

Gross Margin Analysis

	batch 1 June10	batch 2 Aug10	Batch 3 Oct10	batch 4 Nov10	non-batch related	TOTAL	Pro Forma búcha Facility
Revenue Potential Per Case - \$22.20/case	\$22.20	\$22.20	\$22.20	\$22.20			\$14.80
Revenue Potential Per Bottle - \$1.85/bottle	\$1.85	\$1.85	\$1.85	\$1.85			\$1.85
Gallons Produced ----->	2,783	6,000	6,000	6,824			6,000
Cases Produced ----->	1,591	3,445	3,493	4,123			3,840
Case yield @ 16.5 oz fill per bottle ----->	88.4%	88.8%	90.1%	93.5%			96.0%
Broker Commissions					\$8,926.49	\$8,926.49	
Ingredient - Cost of Goods Sold							
Fruit Juices/colors/flavorings	\$2,055.81	\$2,501.78	\$1,454.91	\$1,226.35	\$17.50	\$7,256.35	\$1,200
Erythritol	\$9,258.34	\$7,252.49			\$230.58	\$16,741.41	
Culture/Sour & Ingred	\$51.53		\$240.66			\$292.19	
Essential Oils/Extracts		\$103.08	\$7.10		\$1,308.80	\$1,418.98	\$150
Everclear			\$104.79			\$104.79	\$50
GoFerm Yeast nutrient	\$54.52	\$80.67				\$135.19	\$25
Sugar	\$1,088.00	\$1,885.00	\$2,573.75	\$2,610.00		\$8,156.75	\$2,600
Tea	\$3,446.32	\$5,610.91	\$5,907.70	\$7,011.27		\$21,976.20	\$6,000
Yeast		\$821.59	\$500.35	\$181.87		\$1,503.81	\$450
Total Ingredient Costs	\$15,954.52	\$18,255.52	\$10,789.26	\$11,029.49	\$1,556.88	\$57,585.67	\$10,475
Ingredient Cost per Case ----->	\$10.03	\$5.30	\$3.09	\$2.68			\$2.73
Ingredient Cost per Bottle ----->	\$0.84	\$0.44	\$0.26	\$0.22			\$0.23
Packaging Costs							
Pallets	\$131.89	\$246.81	\$194.85	\$379.10		\$952.65	\$200
Cartons	\$2,663.24	\$4,514.34	\$3,879.00	\$3,879.65		\$14,936.23	\$3,500
Bottles/caps	\$9,179.03	\$14,593.48	\$11,231.28	\$11,231.28		\$46,235.07	\$8,640
Labels	\$4,776.49	\$5,690.90	\$5,718.00	\$6,352.56		\$22,537.95	\$1,800
Total Packaging Costs	\$16,750.65	\$25,045.53	\$21,023.13	\$21,842.59		\$84,661.90	\$14,140.00
Packaging Cost per Case ----->	\$10.53	\$7.27	\$6.02	\$5.30			\$3.68
Packaging Cost per Bottle ----->	\$0.88	\$0.61	\$0.50	\$0.44			\$0.31
Consummable Supplies							
Cleaning Supplies/Waste Haulage	\$194.06	\$55.53	\$553.09			\$802.68	\$400
Gloves, Aprins, etc	\$44.80	\$332.24		\$193.40		\$570.44	\$100
Mesh Tea Bags/other bags	\$458.87	\$14.03	\$3.59	\$45.99		\$522.48	
Carbon Dioxide	\$187.74	\$194.88	\$115.20	\$473.52		\$971.34	\$400
Propane		\$29.97				\$29.97	\$50
Filters	\$1,147.97	\$2,262.91	\$2,293.31	\$3,599.55		\$9,303.74	\$500
Total Consummable Supplies	\$2,033.44	\$2,889.56	\$2,965.19	\$4,312.46		\$12,200.65	\$1,450
Outside Lab Analysis	\$416.73	\$1,130.00	\$721.64	\$799.18	\$1,258.00	\$4,325.55	\$300
Sample Expenses							
Competitor's Products			\$265.92		\$147.28	\$413.20	\$50
Total Sample Expenses			\$265.92		\$147.28	\$413.20	\$50
Fermentation Facility							
Contract Brewing							
Devil's Canyon Brewing Co costs	\$7,300.15	\$810.04	\$1,282.90	\$2,566.70		\$11,959.79	
Golden Star Tea Facility	\$8,585.71	\$21,576.59	\$10,079.79	\$12,805.05		\$53,047.14	\$6,060
Total Contract Brewing	\$15,885.86	\$22,386.63	\$11,362.69	\$15,371.75		\$65,006.93	\$6,060

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Direct Labor							
Casual Labor	\$60.00			\$20.00		\$80.00	
Total Direct Labor	<u>\$60.00</u>			<u>\$20.00</u>		<u>\$80.00</u>	
Total Fermentation Facility	\$15,945.86	\$22,386.63	\$11,362.69	\$15,391.75		\$65,086.93	\$6,060
Facility Cost per Case ----->	\$10.02	\$6.50	\$3.25	\$3.73			\$1.58
Facility Cost per Bottle ----->	\$0.84	\$0.54	\$0.27	\$0.31			\$0.13
Bottling Facility							
Bottling Line Changes - one time					\$15,352.75	\$15,352.75	
Bottling Charges	\$19,087.63	\$21,945.40	\$14,826.00	\$14,490.53		\$70,349.56	\$6,912
Total Bottling Facility	<u>\$19,087.63</u>	<u>\$21,945.40</u>	<u>\$14,826.00</u>	<u>\$14,490.53</u>	\$15,352.75	\$85,702.31	\$6,912
Bottling Cost per Case ----->	\$12.00	\$6.37	\$4.24	\$3.51			\$1.80
Bottling Cost per Bottle ----->	\$1.00	\$0.53	\$0.35	\$0.29			\$0.15
Transport/Freight Costs							
Glass, packaging etc to Bottler	\$2,675.00	\$1,350.00	\$2,645.00	\$2,645.00		\$9,315.00	\$1,200.00
búcha to Bottler	\$770.00	\$2,454.75	\$1,652.00	\$1,567.50		\$6,444.25	
Bottler to Cold Storage	\$2,517.46	\$1,904.42	\$3,265.23	\$1,624.00		\$9,311.11	
Other Freight Costs	\$504.25			\$476.75		\$981.00	
Total Transport/Freight Costs	<u>\$6,466.71</u>	<u>\$5,709.17</u>	<u>\$7,562.23</u>	<u>\$6,313.25</u>		\$26,051.36	\$1,200.00
Storage Costs							
Cold Storage Costs	\$1,120.42	\$2,740.84	\$2,240.84	\$5,957.66		\$12,059.77	\$1,500.00
Warehouse Rental	\$744.00	\$1,488.00	\$1,488.00	\$623.00		\$4,343.00	
Total Storage Costs	<u>\$1,864.42</u>	<u>\$4,228.84</u>	<u>\$3,728.84</u>	<u>\$6,580.66</u>		\$16,402.77	\$1,500.00
Total COGS	<u>\$78,519.96</u>	<u>\$101,590.65</u>	<u>\$73,244.90</u>	<u>\$80,759.91</u>	\$27,241.40	<u>\$361,356.83</u>	\$42,087.00
Total Direct Cost per Case ----->	\$49.35	\$29.49	\$20.97	\$19.59			\$10.96
Total Cost per Bottle ----->	\$4.11	\$2.46	\$1.75	\$1.63			\$0.91
Gross Margin per Case - Gain/(Loss) ----->	(\$27.15)	(\$7.29)	\$1.23	\$2.61			\$3.84
Gross Margin per Bottle- Gain/(Loss) ----->	(\$2.26)	(\$0.61)	\$0.10	\$0.22			\$0.94
Gross Margin % per Bottle- Gain/(Loss) ----->	-122.3%	-32.8%	5.5%	11.8%			50.6%
Gross Margin per Case - Gain/(Loss) ----->	(\$27.15)	(\$7.29)	\$1.23	\$2.61			\$11.24
Break-Even Point - Cases (Overhead = \$30K pm)	N/A	N/A	24,371	11,484			2,669
Break-Even Point - Pallets (Overhead = \$30K pm)	N/A	N/A	239	113			26
Break-Even Point - Sales Rev. (Overhead = \$30K pm)	N/A	N/A	\$541,047	\$254,944			\$59,253