\$7,839)	(\$7,344)	(\$16,846)
Net Profit/Sales		-9.65%	-8.17%	-7.78%	-7.38%	-6.99%	-6.61%	-6.22%	-5.85%	-5.47%	-5.10%	-4.73%	-10.74%



# Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received													
Cash from Operations													
Cash Sales		\$140,500	\$141,910	\$143,334	\$144,772	\$146,225	\$147,693	\$149,175	\$150,672	\$152,183	\$153,712	\$155,256	\$156,815
Subtotal Cash from Operations		\$140,500	\$141,910	\$143,334	\$144,772	\$146,225	\$147,693	\$149,175	\$150,672	\$152,183	\$153,712	\$155,256	\$156,815
Additional Cash Received													
Non-Operating (Other) Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	3.50%	\$4,918	\$4,967	\$5,017	\$5,067	\$5,118	\$5,169	\$5,221	\$5,274	\$5,326	\$5,380	\$5,434	\$5,489
New Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Subtotal Cash Received		\$146,018	\$147,477	\$148,951	\$150,439	\$151,943	\$153,462	\$154,996	\$156,546	\$158,109	\$159,692	\$161,290	\$162,904
Expenditures		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations													
Cash Spending		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Bill Payments		\$82,397	\$113,980	\$114,964	\$115,954	\$116,952	\$117,960	\$118,981	\$120,009	\$121,051	\$122,100	\$123,158	\$134,230
Subtotal Spent on Operations		\$112,397	\$143,980	\$144,964	\$145,954	\$146,952	\$147,960	\$148,981	\$150,009	\$151,051	\$152,100	\$153,158	\$164,230
Additional Cash Spent													

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Non-Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$4,918	\$4,967	\$5,017	\$5,067	\$5,118	\$5,169	\$5,221	\$5,274	\$5,326	\$5,380	\$5,434	\$5,489
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$117,315	\$148,947	\$149,981	\$151,021	\$152,070	\$153,129	\$154,202	\$155,283	\$156,377	\$157,480	\$158,592	\$169,719
Net Cash Flow	\$28,703	(\$1,470)	(\$1,030)	(\$582)	(\$127)	\$333	\$794	\$1,263	\$1,732	\$2,212	\$2,698	(\$6,815)
Cash Balance	\$212,703	\$211,233	\$210,203	\$209,621	\$209,494	\$209,827	\$210,621	\$211,884	\$213,616	\$215,828	\$218,526	\$211,711

Appendix

Table: Balance Sheet

Pro Forma 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
Assets	Starting Balances												
Current Assets													
Cash	\$184,000	\$212,703	\$211,233	\$210,203	\$209,621	\$209,494	\$209,827	\$210,621	\$211,884	\$213,616	\$215,828	\$218,526	\$219,700
Inventory	\$124,000	\$92,800	\$93,728	\$94,665	\$95,612	\$96,568	\$97,533	\$98,509	\$99,494	\$100,490	\$101,495	\$102,509	\$103,523
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$308,000	\$305,503	\$304,961	\$304,868	\$305,233	\$306,062	\$307,360	\$309,130	\$311,378	\$314,106	\$317,323	\$321,035	\$323,223
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$10,456	\$20,912	\$31,368	\$41,824	\$52,280	\$62,736	\$73,192	\$83,648	\$94,104	\$104,560	\$115,016	\$125,472
Total Long- term Assets	\$0	(\$10,456)	(\$20,912)	(\$31,368)	(\$41,824)	(\$52,280)	(\$62,736)	(\$73,192)	(\$83,648)	(\$94,104)	(\$104,560)	(\$115,016)	(\$125,472)
Total Assets	\$308,000	\$295,047	\$284,049	\$273,500	\$263,409	\$253,782	\$244,624	\$235,938	\$227,730	\$220,002	\$212,763	\$206,019	\$199,751
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Borrowing	\$0	\$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	\$0
Subtotal Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paid-in Capital	\$1,887,999	\$1,888,599	\$1,889,199	\$1,889,799	\$1,890,399	\$1,890,999	\$1,891,599	\$1,892,199	\$1,892,799	\$1,893,399	\$1,893,999	\$1,894,599	\$1,895,199
Retained Earnings	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)	(\$1,579,999)
Earnings	\$0	(\$13,553)	(\$25,151)	(\$36,300)	(\$46,991)	(\$57,218)	(\$66,976)	(\$76,262)	(\$85,070)	(\$93,398)	(\$101,237)	(\$108,581)	(\$125,000)
Total Capital	\$308,000	\$295,047	\$284,049	\$273,500	\$263,409	\$253,782	\$244,624	\$235,938	\$227,730	\$220,002	\$212,763	\$206,019	\$198,000
Total Liabilities and Capital	\$308,000	\$295,047	\$284,049	\$273,500	\$263,409	\$253,782	\$244,624	\$235,938	\$227,730	\$220,002	\$212,763	\$206,019	\$198,000
Net Worth	\$308,000	\$295,047	\$284,049	\$273,500	\$263,409	\$253,782	\$244,624	\$235,938	\$227,730	\$220,002	\$212,763	\$206,019	\$198,000