

Financial Pro Forma – SHARE Cooperative of Winston-Salem

For Harvest Market



February 21, 2018

Support from: CDS Consulting Co-op (CDS CC) Minneapolis, MN 55409

## Key Assumptions

Retail sq.ft.	6,100	70%	Retail is typically 65 - 70% of total space, more recently 62-67% of total space due to increasing needs for non-retail space.	
Total sq.ft.	8,730		• 44900	
Lease Rate, Triple Net, Year 1 Real Estate Taxes, Insurance, Total Lease Rate Year 1 (See Scenario Planning for Lease Rate Schedule)	\$61,110 \$17,460 \$78,570		based on \$7/sq ft. based on \$2/sq ft.	2°
Sales/retail sq ft/yr Total Annual Sales Yr 1	\$224 \$ 1,369,319			
Utilities per sq.ft. Yr 1	\$7.00			
Required Parking	37 spaces	٠	6 spaces per 1000 sq ft of retail space for customers, local minimum requirements vary. Employees park elsewhere. An alternate ratio is 4-11 spaces/1000 sq ft of total space	
Depreciation Assumptions	Years		Includes	(4)
Building Improvements	15	5.	Construction/Site Development, Fees, Holding Site Costs, Interest During Project, 50% of Overrun Allocation	
Equipment	7		Equipment, 50% of Overrun Allocation	
Organization Development Costs	1		Startup Staffing, Startup Promotion, Overhead/Admin Prior to Opening	
Timeline: (Aggressive Version)	End Date:		Typical Stage Milestones	
Super aggressive. Will likely take 6 to 12 months longer	31-Dec-17		Stage 1. Organizing Stage, typically ends when formed and functioning with typically at least 300 members Stage 2A & B. Feasibility & Planning Stage, ends with	
	31-Mar-18		site secured with a lease agreement with contingencies, with at least 600 members financing in place, design complete, bids in place, with	
Date of Possession	30-Sep-18		at least 800 members: Final Decision Point, contingency removed, No Turning Back Stage 3B. Construction period will be less than 6	
	31-Mar-19		months.	
Open for Business	30-Apr-19 1-May-19		Stage 3C. Preparing for Opening. Open with at least 1000 members typically Stage 3D. Yr. 1 and Beyond	

SOURCES						
Benefits, donations	60,000	2.52%			Net Proceeds, unless expenses are shown in Uses	
		2.0270			assumes \$200,000 from City of Winston-Salem NC,	
					\$200,000 from County of Forsyth, NC , \$200,000 from	
					KBR Foundation, and \$400,000 from USDC-Economic	2
Grants	1,000,000	41.99%			Development Administration	
Member Equity	100,000	4.20%	\$100	1,000	1000 members at opening, each paid \$100/share	
			Int	Term		*
D				0.00	3% dividend accrues from store opening. Show it as	
Preferred Shares	0	0.00%	3.00%		paid out annually. Assume no payback for now	
					Min. size loan is \$1,000 or \$2,000. Seeking	
Member Loans	150,000	6.30%	3.00%	_	appropriate legal & consultant advice. Length of loan	
Owners Contribution	1,310,000	55.00%	3.00%	6	term: 5, 6, 7, 8, 9 and 10 years; Blended interest =	
	ije iejeco	00.0076				
					10-50% of leasehold improvements provided by the	
Landlord Contribution	218,250	9.16%		25	landlord, possible range equals \$15 - \$60/sq ft.	
					ransord, possible range equals 913 - 950/5q ic	
					Loan with primary Wholesaler at 0% over 3 yrs. 10%	
					of starting inventory. Terms need to be established	
Vendor Credit					with vendors over time. There is no guarantee of initial	
veridor Credit	24,400	1.02%	10.00%	3	terms. Initial terms might be COD.	
Free Fill		02/02/07/07			of initial inventory provided by manufacturers,	
r rec r m	24,400	1.02%	10.00%		accessed by working with distributor	
			Int	Term		
City/Community Loan #1		0.000			2% 15 yrs, likely to have deferred payments for 3 yrs	
City/Community Loan #2	0 100,000	0.00% 4.20%	0.00%		(but first draft of pro forma need not show that)	
, , , , , , , , , , , , , , , , , , , ,	100,000	4.20%	4.00%	10	City of Winston-Salem	
GAP Loan	100,000	4.20%	4.56%	10	Piedmont Triad Regional Council (PTRC), RDC, Kernersville, NC	
	,	4.2070	7.5076	10	Shared Capital Cooperative/LEAF Local Enterprise	SBA 504
Co-op Loan Funds	200,000	8.40%	7.00%	7	Assistance Fund	
<u> </u>			7		Owner's Contribution plus External/Subordinated	
External, subordinated	667,050	28.01%			should be as close to 75%, at least 55%	
Bank Debt	404 747	40.00**		2620	****	
1st Position Debt	404,747 404,747	16.99%	6.50%	10	M&F Bank, Winston-Salem NC	
	404,747	16.99%			Bank Debt (Senior Debt)(First Position) - Aim for 25% or	lower 6.5% for 10 yrs
Total Sources	2,381,797	100.00%				
	2,001,737	100.0074				

Leasehold Improvements 698,400 29,32% S80 can be higher or lower. Assumption is vanilla shell. Equipment Inventory 244,000 10,24% S40 10,24% S40 Inventory 244,000 10,24% S40 Inventory 244,000 10,24% S40 Inventory 244,000 10,24% S40 Inventory 244,000 Inventory 244,								
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Total Uses				100410-020				
				15.00%				
		2,381,797	100.00%		\$273	total cost per sq.ft.		

NOTE:

**Key Assumptions** 

ASSUMES THE LEASING OF A SUD-ANCHOR SITE THAT IS CURRENTLY VACANT IN THE WEST SAIEM SHOPPING CENTER AT THE INTERPRETATION OF PETERS Creek Parkway and Academy St. (as the current preferred site)

overall product mix is 30% conventional, 70% natural/organic

SCENARIO PLANNING			INPUTS	î		
Retail Sq.ft.	6,100	7	INPUIS			
Total Sq.ft.	8,730					
	0,700	J 100%				
Dakota Market Study Projections	Week 52	Annualized	Annual	Annual	1	
Tanta manier orday i rojections	Sales	Weekly Sales		Increase		
Year 1			\$ 1,441,388	increase	1	
Year 2			\$ 1,496,898	3.85%		
Year 3			\$ 1,609,192			
				17		
Year 1 Sales Reduction for Start-up		Enter here:	5%		9	To account for new store operations, time to build operational systems & capacity.
r .				-	Wkly	
				\$	Sales Pe	
Sales	Sales pe	er Retail SFlyr		Growth	Total SF	
Year 1		224	\$ 1,369,319		3.02	
Year 2		269	\$ 1,643,182	20.00%	3.62	
Year 3		310	\$ 1,889,660	15.00%	4.16	
Year 4		341	\$ 2,078,626	10.00%	4.58	
Year 5			\$ 2,244,916	8.00%		
Year 6			\$ 2,312,263	3.00%		
Year 7			\$ 2,381,631	3.00%		
Year 8			\$ 2,453,080	3.00%		
Year 9			\$ 2,526,672	3.00%		•
Year 10		427	\$ 2,602,473	3.00%	5.73	
Lease Rate Schedule	sq.ft. basis	per sq.ft.				
Year 1	8,730	7.00	\$61,110			
Year 2		7.00	\$61,110			
Year 3		7.00	\$61,110			
Year 4		7.00	\$61,110			
Year 5		7.00	\$61,110			
Year 6		7.00	\$61,110			₹ ±
Year 7		7.00	\$61,110			
Year 8		7.00	\$61,110			(8)
Year 9 Year 10		7.00	\$61,110			
rear to		7.00	\$61,110			
Property Taxes		1.00				
Insurance		0.50				
Common Area Maintenance		0.50				
TICAM (paid to Landlord per sq ft						
annually)		2.00	\$17,460			

## Share Cooperative/Harvest Market; Feburary 21, 2018

Blended Margin (mature store)	% of sales	Projected Margin	
Natural/Organic	70%		MATURE STORE MARGIN HERE
Conventional	30%	32.00%	S WAT GRE STORE WARGIN HERE
Store	100%	34.80%	
Gross Margin			
Year 1		33.30%	Lower than mature store for start-up
Year 2		34.05%	Lower than mature store for Start-up
Year 3		34.80%	Mature store
Year 4		34.80%	Matthe Stole
Year 5		34.80%	
Year 6		34.80%	
Year 7		34.80%	
Year 8			
Year 9		34.80%	
Year 10		34.80%	
real to		34.80%	
Labor			
Year 1		22.50%	Higher than mature store for start-up
Year 2		21.75%	riigher than mature store for start-up
Year 3		21.00%	Mature store
Year 4		21.00%	Mature Store
Year 5		21.00%	
Year 6		21.00%	
Year 7		21.00%	
Year 8		21.00%	
Year 9		21.00%	
Year 10		21.00%	
		21.00%	
General Mananger Salary	80,000		
Benefits	25%		
			Food Pharmacy pilot project
Incremental Capital Investment	Equipment	Leasehold	Products provided will be fresh product

Year 1

Year 2

Year 3 Year 4 Year 5

Year 6

Year 7 Year 8 Year 9 Year 10 10,000 10,000 20,000 80,000

30,000

80,000 35,000 40,000

80,000

3,000 5,000 8,000

35,000

10,000

40,000 10,000 15,000 40,000

Products provided will be fresh produce, bulk whole		
grains and whole grain staples. \$20/client/wk	1200 720	30%
	Annual Inco	Gross Margin
Yr 1 = 150 clients	156,000	46,800
Yr 2 = 250	260,000	78,000
Yr 3 = 450	468,000	140,400
Yr 4= 1000	1,040,000	312,000
Assume technical assistance program director is paid for by grant funding.		