

ROGUE VALLEY MEAT PROCESSOR— FINANCIAL PRO FORMA TEMPLATE

HOW TO USE THE TEMPLATE

- This template is designed to help test the feasibility of establishing a small, low-tech, mixed use species slaughterhouse and processing facility.
- The template assumes that the facility will provide services only.
- Product sales have yet to be factored into the template (note: current approach is a services only model).
- Small scale is defined as a facility that can process up to approximately 2,000 animals or 1,200 beef equivalents annually.
- The workbook template has four separate worksheets, each of which permits some input of data. The input cells are colored **blue**.

Revenue & Direct Costs

- The calculations on this worksheet are based on one shift. You can modify the number of shifts on the Profit/Loss worksheet.
- Full shift capacity is assumed to be 4.5 FTE person crew or 9,000 hrs/yr.

Start-up Costs, Loans and Depreciation

- Up to 2 long-term loans can be estimated on this worksheet. Working capital loans will be entered on the Cash Flow.
- Depreciation is calculated as straight line, using IRS asset life guidelines.

Combined Profit & Loss and Cash Flow Projections

- Enter the number of shifts per year to calculate revenue and direct costs for different levels of production.
- Use the Ending Cash Balance on the Cash Flow to determine whether you need a line of credit (working capital) loan in a given year.
- The worksheet assumes that a working capital loan will be repaid in full with interest in the following year.
- All calculations are made in current dollars. It is assumed that any Increase/decrease in costs will result in a corresponding increase/decrease in fees charged.

Profile of Facility:

Organization	TBD
Facility	"Organization" built and owned
Capital Sources	Loans and owner equity
Capital Uses	Building, equipment
Animals Processed	Beef, sheep hogs
Labor	Manager, assistants—manager is also a butcher/cutter and all crew members do both slaughter and processing.
Administrative labor	.5 FTE scheduler/bookkeeper.

Please Note: The following pages contain a demonstration of how the template works. Not all parts of the template are shown below.

The data entered for this demonstration needs substantial further research and refinement.

Source and full credit to: *Community Involved in Sustaining Agriculture*,
<http://www.buylocalfood.com/page.php?id=200>. Template Modifications: John Irwin, J Irwin Consulting.

Note: Template data Inputs are in **BLUE**

Revenue & Direct Costs

Revenue Assumptions	% of production	fee	unit
Slaughter (beef)		\$45.00	hd
Slaughter (sheep/goat)		\$25.00	hd
Slaughter (pig)		\$40.00	hd
Processing (beef)		\$0.75	lb
Processing (sheep/goat)		\$0.90	lb
Processing (pig)		\$0.65	lb
Beef patty charges	8.00%	\$0.30	lb
Sausage charges			lb
Other processing			
Drop (hides)		\$26.00	steer

Direct Costs

Labor (FTE = 2000 hrs/year)

	% FTE	#hrs	rate
Manager/Cutter	100%	2000	\$25
Asst Mgr/Cutter	100%	2000	\$20
Assistant Cutters	200%	4000	\$15
Other	0%	0	
Employer taxes & workers comp			15%
Employee benefits			15%

Supplies

unit	rate
hd	\$10

Waste

beef equiv	\$8
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Laundry

month	\$200
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Total Direct Costs

Production Assumptions for 1 Shift

rate	unit	quantity	hang wt	beef equiv
9	hrs/animal	1500	550	1500
2.5	hrs/animal	200	50	56
3	hrs/animal	200	210	67
Total		1900		1622

Operating (non-production) Costs

Admin Labor (FTE = 2000 hrs/year)

	% FTE	#hrs	rate
Scheduler/Bookkeeper	50%	1000	\$20
Other	0%	0	
Other	0%	0	

Total

1000

Employer taxes & workers comp

15%

Employee benefits

15%

Total Admin Labor Cost

Other Operating Costs	#months	rate
Transportation/trucking	12	\$500
Utilities	12	\$1,000
Telephone/Office Expense	12	\$300
Rent	12	\$0
Insurance	12	\$1,500
Property Taxes	12	
Professional fees	12	\$200

Start-up Capital Costs, Loans & Depreciation

Start-up Capital Costs	#Years Depr.	
Property acquisition:		
Land	0	\$100,000
Buildings	27.5	
Construction costs:		
New construction	27.5	\$525,000
Building Improvements	15	
Equipment purchases	7	\$150,000
Contingency		\$100,000

Financing & Equity

Grants	\$0
Owner Capital	\$1,000,000
Loan #1	\$400,000
Loan #2	\$0
Total Financing & Equity	\$1,400,000

Non-capital Start-up Costs

Recruitment	\$500
Training	\$5,000
HACCP	\$5,000
SSOP development	\$2,000
Legal	\$3,000
Accounting	\$2,000
Label set-up	\$500
Misc. small equip.	\$5,000
Total Non-capital Start-up Costs	\$23,000

Loans	Loan #1	\$400,000
	Interest Rate	8%
	Term (#Yrs)	7
	Ann. Debt Serv.	(\$76,828.96)

Note: Template has provision for up to 2 loans.

Profit & Loss and Cash Flow Projections

Gross Revenue		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
#shifts/year		1	1	1	1	1	1	1	1	1	1
Slaughter (beef)		\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500
Slaughter (sheep/goat)		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Slaughter (pig)		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Processing (beef)		\$618,750	\$618,750	\$618,750	\$618,750	\$618,750	\$618,750	\$618,750	\$618,750	\$618,750	\$618,750
Processing (sheep/goat)		\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Processing (pig)		\$27,300	\$27,300	\$27,300	\$27,300	\$27,300	\$27,300	\$27,300	\$27,300	\$27,300	\$27,300
Beef patties		\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800
Sausage		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other processing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Drop (hides)		\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Total Gross Revenue		\$794,350	\$794,350	\$794,350	\$794,350	\$794,350	\$794,350	\$794,350	\$794,350	\$794,350	\$794,350
Less Direct Costs											
Labor - Direct		\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000
Supplies		\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000
Waste Removal		\$12,978	\$12,978	\$12,978	\$12,978	\$12,978	\$12,978	\$12,978	\$12,978	\$12,978	\$12,978
Laundry		\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Net Revenue		\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372
Other Income:											
Total Revenue		\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372
Operating Costs											
Labor - Admin		\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
Transportation/trucking		\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Utilities		\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Telephone/Office Expense		\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Rent		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Property Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional fees		\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Maint./contingency (% of total income)	7%	\$39,716	\$39,716	\$39,716	\$39,716	\$39,716	\$39,716	\$39,716	\$39,716	\$39,716	\$39,716
Interest on term debt		\$32,000	\$28,414	\$24,540	\$20,357	\$15,840	\$10,961	\$6,091	\$0	\$0	\$0
Interest on line of credit (%)	10%		\$11,000	\$14,000	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0
Start Up Costs		\$23,000									
Total Operating Costs		\$162,716	\$147,130	\$146,257	\$130,573	\$123,556	\$118,677	\$113,407	\$107,716	\$107,716	\$107,716
Net Operating Income Before Depreciation		\$404,656	\$420,242	\$421,116	\$436,799	\$443,817	\$448,696	\$453,965	\$459,656	\$459,656	\$459,656
Depreciation		\$40,519	\$40,519	\$40,519	\$40,519	\$40,519	\$40,519	\$40,519	\$19,091	\$19,091	\$19,091
Profit before Taxes (NBT)		\$364,137	\$379,723	\$380,596	\$396,279	\$403,297	\$408,176	\$413,446	\$440,565	\$440,565	\$440,565
Income Taxes (%)	40%	\$145,655	\$151,889	\$152,238	\$158,512	\$161,319	\$163,270	\$165,378	\$176,226	\$176,226	\$176,226
Profit after Taxes (NAT)		\$218,482	\$227,834	\$228,358	\$237,768	\$241,978	\$244,906	\$248,067	\$264,339	\$264,339	\$264,339

\$2,440,410

Annual Cash Flow		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Beginning Cash Balance		0	\$849,173	\$1,099,111	\$1,234,049	\$1,311,980	\$1,412,500	\$1,509,603	\$1,603,019	\$1,754,279	\$1,905,540
Cash In During the Year											
Owners Capital		\$1,000,000									
Grants		\$0									
Term loans		\$400,000									
Working Capital Line of credit		\$110,000	140,000	25,000							
Operating Income		\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372
Other cash in											
Total Cash In		\$2,077,372	\$707,372	\$592,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372	\$567,372
Cash Out During the Year											
Capital Expenditures		\$875,000									
Repayment of loan principal		\$44,829	\$48,415	\$52,288	\$56,472	\$60,989	\$65,868	\$71,138	\$0	\$0	\$0
Repayment of credit line principal			\$110,000	\$140,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses (before depr & taxes)		\$162,716	\$147,130	\$146,257	\$130,573	\$123,556	\$118,677	\$113,407	\$107,716	\$107,716	\$107,716
Income Taxes paid		\$145,655	\$151,889	\$152,238	\$158,512	\$161,319	\$163,270	\$165,378	\$176,226	\$176,226	\$176,226
Owner's withdrawals					\$118,884	\$120,989	\$122,453	\$124,034	\$132,170	\$132,170	\$132,170
Other cash out											
Total Cash Out		\$1,228,200	\$457,434	\$490,784	\$489,441	\$466,853	\$470,268	\$473,957	\$416,112	\$416,112	\$416,112
Ending Cash Balance		\$849,173	\$1,099,111	\$1,234,049	\$1,311,980	\$1,412,500	\$1,509,603	\$1,603,019	\$1,754,279	\$1,905,540	\$2,056,800