



Buffalo and Erie County Regional Development Corporation Loan Committee Agenda

Wednesday, June 9, 2021

at

9:00am

Via Conference Call

1. Roll Call
2. Reading and approval of the minutes of the May 12, 2021 Loan Committee meeting (Action Item) (Pages 2-4)
3. Approval of the Following Loan Case(s):
 - 3.1 Buffalo Fermentation Inc. (Pages 5-18)
 - 3.2 S & K Kitchens, Inc. (Pages 19-30)
 - 3.3 Surianello General Concrete Contractor, Inc. (Pages 31-43)
4. RDC Loan Portfolio update (informational)
5. Other Business
6. Adjournment – Next Meeting – July 14, 2021

MINUTES
OF THE LOAN COMMITTEE OF THE
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
(RDC)

- DATE AND PLACE:** May 12, 2021, held via telephone conference. Governor Cuomo’s Executive Order 202.1, as amended, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This meeting is being live-streamed and made accessible on the ECIDA’s website at www.ecidany.com.
- MEMBERS PRESENT:** Denise Abbott, Hon. Joseph H. Emminger, Nancy LaTulip, Michael A. Taylor and Royce L. Woods
- MEMBERS ABSENT:** Rebecca Gandour and David McKinley
- OTHERS PRESENT:** John Cappellino, Chief Executive Officer; Mollie Profic, Chief Financial Officer; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Daryl Spulecki, Credit Analyst; Robbie McPherson, Director, Marketing & Communication; Brian Krygier, System Analyst; Carrie Hocieniec, Administrative Coordinator; Beth O’Keefe, Business Development Officer; Jamee Lanthier, Compliance Officer, Pat Smith, Bookkeeper; Robert Murray, Esq., Harris Beach PLLC and Kevin Zanner, Esq., Hurwitz & Fine
- GUESTS:** None.

There being a quorum present at 9:03 a.m., the Meeting of the Members of the Buffalo and Erie County Regional Development Corporation was called to order by Chair, Mr. Emminger.

MINUTES

Upon motion made by Ms. Abbott, and seconded by Mr. Taylor, and unanimously carried, it was:

RESOLVED, that the minutes of the RDC Loan Committee meeting of April 14, 2021 are hereby approved.

Ms. LaTulip moved and Ms. Abbott seconded to enter into Executive Session for the purpose of reviewing the financial and credit information for nine (9) loans as so presented to the committee. Mr. Emminger called for the vote, and the motion was then unanimously approved.

At 9:04 a.m., the Agency entered into Executive Session.

Upon motion made by Ms. LaTulip and seconded by Mr. Woods, and unanimously approved, the Agency terminated Executive Session at 10:26 a.m.

APPROVAL OF LOAN CASES:

The following loan cases were then presented to the committee members:

(1) WNY Medical Management, LLC, 3112 Sheridan Drive, Amherst, New York 14206, \$250,000 84 month working capital term loan, secured and guaranteed. General discussion ensued. As this is a Legacy Loan Fund approval, it was suggested that the interest rate be changed to 4% and the term changed to 66 months with 6 months of interest only and amortized for 5 years.

(2) Divorce Mediation Services of Buffalo, LLC; 300 International Drive, Williamsville, New York, 14221, \$40,000 84 month working capital term loan, secured and guaranteed.

(3) Tomric Systems, Inc.; 85 River Rock Drive, Suite 202, Buffalo, New York 14207, \$250,000 84 month working capital term loan, secured and guaranteed.

(4) Alexander Dunn dba Underground Gym, 227 Thorn Avenue, Orchard Park, New York 14127, \$60,000 working capital 84 month term loan, secured and guaranteed.

(5) Styles of Man Inc.; 1348 East Delavan Avenue, Buffalo, New York 14215, \$50,000 working capital and equipment 84 month term loan, secured and guaranteed.

(6) Kathy's Kid Kare Inc. dba Shining Stars; 20 North Pointe Parkway, Suite 190, Amherst, New York, 14228, \$100,000 working capital 84 month term loan, secured and guaranteed.

(7) Buffalo Niagara Weldworks Inc.; 2280 Niagara Street, Buffalo New York 14207, \$125,000 working capital 84 month term loan, secure and guaranteed.

(8) Harisa's Massage Therapy P.C.; 6161 Transit Road, Suite 7, East Amherst, New York 14051, \$50,000 working capital 84 month term loan, secured and guaranteed.

(9) KSL Diagnostics Inc.; 1000 Youngs Road, Suite 201, Williamsville, New York 14221, \$1,000,000 furnishings, fixtures, equipment, inventory and working capital 10 year term loan, secured and guaranteed.

General discussion ensued.

Ms. LaTulip moved to recommend that the proposed loans (2) through (9) above be approved and presented to the RDC Board of Directors for ultimate approval. Mr. Taylor seconded the motion. Mr. Emminger called for a vote and the motion was unanimously carried.

Ms. Abbott moved to recommend that the proposed loan identified as (1), above, be approved, as amended, and presented to the RDC Board of Directors for ultimate approval. Mr. Taylor seconded the motion. Mr. Emminger called for a vote and the motion was unanimously carried.

OTHER BUSINESS

Mr. Manhard provided an update to the Committee members on the Legacy Loan Fund and COVID Loan Fund.

There being no further business to discuss, Mr. Emminger adjourned the meeting at 10:33 a.m.

Karen M. Fiala, Secretary



RDC Covid Impact Fund Loan Analysis

Borrower:	Buffalo Fermentation Inc.	Structure:	S-Corp.	Year Established:	5/2017
Address:	160 James E Casey Drive	City:	Buffalo	Zip:	14206
Website:	bootlegbucha.com	NAICS:	312140	SIC:	2085
Loan Amount:	\$250,000	Interest Rate:	1%	Term:	84 months
Monthly Payment:	\$4,273.44	Contact Name:	Jeffrey Embric	Site Visit:	At closing
Purpose:	Equipment and Working Capital	Jobs Existing:	12	Jobs to be created:	10

SOURCES AND USES

Sources:	Amount	% of Project
RDC Loan	\$250,000	21%
Building - Equity	\$960,285	79%
Total Sources	\$1,210,285	100%
Uses:		
	Amount	
RDC Loan		
Equipment	\$200,000	80%
Working Capital	\$50,000	20%
Total Uses	\$250,000	100%
Dollars Leveraged:	\$960,285	79%

COLLATERAL AND SECURITY

Collateral:	First purchase money lien on the equipment to be purchased and a general filing on all business assets.
Guarantors:	Unlimited personal guarantees of Jeffrey Embric and Heather Lucas. Corporate Guarantees of 160 James E Casey Drive LLC and Willaminia Distilling LLC.

SUPPLEMENTAL INFORMATION

Fund Objectives:	Job Creation: <input checked="" type="checkbox"/> Job Retention: <input checked="" type="checkbox"/> Target Industry: <input checked="" type="checkbox"/> MBE: <input type="checkbox"/>
Fund Eligibility:	RDC Covid Impact Loan Fund: <input checked="" type="checkbox"/> Target Area: <input checked="" type="checkbox"/> Assistance to businesses to help adjust business model to meet current environment: <input checked="" type="checkbox"/>
Recommended By:	Gerald Manhard , Chief Lending Officer and Daryl Spulecki, Credit Analyst
Loan Committee Vote:	Approved: <input type="checkbox"/> Declined: <input type="checkbox"/>
Date:	Signatures:

I. Background:

Buffalo Fermentation Inc. ("BMI") dba Bootleg Bucha is a Buffalo based business that began operations in 2015 in the kitchen of husband-and-wife team Jeff Embric and Heather Lucas. BMI brews kombucha which is a flavored, carbonated beverage made from brewed fermented tea and other flavorings. Kombucha ferments in the same manner as sour dough bread where you have to begin each batch with a starter. Sweet tea and the yeast-based starter (called SCOBY) are blended and with time, Mother Nature breaks down the sugar and starts the fermentation. From there you can change up the flavor profile by adding other ingredients. The fermentation process does create a small amount of alcohol in the finished product. By law, it can only contain 0.5 percent or less of alcohol, so it is not a regulated beverage. The drink, which originated in China, is thought to be 2000 years old and has been greatly touted for its medical properties including probiotic and vitamins.

The couple stated brewing kombucha as a hobby from their home. They kept tweaking their recipes and when they felt they had the right balances they started sharing it with friends and family. It proved so popular that in less than a year they started BMI and sold their drinks out of their original location in 400-square foot share kitchen in the Horsefeathers building at 346 Connecticut Street in Buffalo. Demand for their product grew exponentially and to keep up with demand they doubled their space at Horsefeathers in eight months. Sales continued to grow rapidly and in 2017 BMI moved its operations to 1250 Niagara Street Buffalo, which is an 11,000 square foot, state of the art facility designed for their brewing process. This space also houses their tasting and tap room.

BMI self-funded the growth and the production facility now 1,800-gallon and 2,400-gallon kettles for brewing, a bottling and labeling line, and a spinning cone dealcoholizer (BMI is only 1 of 3 Kombucha brewers in the country that have a dealcoholizer) which removes alcohol content from the finished product. The company is now brewing up to 2,500 gallons a week and is on pace to be brewing 10,000 gallons per week within the year. It is now the largest kombucha brewery in New York State. BMI is now available in over 300 retail locations throughout the Northeast in such stores as Wegmans, Tops, Dash's, Feel Right, Kenyon's, NOCO, and Shop and Save. The product is also available on tap at over 50 locations around Western NY.

BMI recently moved all production to 160 James E Casey Drive in Buffalo, a 15,000 square foot facility which is owned by their newly formed real estate holding company 160 James E Casey Drive LLC. This facility has assisted with reducing overheads, operating costs and increases its capacity and capabilities. In addition to brewing their own brands, BMI is now brewing and bottling for many private label brewers.

Some of the contracts they have are:

- Pilot Kombucha Brooklyn, 3-year contract Co-packing, \$800k annually.
- Seek North Kombucha- Hudson Valley Co-packing 3-year contract, \$600k annually.
- Ruby Hibiscus Water, NYC based Hibiscus Drink, expecting \$600- \$800k 1st 12 months.
- GNGR- NYC based Sparkling Probiotic Drink, currently in 2000 POS \$600, expecting \$800k 1st 12 months.
- Pittsburgh Juice Company, very established company launching Kombucha in a wide-open Western PA Market, expecting \$200- \$450k 1st 12 months.
- Up Dog Kombucha, Winston Salem, expecting \$400-600k 12 months.
- Craft Kombucha, Washington, DC, BMI is their exclusive production site moving forward, expecting \$250- \$350k in 1st 12 months.
- Purple Leaf Kombucha, Toronto ON. New Kombucha Company, expecting 350-\$500k in 1st 12 months.
- Drink Nitro- Nitro Cold Brew coffee, \$300-\$500k, expecting in 1st 12 months.
- Wegmans brand beverages- 2 new Wegmans beverages that we are under NDA on Development. Currently making samples and working with a flavor house to launch by Jan 1st, 2022. Potential \$1.5 - \$2 million annually.
- Mafia Sauce - Buffalo Distilling. Launching a canned Cocktail called Mafia Sauce for the 2021 Bill's season to follow on the success of his bottled product in 2020. Potential \$300- \$500k annually.

BFI currently employees 12 people and expects to create at minimum 10 new full time equivalent jobs by the end of 2021. They have a target of \$10 million in revenues and creating an additional 30 employment positions by 2023.

The business properties and guarantors' personal residences are current on all taxes per search of the Erie County Real Property Tax Services website.

Affiliated Companies:

- Willaminia Distilling LLC (Guarantor)- The company was originally set up for the purpose of raising funding for equipment, specifically the spinning cone dealcoholizer that takes the alcohol out of the kombucha. BFI owns 83% of the business, the other 18% is owned by 2 friends of Mr. Embric. During the pandemic they produced sanitizers for New York State, Home Depot, and Menards. All debt Willaminia had is now paid. The company will also be a corporate guarantor for the loan.

II. Project Description:

2020 was a challenging year for BFI. Many of the end users of its drinks were closed due to the Covid pandemic which resulted in a 38% decrease in sales from 2019. While Covid created difficulties in the marketplace, it also created industry consolidation and new demands for healthy beverages. This had led to a massive increase for the need for co-packing/bottling services as offered by BFI. BFI has been able to position itself to aggressively grow its portfolio through its long-established relationships and new emerging brands. Given the demand for their product/services there is a need for additional equipment and working capital to support the continued growth in 2021 and beyond.

The company has applied for a \$250,000 RDC Covid Impact loan to buy additional equipment for 160 James E. Casey Dr. Buffalo and for working capital, specifically payroll. If approved the loan will be priced at 1% with an 84-month term and 60-month amortization. Year 1 will have no payments, year 2 will be interest only payments of \$208.33 and then 60 payments of \$4,273.44. The loan will be secured by the unlimited personal guaranty of the owners Jeffrey Embric and Heather Lucas, the corporate guaranty of 160 James E Casey LLC, corporate guaranty of and a UCC filing on the business assets.

In early 2021 the company received an SBA PPP Loan of \$42k through Bank on Buffalo which has been fully forgiven. Around the same time the company also received an SBA EIDL loan for \$149k.

III. Company Management:

Owners (voting members)

Jeffrey Empric (48.5%) – President. Jeffrey holds a BS in Mechanical Engineering from the University of Buffalo and has an extensive career history in business management for National Fuel and UPS. Jeff manages all operations and is focused on growing the balance sheet through intelligent acquisition of key assets, increasing capabilities and capacity with the goal of becoming a beverage powerhouse.

Heather Lucas (48.5%)- Vice President. Heather holds a BA in History from the Buffalo State. She leads R&D Department and client integration program with creating new beverages, developing flavor profiles, and onboarding existing brands into the company's beverage production system. R&D department under Heather continues to evolve and grow as they look to enhance their production capabilities to address a broader range of product capabilities.

IV. Financial Analysis (Refer to Schedule A):

Income Statements:

- Historically, sales increased 88% or \$771,376 from YE 2018 to YE 2019, to \$1.6m. As mentioned previously, sales decreased 38% from YE 2019 to YE 2020 due to the Covid pandemic.
- Based on recently signed contracts and productions levels thus far in 2021, the company is expecting sales to increase 139% or to \$2.4m by YE 2021. They expect sales to increase over 100% from YE

2021 to YE 2022 with sales of \$5.2m. According to Grand View research the kombucha market is expected to grow 20% globally from 2020 to 2027.

- COGS for projected years are expected to remain at 61% to 63% of gross sales. COGS include labor related to production. Historically, many expenses were included in SG&A but now have been reallocated to COGS.
- Operating expenses are centered around officer compensation, salaries and wages, advertising, and rents.
- BFI pays rent to the newly formed real estate holding company 160 James E Casey Drive LLC which is 100% owned by Jeffrey and Heather. They advised officer compensation and rents could be reduced going forward, if needed.
- The interest expenses in 2018, 2019, and 2020 was the result of Jeffrey and Heather taking out high interest personal loans to self-fund the business and cover losses. These have all been paid off.
- The company would not have had sufficient cash flow in 2018, 2019, and 2020 to cover the existing and proposed projected debt service with DSCR's of -0.8 x, -2.2x, -4.1x. Company was in start-up phase and reinvested back into the business for equipment purchases. If the NOI for Willaminia is included in 2020 the DSCR was more than sufficient at 57x.
- Projected 2021 and 2022 cash flow are estimated to be sufficient to cover the existing and proposed debt service with DSCR's of 4x and 14x, respectively.
- Projections appear to be attainable due to the recent contracts signed and rebounding demand for their product.

Balance Sheets:

- Total assets at 3/1/2021 were \$500k and are comprised primarily of cash \$95k, inventory \$148k, A/R \$111k and \$353k of machinery and equipment net of depreciation. There is also (\$218k) investment in the affiliated company Willaminia, which are retained losses. This will positively be adjusted by Willaminia's 2020 earnings and be a positive number when their accountant finishes their 2020 tax returns.
- Total liabilities at 3/1/2021 were \$755k and are comprised primarily A/P of \$53k, a loan payable to a related entity Willaminia \$389k, loans from the owners of \$115k and the SBA EIDL loan of \$149k. The loan payable to Willaminia was operating cash they loaned to BFI during the shutdown/pandemic for operating expenses.
- A/P days at 12/31/2020 was very good at 33 days, it remained at 33 days as of 3/1/2021.
- A/R days at 12/31/2020 was very good at 25 days. According to readyratios.com the 2020 industry average was 37 days.
- Inventory turnover at 12/31/2020 was 72 days. According to readyratios.com the 2020 industry average was 70 days.
- The company's leverage position has increased from 12/31/2020 to 3/1/2021 to - 3.2x because of the PPP loan, SBA EIDL loan, loan payable to Willaminia, and shareholder loans. If these are subordinated and forgiven (PPP), the leverage position improves to 1x.

Williminia Distilling, LLC (guarantor):

- The company for YE 2019 generated not revenue and realized a loss of \$353k as a result of the company being in the startup phase. Expenses were primarily comprised of \$66k in interest and \$281K of depreciation. A high interest loan was used to purchase the company's production equipment.
- For YE 2020 sales increased dramatically to over \$12 million resulting in a net profit of \$3.6 million. The company was well positioned to take advantage of an opportunity created by the COVID pandemic to make hand sanitizer. The company secured large contract with NYS, Home Depot, Menards and several other retailers to produce hand sanitizer under their brand names.
- Most of the profit from the company was used to buy out the company's investors, payoff all debt, purchase a building and equipment for Buffalo Fermentation. The company's balance sheet is virtually debt free other than A/P and miscellaneous accruals.
- Assets for the company almost entirely consist of net equipment purchases totaling \$778k.

Schedule of Long-Term Debt:

Creditor Name	Secured By	Amount	Interest Rate	Monthly Payment	Annualized Payment
SBA EIDL	ABA	\$149,500	4%	\$729	\$8,748
Proposed RDC TL	1st Purchase & ABA	\$250,000	1%	\$4,273	\$51,276
Total		\$399,500		\$5,002	\$60,024

Company's Ability to Pay:

	2018	2019	2020	Projected 2021	Projected 2022
Net Operating Revenue	-\$175,007	-\$238,718	-\$272,818	\$231,659	\$827,986
Plus, Depreciation	\$90,826	\$74,743			
Plus, Interest	\$37,776	\$31,436	\$24,992		
NOI Willaminia			\$3,644,222		
Operating Cash Flow	-\$46,405	-\$132,539	\$3,396,396	\$231,659	\$827,986
Annualized Debt Service (with proposed RDC loan)	\$60,024	\$60,024	\$60,024	\$60,024	\$60,024
Debt Coverage Ratio	-0.8x	-2.2x	56.6x	3.9x	13.8x

Business Credit Report:

Business Name: Buffalo Fermentation Inc.	Equifax dated 5/24/2021
Public Records	None
Business Failure Risk Rating (1-9) *	7
Business Credit Risk Score (101-660) **	396
Alerts	None

* lower the number, lower risk

** lower the number, higher the risk.

V. Guarantors:

Name: Jeffrey Embric	Equifax dated 5/24/2021
Credit Score	655
Public Records	None
Total Debt Listed on Report	\$57
Annual Debt Obligations	\$300
2019 Adjusted Gross Income (75 % of AGI)	\$36,975
Personal Debt Service Coverage	123x

- The guarantor has 2 active trade lines all being paid as agreed. There is a collection account from Direct TV which was paid 4/2021. His revolving debt limit has a 0.2% usage rate and has \$26k availability.

Name: Heather Lucas	Equifax dated 5/24/2021
Credit Score	723
Public Records	None
Total Debt Listed on Report	\$4,704
Annual Debt Obligations	\$3,936
2019 Adjusted Gross Income (75 % of AGI)	\$18,314
Personal Debt Service Coverage	4.7x

- The guarantor has 3 active trade lines all being paid as agreed. Her revolving debt limit has a 25% usage rate and has \$12k availability. \$12k of her total debt is an auto loan.

Name: Jeffrey Embic and Heather Lucas

PFS Dated 3/11/2021

<u>Assets</u>		<u>Liabilities</u>	
Cash	\$101,676	Accounts Payable	
Savings Accounts	\$7,600	Notes Payable	
IRA		Loan on Life Insurance	
Life Insurance- CSV		Mortgages on Real Estate	\$200,000
Stocks/Bonds	\$23,000	Credit Cards	
Real Estate	\$725,000		
Automobile	\$27,500		
Other Personal Property			
Other Assets			
Total Assets	\$884,776	Total Liabilities	\$200,000
		Net Worth	<u>\$684,776</u>
		Total Liabilities and Net Worth	\$884,776

Global Cash Flow Inclusive of Guarantors and Business Debts:

	2019	2020	Projected 2021	Projected 20212
Business Cash Flow – B.F.I	-\$132,539	-\$247,826	\$231,659	\$827,986
Business Cash Flow – Willamina Distilling		3,644,222		
Guarantor’s Combined Cash Flow (75% of AGI)	\$55,289	\$55,289	\$55,289	\$55,289
Total Cash Flow	-\$77,250	3,451,685	\$286,948	\$883,275
Business Annualized Debt (with proposed RDC loan)	\$60,024	\$60,024	\$60,024	\$60,024
Guarantors Combined Annualized Debt	\$4,236	\$4,236	\$4,236	\$4,236
Total Annualized Debt	\$64,260	\$64,260	\$64,260	\$64,260
Debt Service Coverage	-1.2x	54x	4.5x	13.7x

- Both company's and the guarantor's 2020 federal tax returns are on extension. Guarantor's cash flow is based on 2019 tax return and carried through for all years.
- Willamina Distilling has not generated and significant revenue in 2021 due to the business relocating to a new facility and hand sanitizer sales have diminished substantially. No cash flow from the company was used in the projection to be conservative.

VI. Collateral Analysis:

Description	Value	Discount	Collateral Value
FF&E-BFI	\$353,315	50%	\$176,658
Inventory-BFI	\$148,040	50%	\$74,020
FF&E-Willamina	\$777,987	50%	\$388,994
Total Collateral Value	\$501,355		\$639,671
Less:			
SBA EIDL*			\$149,500
Total Available to secure RDC Loan			\$490,171
Less: New RDC Loan			\$250,000
Collateral Excess/Shortfall			\$240,171
RDC Loan Coverage:			1.96x

(*) Borrower will be required to request the SBA subordinate their EIDL loan to the RDC, further improving the collateral coverage, if approved.

VII. Job Creation:

The proposed RDC loan will allow the business to retain its 10 full time employees and 1 part time employee and create an additional 10 full time employees with the next 3 years.

VIII. Strengths and Weaknesses:

Strengths:

- Increasing sales trend historically.
- The industry is projected to grow 20% over the next few years.
- The new contracts that have been signed for co-packaging.
- The projections appear to be reasonable and attainable based on their business in the pipeline and should be more than sufficient to cover the proposed debt service.
- Good collateral coverage and lien position.
- The personal guarantors have good personal credit histories and net worth.
- The RDC will also have the corporate guarantees of the real estate holding company, 160 John E Casey Drive LLC and Willamina Distilling, LLC
- Job retention and job creation.

Weaknesses:

- Historically, the company would not have been able to cover its existing and the proposed debt service.
- Poor leverage position but this should improve with time.

IX. Recommendation:

Based on the above case analysis, it is recommended the \$250,000 RDC Covid Impact Fund Term Loan be approved.

Loan Amount: \$250,000
Interest Rate: 1%
Loan Amortization: 60 months
Loan Term: 84 months (First 12 months no payments, next 12 months interest only payments)
Monthly P & I payment: \$4,273.44

Security/Collateral:

- First purchase money lien on the equipment to be purchased and a general filing on all business assets.
- Unlimited personal guarantees of Jeffrey Embric and Heather Lucas.
- Corporate Guarantees of 160 James E Casey Drive LLC and Willamina Distilling LLC.

Loan Conditions:

- Annually, receipt of CPA prepared financial statements and/or Federal Tax Returns containing all schedules within 120 days of Year End.
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s) within 120 days of Year End. Receipt of annual Personal Financial Statements for all guarantor(s)
- Annual receipt of employment survey
- Annual site visits by RDC staff
- Closing costs to be paid by the borrower

SUPPLEMENTAL INFORMATION

RDC Loan Eligibility:

- The business is an eligible NAICS sector 312140 under the RDC Loan Administration Plan
- The loan will assist with the businesses working capital needs and enable it to overcome and adapt to the economic downturn caused by Covid-19
- The loan will enable the business to retain its 10.5 employees and create an additional 10 FTE's.

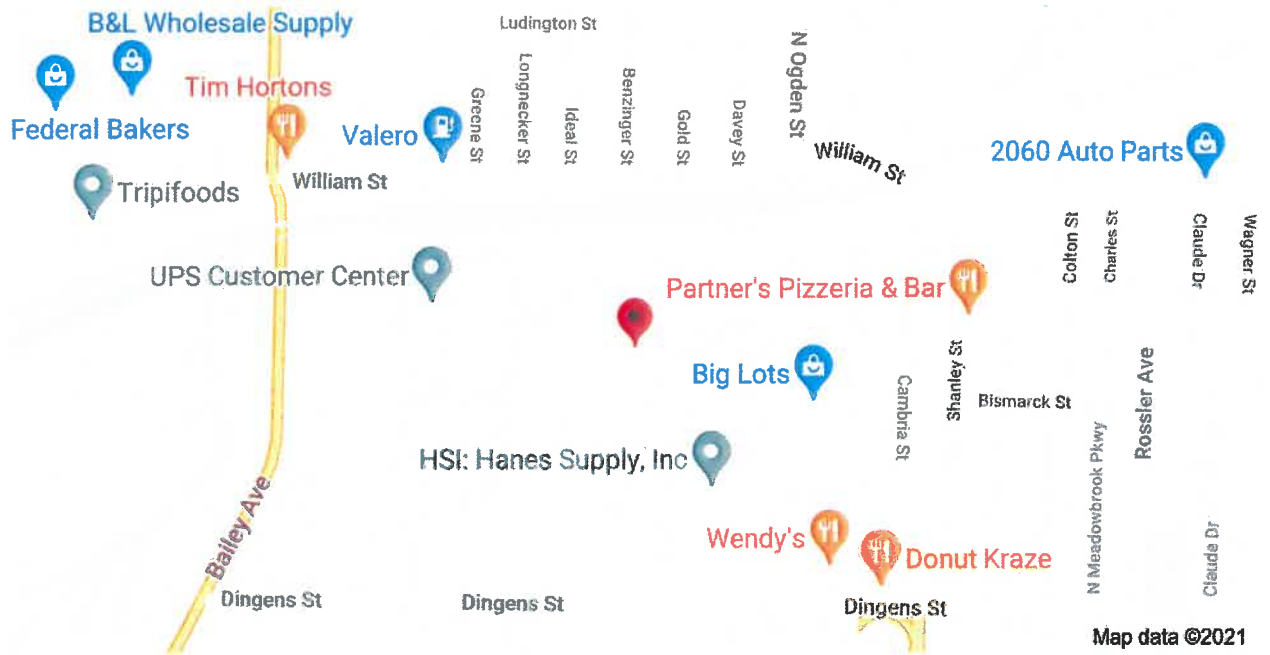
Schedule A

Name: Buffalo Fermentation Inc.	Tax Return 2018	% of Sales	Tax Return 2019	% of Sales	Internal 2020	% of Sales	Projected 2021	% of Sales	Projected 2022	% of Sales
Gross Sales	\$880,164		\$1,651,540		\$1,017,925		\$2,432,983		\$5,223,903	
COGS	\$411,637	47%	\$1,072,936	65%	\$701,429	69%	\$1,478,994	61%	\$3,311,446	63%
Net Gain	-\$4,900	-1%	\$111	0%		0%		0%		0%
Other Income (Loss-Willamina)	-\$33,612	-4%	-\$183,633	-11%		0%		0%		0%
Gross Profit	\$430,015	49%	\$395,082	24%	\$316,496	31%	\$953,989	39%	\$1,912,457	37%
Operating Expenses										
Compensation of Officers	\$84,920	10%	\$73,200	4%		0%	\$105,045	4%	\$168,000	3%
Salaries and Wages	\$48,005	5%	\$34,863	2%	\$182,463	18%	\$96,158	4%	\$108,144	2%
Repairs and Maintenance	\$6,390	1%	\$26,627	2%	\$16,210	2%	\$48,658	2%	\$104,477	2%
Bad Debts	\$400	0%	\$982	0%	\$261	0%		0%		0%
Rent	\$61,287	7%	\$97,473	6%	\$46,743	4.6%	\$56,299	2.3%	\$56,299	1.1%
Taxes and Licenses	\$13,872	2%	\$11,995	0.7%		0.0%		0.0%		0.0%
Advertising	\$73,390	8%	\$108,562	6.6%	\$56,278	5.5%	\$34,989	1.4%	\$35,429	0.7%
Truck and Auto Expense	\$40,077	4.6%	\$1,457	0.1%		0.0%		0.0%		0.0%
Insurance	\$24,812	3%	\$21,480	1.3%	\$44,580	4.4%	\$47,918	2.0%	\$47,918	0.9%
Professional Fees	\$46,396	5%	\$51,082	3%	\$137,057	13%	\$95,389	4%	\$114,743	2%
Utilities	\$23,909	3%	\$35,992	2%	\$26,979	3%	\$121,644	5%	\$261,192	5%
Other Deductions	\$52,972	6%	\$63,908	3.9%	\$53,751	5.3%	\$116,230	4.8%	\$188,269	3.6%
Depreciation	\$90,826	10%	\$74,743	4.5%		0.0%		0.0%		0.0%
Interest	\$37,766	4%	\$31,436	2%	\$24,992	2%		0%		0%
Total Expenses	\$605,022	0.687	\$633,800	38.4%	\$589,314	57.9%	\$722,330	29.7%	\$1,084,471	20.8%
Net Profit	-\$175,007	-20%	-\$238,718	-14%	-\$272,818	-27%	\$231,659	10%	\$827,986	16%

ASSETS	12/31/2020	3/1/2021
Current Assets		
Cash	\$52,760	\$94,660
Inventory	\$138,353	\$148,040
A/R	\$70,313	\$110,919
Prepaid Expenses	\$4,464	\$5,679
Total Current Assets	\$265,890	\$359,298
Fixed Assets		
M&E net of Depreciation	\$346,296	\$353,315
Total Net Fixed Assets	\$346,296	\$353,315
Other Assets		
Note Receivable-Willamina	\$67,500	
Investment-Willamina	-\$218,121	-\$218,121
Security Deposits	\$3,425	\$3,225
Other L/R Willamina	\$113,825	
Total Other Assets	-\$33,371	-\$214,896
TOTAL ASSETS	\$578,815	\$497,717
LIABILITIES AND MEMBERS EQUITY		
Current Liabilities		
Accounts payable	\$260,183	\$53,029
Notes Payable in less than a Year-Boston Capital	\$140,228	
Loan payable-Wilamina		\$389,304
Accruals	-\$5,013	\$8,189
Total Current Liabilities	\$395,398	\$450,522
Long-term Liabilities		
Boston Capital	\$4,749	
Loans from Shareholders	\$142,217	\$115,260
Bank on Buffalo-PPP		\$40,258
EIDL		\$149,400
Total Long-Term Liabilities	\$146,966	\$304,918
TOTAL LIABILITIES	\$542,364	\$755,440
Equity		
Capital Stock	\$1,000	\$1,000
Additional Paid in Capital	\$500,000	\$500,000
Retained Earnings	-\$461,471	-\$734,289
Net Income	-\$5,078	
Total Member Equity (deficit)	\$34,451	-\$233,289
TOTAL LIABILITES AND MEMBERS EQUITY	\$576,815	\$522,151

Name: Willamina	Internal 2020	% Of Sales
Gross Sales	\$12,553,213	
COGS	\$6,311,481	50%
Gross Profit	\$6,241,732	50%
<i>Operating Expenses</i>		
Salaries and Wages	\$1,691,063	13%
Equipment Rental	\$55,607	0.4%
Repairs and Maintenance	\$68,082	1%
Bad Debts	\$12,159	0.1%
Rent	\$277,836	2%
Taxes and Licenses	\$1,483	0.01%
Advertising	\$2,718	0.02%
Truck and Auto Expense	\$763	0.01%
Insurance	\$11,967	0.1%
Professional Fees	\$147,817	1%
Utilities	\$48,762	0.4%
Meals	\$67,244	1%
Supplies	\$45,780	0.4%
Security	\$49,943	0.4%
Other Deductions	\$15,342	0%
Depreciation		0%
Interest	\$100,944	1%
Total Expenses	\$2,597,510	21%
Net Profit	\$3,644,222	29%

	Willamina 12/31/2020
ASSETS	
Current Assets	
Cash	\$660
Inventory	
A/R	
Prepaid Expenses	
Total Current Assets	\$660
Fixed Assets	
M&E net of Depreciation	\$777,987
Total Net Fixed Assets	\$777,987
Other Assets	
Organizational Costs	\$13,850
Accumulated Amort.	-\$1,462
Note Rec.-Hemp Bucha	\$3,000
Total Other Assets	\$15,388
TOTAL ASSETS	\$794,035
LIABILITIES AND MEMBERS EQUITY	
Current Liabilities	
Accounts payable	\$181,615
Loan payable-BFI	\$113,825
Total Current Liabilities	\$295,440
Long-term Liabilities	
Loans from Shareholders	\$683,833
Note Payable BFI	\$42,500
Note Payable RMR Development	\$94,643
Total Long-Term Liabilities	\$820,976
TOTAL LIABILITIES	\$1,116,416
Equity	
BFI	-\$34,111
RMR Development	-\$3,867
William Levine	-\$11,602
Perry Hill	-\$19,260
Adrian Jessome	-\$3,868
Daniel Pajak	\$55,359
James Warlaw	\$50,000
Retained Earnings	-\$353,107
Net Income	-\$1,925
Total Member Equity (deficit)	-\$322,381
TOTAL LIABILITES AND MEMBERS EQUITY	\$794,035







RDC Covid Impact Fund Loan Analysis

Borrower:	S & K Kitchens, Inc.	Structure:	Corporation	Year Established:	2019
Address:	5889 Brown Hill Rd.	City:	Springville	Zip:	14141
Website:	kitchentuneup.com	NAICS:	236118	SIC:	1521
Loan Amount:	\$150,000.00	Interest Rate:	1%	Term:	84 months
Monthly Payment:	\$2,564.06	Contact Name:	Karen & Sean Hall	Site Visit:	At Closing
Purpose:	Working Capital	Jobs Existing:	4	Jobs to be created:	2

SOURCES AND USES

Sources:	Amount	% of Project
RDC Loan	\$150,000	100%
		0%
Total Sources	\$150,000	100%
Uses:	Amount	
RDC Loan		
Purchase KTU Territory	\$100,000	67%
Payroll	\$36,396	24%
New Vehicle	\$6,000	4%
Machinery & Equipment	\$7,604	5%
Total Uses	\$150,000	100%
Dollars Leveraged:	\$0	0%

COLLATERAL AND SECURITY

Collateral:	Lien on all business assets
Guarantors:	Unlimited personal guarantee of Karen Hall & Sean Hall

SUPPLEMENTAL INFORMATION

Fund Objectives:	Job Creation: <input checked="" type="checkbox"/> Job Retention: <input checked="" type="checkbox"/> Target Industry: <input type="checkbox"/> MBE: <input type="checkbox"/>
Fund Eligibility:	RDC Covid Impact Loan Fund: <input checked="" type="checkbox"/> Target Area: <input checked="" type="checkbox"/> Assistance to businesses to help adjust business model to meet current environment: <input checked="" type="checkbox"/>
Recommended By:	Gerald Manhard, Chief Lending Officer and Lynnette Bonilla, Credit Analyst
Loan Committee Vote:	Approved: <input type="checkbox"/> Declined: <input type="checkbox"/>
Date:	Signatures:

I. Background:

S&K Kitchens Inc., dba Kitchen Tune-Up (Franchise) is a company that specializes in 1-5-day, affordable kitchen updates including unique cabinet restoration, cabinet painting, refacing, re-dooring, and custom cabinets. The company was established in February 2019 by Sean and Karen Hall, each owns 50% of the company. Currently the business operates out of the owner's primary residence, with the intention of obtaining a lease retail space in Transit Rd. Kitchen Tune-up is a franchise system that offers personalized service to replace and update kitchens, some of their services includes the following:

- **1 Day Tune-Up:** The wood cabinets that clients already have in their home can look like new. The company technicians follow a 9-step process to get rid of the dirt, oils and grime that builds up with everyday use of a kitchen. They can install new decorative hardware to modernize the cabinets, and even add accessories, such as roll-out trays and spice racks, to make the best use of all the cabinet space.
- **Cabinet Painting:** Some customers want a different color for their cabinets, but do not have the budget to change the doors and drawer fronts. The company technicians follow our step-by-step process to paint the cabinetry in one of our 10 popular colors.
- **Cabinet Refacing:** When the cabinet boxes are in good condition, but clients do not like the color, style, or even the wood species, this service can make a dramatic change to the exterior of the cabinets. The refacing installers are trained to complete the project so that no one will ever know the cabinets were refaced. They look like brand new cabinets. The great news for the customer is that in less than a week, with no demolition and without spending a fortune, they get a new kitchen that reflects their taste.
- **Custom Cabinets:** Sometimes the existing cabinets are not in good condition, or a new design is needed to make the kitchen function better. The company have a professional design team to help owners create the customer's dream kitchen.

II. Project Description:

S&K Kitchens, Inc. is applying for a \$150,000 Covid Impact Fund Business Loan to assist the company to purchase a second territory franchise, they currently own one territory in the south towns and want to purchase additional territories to include the greater Buffalo region. The corporate office has offered 2.8 territories* for the price of 2 for a total cost of \$100,000. The funds will also assist the business to add a sales manager, increase their installation staff and allow for additional working capital needs. The company is projecting to double their sales within two years with the addition of the new territories.

Because of COVID-19 quarantine, people are spending more time in their homes and are sick of looking at their outdated kitchen. They have also transferred leisure and travel spending to home improvement. The result of people working from home is anticipated to create a year-over-year spending increase in remodeling of homes. According to a data analysis created by Powerlytics Inc on December 2, 2020 (from Residential Remodelers): -Residential remodeling spending reached a record high of \$424 billion in 2017.

-Remodeling spending generated 2.2% of total US economic activity in 2017.

-In the years since the 2008 recession, remodeling has contributed a dominant share of residential Investments.

-The rental share of residential remodeling spending rose from about 20% in 2007 to over 30% in 2017.

-Over 50% of US housing is over 40 years old.

Kitchen and bath projects witnessed a 40% jump in demand during the pandemic, according to online remodeling platform Houzz. Because more people are cooking and eating at home, kitchens have become even more the center of family life.

For one, people have been saving money by not eating out, shopping, or going on vacation. As such, many households decided that during the pandemic, they would rather add that value back into their homes.

** Territories are exclusive, by reviewing current census numbers to determine the demographics by zip codes. Once the demographics are adjusted based on age of homes, household income of homeowners and other critical factors, a territory is created with a minimum of 41,000 single-family homes. The average overall population of a territory is 260,000.*

III. Company Management:

Sean and Karen Hall, equal owners of S & K Kitchens, Inc., oversee the daily operations of the business. Sean is mostly responsible for coordinating with staff and the schedule of work with customers, while Karen is primarily responsible for the daily accounting and franchise paperwork. They both received intensive training from the corporate franchise office, for sales/marketing process, installations, and customer follow-up.

IV. Financial Analysis (Refer to Schedule A):

Income Statements:

- The business began operations in 2019. Sales increased 189%, from \$234K for YE 2019 to \$676K for YE 2020, due to the pandemic and stay at home orders from government and businesses and people working from home. The home remodeling business experienced an incredible growth.
- Sales are projected to increase to \$965K for YE 2021 as the company is planning on extending its sales territory and the overwhelming demand for home improvement contractors.
- With the addition of a sales manager, the business is projecting sales will increase 50% from YE 2021 to YE 2022, and a conservative increase of 15% from YE 2022 to YE 2023.
- The business suffered a loss of (\$83K) in its first year of operations as expenses were 94% of the gross sales' due startup costs and adjustments.
- The business had sufficient cash flow for YE 2020 to cover the proposed RDC debt service with DSCR's of 5.3x.
- Projected DSCR for YE 2021, 2022 and 2023 is projected to be sufficient at 3.6x, 7.1x and 9.8x respectively, with the addition of the new territories and customer base.
- The business is currently being operated out of the owner's primary residence, however, it is expected that the business will lease a retail space soon to increase the company's visibility and meet with customers. The rent expense is projected to be \$29K per year and it is factored into the projections for years 2021, 2022 and 2023.
- The company pays two recurring monthly franchise fees, a Royalty fee between 2% to 7% of the monthly gross revenues subject to a minimum of \$950 and 1% of the monthly gross revenues or \$400 whichever is greater for a National Advertising Fund.

Balance Sheets:

- Tangible assets are primarily comprised of cash and FFE which equated to \$92K at YE 2020.
- Intangible assets include the Franchise Fee for Kitchen Tune Up of \$65K.
- Liabilities are primarily comprised of tax payables, SBA loans, and a loan from shareholders. Total liabilities equated to \$85K for YE 2020, which it is inflated by the \$43,300 and \$3,000 SBA forgivable loan and grant.
- The business working capital position as of 12/31/2020 was (\$6K) and the current ratio was 0.9x. However, without the SBA loans the working capital and current ratio improves to \$40K and 6x, respectively.
- All shareholders debt will be required to be subordinated to the RDC.

Schedule of Long-Term Debt:

Creditor Name	Secured By	Amount	Interest Rate	Monthly Payment	Annualized Payment
Proposed RDC TL	FF&E	\$150,000	1%	\$2,564	\$30,769
Total		\$150,000		\$2,564	\$30,769

- Not included with LDT - \$43,300 PPP loan that has been fully forgiven, and a \$3,000 EIDL that was converted into a grant without repayment.

Company's Ability to Pay:

	2019	2020	Projected 2021	Projected 2022	Projected 2023
Net Operating Revenue	-\$82,641	\$162,509	\$106,429	\$212,630	\$296,978
Plus, Depreciation	\$6,157		\$357	\$357	\$357
Plus, Amortization	\$4,205				
Plus, Interest			\$5,243	\$5,243	\$4,738
Operating Cash Flow	-\$72,279	\$162,509	\$112,029	\$218,230	\$302,073
Annualized Debt Service (with proposed RDC loan)	\$30,769	\$30,769	\$30,769	\$30,769	\$30,769
Debt Coverage Ratio	-2.4x	5.3x	3.6x	7.1x	9.8x

V. Guarantors:

Name: Sean M. Hall	Equifax dated 5/15/2021
Credit Score	675
Public Records	None
Total Debt Listed on Report	\$364,722
Annual Debt Obligations	\$55,128
Combined 2020 Adjusted Gross Income (75 % of AGI)	\$112,135
Personal Debt Service Coverage	2.0x

- The guarantor has 12 active trade lines all being paid as agreed. Her revolving debt limit has a 59% usage rate and has \$22k availability.

Name: Karen D Hall	Equifax dated 5/18/2021
Credit Score	764
Public Records	None
Total Debt Listed on Report	\$241,578
Annual Debt Obligations	\$36,300
Combined 2020 Adjusted Gross Income (75 % of AGI)	\$112,135
Personal Debt Service Coverage	3.1x

- The guarantor has 8 active trade lines all being paid as agreed. His revolving debt limit has a 52% usage rate and has \$16k availability.

Name: Sean & Karen Hall		PFS Dated 3/26/2021	
Assets		Liabilities	
Cash	\$5,500	Accounts Payable	
Savings Accounts		Notes Payable	\$220,885
IRA	\$138,000	Loan on Life Insurance	
Life Insurance- CSV		Mortgages on Real Estate	\$203,619
Stocks/Bonds	\$150,000	Credit Cards	\$32,327
Real Estate	\$565,000		
Automobile	\$40,000		
Other Personal Property	\$40,000		
Other Assets	\$45,000		
Total Assets	\$983,500	Total Liabilities	\$456,831
		Net Worth	\$526,669
		Total Liabilities and Net Worth	\$983,500

VI. Global Cash Flow Inclusive of Guarantors and Business Debts:

	2019	2020	Projected 2021	Projected 2022	Projected 2023
Business Cash Flow	-\$72,279	\$162,509	\$112,029	\$218,230	\$302,073
Combined Guarantor's Cash Flow (75% of AGI)	\$86,255	\$112,135	\$110,997	\$160,656	\$250,614
Total Cash Flow	\$13,976	\$274,644	\$223,026	\$378,886	\$552,687
Business Annualized Debt (with proposed RDC loan)	\$30,769	\$30,769	\$30,769	\$30,769	\$30,769
Combined Guarantors Annualized Debt	\$57,432	\$57,432	\$57,432	\$57,432	\$57,432
Total Annualized Debt	\$88,201	\$88,201	\$88,201	\$88,201	\$88,201
Debt Service Coverage	0.2x	3.1x	2.5x	4.3x	6.3x

VII. Collateral Analysis:

Description	Value	Discount	Collateral Value
FF&E Net of Depreciation	\$43,588	50%	\$21,794
Total Collateral Value	\$43,588		\$21,794
Less:			
Total Available to secure RDC Loan			\$21,794
Less: New RDC Loan	\$150,000		\$150,000
Collateral Excess/Shortfall			-\$128,206
RDC Loan Coverage:			0.15x

VIII. Job Creation:

The proposed RDC loan will allow the business to retain 4 full time employee and hire 2 more full time employees and help with future business growth.

IX. Strengths and Weaknesses:

Strengths

- Except for YE 2019, the company had adequate cash flow to meet proposed debt service
- Adequate projected cash flow to meet the proposed debt service
- Good personal credit of the guarantors
- Positive Net Worth of the guarantors
- Job retention and job creation
- The home remodeling industry is worth over \$97 billion in the United States and continues to grow

Weaknesses:

- Collateral Shortfall
- Relatively new business
- Home remodeling business is competitive

X. Recommendation:

Based on the above case analysis, it is recommended the \$150,000 RDC Covid Impact Fund Term Loan be approved with the following terms and conditions:

Loan Amount: \$150,000
Interest Rate: 1%
Loan Amortization: 60 months
Loan Term: 84 months (First 12 months no payments, next 12 months interest only payments)
Monthly P & I payment: \$2,564.06

Security/Collateral:

- Lien on all business assets
- Unlimited personal guarantee of Karen Hall & Sean Hall

Loan Conditions:

- Annually, receipt of CPA prepared financial statements and/or Federal Tax Returns containing all schedules within 120 days of Year End
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s) within 120 days of Year End.
- Receipt of annual Personal Financial Statements for all guarantor(s)
- Annual receipt of employment survey
- Annual site visits by RDC staff
- Closing costs to be paid by the borrower
- Subordination of all shareholders debt

SUPPLEMENTAL INFORMATION

RDC Loan Eligibility:

- The business is an eligible NAICS sector 236118 under the RDC Loan Administration Plan
- The loan will assist with the businesses working capital needs and enable it to overcome and adapt to the economic downturn caused by Covid-19
- The loan will enable the business to retain its 4 employees and create an additional 2 FTE's.

Shcedule A

	2019	Sales	2020	Sales	2021	Sales	2022	Sales	2023	Sales
Gross Sales	\$233,861		\$676,197		\$965,328		\$1,447,992		\$1,670,760	
COGS	\$96,064	41%	\$157,725	23%	\$115,839	12%	\$173,759	12%	\$200,491	12%
Gross Profit	\$137,797	59%	\$518,472	77%	\$849,489	88%	\$1,274,233	88%	\$1,470,269	88%
Operating Expenses										
Salaries and Wages	\$21,632	9%	\$57,604	9%	\$188,208	19%	\$214,208	15%	\$214,208	13%
Compensation to Officers	\$86,333		\$147,999		\$147,996	15%	\$289,598	20%	\$334,152	
Car Repairs and Maintenance	\$606	0%	\$12,944	2%	\$19,206	2%	\$34,206	2%	\$34,206	2%
Advertising	\$14,897		\$55,943		\$116,739	12%	\$116,739	8%	\$134,561	
Rent		0		0%	\$28,800	2.98%	\$28,800	1.99%	\$28,800	1.72%
Taxes	\$33,499	14%	\$21,457	3.2%	\$6,821	0.71%	\$6,821	0.47%	\$6,821	0.41%
Royalty fees and Other Permits	\$10,859	11%	\$27,111	17.2%	\$48,266	41.67%	\$72,400	41.67%	\$83,538	41.67%
Insurance		0%	\$21,551	3.2%	\$26,166	2.7%	\$27,307	1.9%	\$27,307	1.6%
Professional Fees		0.0%	\$1,346	0.2%	\$1,956	0.2%	\$1,956	0.1%	\$1,956	0.1%
Utilities		0%		0.0%	\$9,600	1.0%	\$9,600	0.7%	\$9,600	0.6%
Other Deductions	\$42,250	18%	\$10,008	1.5%	\$143,702	14.9%	\$254,368	17.6%	\$293,047	17.5%
Depreciation	\$6,157	3%		0.0%	\$357	0.0%	\$357	0.0%	\$357	0.0%
Aortization	\$4,205					0.0%				
Interest		0%		0%	\$5,243	1%	\$5,243	0%	\$4,738	0%
Total Expenses	\$220,438	94%	\$355,963	52.6%	\$743,060	77.0%	\$1,061,603	73.3%	\$1,173,291	70.2%
Net Profit	-\$82,641	-35%	\$162,509	24%	\$106,429	11%	\$212,630	15%	\$296,978	18%

ASSETS	12/31/2019	12/31/2020
Current Assets		
Cash	\$37,299	\$48,157
Inventory		
Accounts Receivable		
Total Current Assets	\$37,299	\$48,157
Fixed Assets		
FF&E net of Depreciation	\$43,497	\$43,588
Intangible Assets net of Amortization	\$64,597	\$64,506
Total Net Fixed Assets	\$108,094	\$108,094
 TOTAL ASSETS	 \$145,393	 \$156,251
 LIABILITIES AND MEMBERS EQUITY		
Current Liabilities		
Accounts payable		
SBA Loans		\$46,300
Payroll Taxes	\$4,324	\$7,859
Total Current Liabilities	\$4,324	\$54,159
Long-term Liabilities		
Notes Payable in more than a Year		
Loans from Shareholders	\$224,389	\$30,437
Total Long-Term Liabilities	\$224,389	\$30,437
 TOTAL LIABILITIES	 \$228,713	 \$84,596
 Equity		
Capital Stock		
Cost of Treasury Stock		
Retained Earnings	-\$83,320	\$71,655
Total Member Equity (deficit)	-\$83,320	\$71,655
 TOTAL LIABILITES AND MEMBERS EQUITY	 \$145,393	 \$156,251

¹ You must pay KTU, from your monthly Gross Revenue from your reported sales, a recurring Royalty Fee calculated each month equal to:

Monthly Royalty Assessed	Gross Sales Volume for the prior month
7.0%	<\$25,000.00
6.5%	\$25,000.00 to \$44,999.99
6.0%	\$45,000.00 to \$64,999.99
5.5%	\$65,000.00 to \$84,999.99
5.0%	\$85,000.00 to \$104,999.99
4.5%	\$105,000.00 to \$124,999.99
4.0%	\$125,000.00 to \$144,999.99
3.5%	\$145,000.00 to \$164,999.99
3.0%	\$165,000.00 to \$184,999.99
2.5%	\$185,000.00 to \$204,999.99
2.0%	>\$205,000.00

7

kitchentune-up

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716.226.4337

SEAN & KAREN HALL



We have lived in Western New York most of our lives and absolutely love it here – including the winter! As far as Sean is concerned – the more snow the better. We think of WNY as a hidden gem with so many great resources and activities both outdoors and indoors.

We are thrilled to offer Kitchen Tune-Up's unique services in our neighborhood. One of the most important aspects of our business is the incredible assistance we have available to us from a national franchise brand. We are local owners with the support of a family business that started in 1988.

We are passionate about our family and have two teen-aged daughters that keep us busy with events and activities in music, sports, dance, and clubs.

Sean has always enjoyed home renovations which came as part of the package when we bought an older home in 1996. He loves helping our clients with their kitchen renovation ideas and turning them into a reality.

Karen grew up in Western New York and has worked in agriculture, more specifically the greenhouse industry, since she was a teenager on her parent's farm in Chautauque County.

GET STARTED



RDC Covid Impact Fund Loan Analysis

Borrower:	Surianello General Concrete Contractor, Inc	Structure:	S-Corp	Year Established:	1967
Address:	635 Wyoming Ave.	City:	Buffalo	Zip:	14215
Website:	surianello.com	NAICS:	236116	SIC:	1522
Loan Amount:	\$250,000	Interest Rate:	1%	Term:	84 months
Monthly Payment:	\$4,273.44	Contact Name:	Frank Surianello	Site Visit:	At Closing
Purpose:	Trucks Purchase & Working Capital	Jobs Existing:	5	Jobs to be created:	0

SOURCES AND USES

Sources:	Amount	% of Project
RDC Loan	\$250,000	100%
Equity	N/A	0%
Total Sources	\$250,000	100%
Uses:	Amount	
RDC Loan		
Trucks Purchase	\$200,000	80%
Working Capital	\$50,000	20%
Total Uses	\$250,000	100%
Dollars Leveraged:	\$0	0%

COLLATERAL AND SECURITY

Collateral:	Lien on all business assets and Purchase Money Lien on two Mack Trucks Model No. GU813
Guarantors:	Unlimited personal guarantee of Frank Surianello

SUPPLEMENTAL INFORMATION

Fund Objectives:	Job Creation: <input checked="" type="checkbox"/> Job Retention: <input checked="" type="checkbox"/> Target Industry: <input type="checkbox"/> MBE: <input type="checkbox"/>
Fund Eligibility:	RDC Covid Impact Loan Fund: <input checked="" type="checkbox"/> Target Area: <input checked="" type="checkbox"/> Assistance to businesses to help adjust business model to meet current environment: <input checked="" type="checkbox"/>
Recommended By:	Gerald Manhard, Chief Lending Officer and Lynnette Bonilla, Credit Analyst
Loan Committee Vote:	Approved: <input type="checkbox"/> Declined: <input type="checkbox"/>
Date:	Signatures:

I. Background:

Surianello General Concrete Contractor, Inc. (SGCC) was founded in 1957 by Dominic Surianello in Buffalo NY, as a residential concrete contractor. SGCC is currently owned by Frank D. Surianello, a third generation of the Surianello family. Over the last sixty plus years, SGCC has become an industry leader for concrete construction by embracing industry trends and promoting a high standard of quality. SGCC has grown to become one of the leading heavy highway slip form concrete contractors in the northeast of USA. SGCC entered the heavy highway industry in the early 1960's when President Eisenhower began to develop the Interstate Highway System that we enjoy today. In 1972, Surianello was one of the first contractors to use slip form technology to install concrete curb and gutter, allowing the company to further expand its market presence in civil projects.

The company executives strongly believe in the concrete industry as a whole and invest time outside of regular business hours by being involved in important Union boards, trade associations, and community development program. SGCC is dedicated to their team, partners, suppliers, and customers which has enabled the company to become a permanent fixture throughout New York State and the Northeast. Over the next decade, because of the new Infrastructure Bill, the company believe the concrete construction industry will continue to grow substantially, and they plan to remain an industry leader.

- **Industry**-The Heavy/Highway Industry is expected to grow due to the anticipated Federal highway bill that will address America's aging infrastructure. The American Society of Civil Engineers (ASCE) recently graded America's Infrastructure as a "C- "[\(https://infrastructurereportcard.org/\)](https://infrastructurereportcard.org/). The current administration is set to introduce a bill that will invest heavily into the country's infrastructure. Over the long-term, it is expected more government funded heavy civil jobs and more domestic/private and commercial jobs. Furthermore, the industry is starting to become more eco-conscious and enforcing more stringent safety protocols. For the residential industry, there have been documented trends of homeowners spending more on home renovations due to Covid-19 pandemic; using stimulus money for home improvements projects; historically, low interests' rates for home projects and mortgages, and fewer vacations has increased the discretionary spending homeowners are using for the home environment (e.g., pools, patios, outdoor kitchens).
- **Market**
 - Heavy/Highway** (Public Works): SGCC provides request for proposals to customers throughout NY and neighboring states. These projects are mostly related to the infrastructure and interstate highway system and involve high volumes of sales and concrete.
 - Commercial**: SGCC provides concrete installation for commercial projects primarily located in Western NY. Growth is anticipated as the development of WNY increases.
 - Residential**-homeowners and developers in WNY with a minimum size project of 1,400 sq/ft and a minimum budget of \$11,000. Residential developers will be contacted after first year.

II. Project Description:

Surianello General Concrete Contractor, Inc. has applied for a \$250,000 RDC Covid Impact Fund Loan to assist the business to rework their business model. Like many companies across the state, the Covid-19 pandemic changed the industry in March 2020, the company lost substantial concrete jobs, had extensive delays for their current projects and their employees were overwhelmed and overworked. At the offset, once they made it through the 2020 summer and completed their existing obligations, the company realized that in order not only to survive, but thrive, they needed to do something different to reorganize their business model. Over the past few months, they have shifted focus from the heavy highway sector and zoned in on the residential market in WNY. It became clear that there is a high demand for residential concrete work and not enough concrete construction companies to fulfill this demand. SGCC is launching a residential concrete division, its original model, that will impact WNY and the company three-fold. Enable the company to hire more employees, offer a product that increases homeowner's investment and will allow to buy more raw materials and supplies from local vendors in WNY. The company will utilize the Covid Impact Fund Loan to acquire two used 2015 Model Mack GU813 cement truck mixers and to cover additional working capital needs like payroll, equipment, rent and insurance expenses.

III. Company Management:

Frank D. Surianello –Owner and President. Frank Surianello began working in the family business in 1975 receiving his Bachelor of Science in Civil Engineering in 1983 from Valparaiso University. He graduated with an MBA from Canisius College in 1994 and has been a licensed Professional Engineer in NY since 1992. Frank has served as Chairman of the New York State Chapter of the American Concrete Pavement Association (ACPA) since 2008 and was named National Chairman of ACPA in 2013, their 50th Anniversary year. He has been active in the Specifications Task Force jointly with the New York State Department of Transportation since 2000. Under his leadership, Surianello General Concrete Contractors, Inc. has worked throughout New York State, Massachusetts, Pennsylvania, Connecticut, and Delaware, and was the first company to slip-form concrete pavement within the five boroughs of New York City.

Catherine J. Surianello-Owner, Catherine has worked for SGCC for over 10 years. She focused on technology utilization and office logistics.

Jason Hyrek- Senior Project Manager, responsible for estimates, budgets, coordination, logistics, procurements, safety oversight and compliance.

IV. Financial Analysis (Refer to Schedule A):

Income Statements:

- Gross sales decreased 65% from YE 2018 to \$3.7 million for YE 2019. Sales for the company peaked in 2018 at \$11 million due to a large contract of \$10M the company acquired from the city of Burlington VT. Historically, Sales have typically ranged from \$3 to \$6 million. Due to the adverse economic impact of the Covid 19 pandemic gross sales decreased 9% from YE 2019 to \$3.4 million for YE 2020.
- The business suffered a loss of (\$271) in YE 2018 due to the high expense of materials, subcontractors and wages related to the \$10M contract with the city of Burlington VT.
- COGS as a percentage has fluctuated from 94% in 2018 down to 65% and 68% for YE 2019 and 2020, respectively. COGS projections are at 86% for projected YE 2021, 83% and 81% for projected YE 2022 and 2023, respectively. Most of the cost variances are associated with raw material expenses and labor costs.
- The building is owned by a real estate holding company the owner formed, Northeast Parkway Development Corp. SGCC pays rent to the RE holding company.
- The business returned to profitability and had sufficient cash flow for YE 2019 and 2020 to cover its existing debt service and the proposed RDC debt service with DSCR's of 4.5x and 3.5x, respectively.
- With the addition of the residential division, the business is conservatively projecting sales will increase 10% from YE 2020 to YE 2021, 12% from YE 2021 to YE 2022 and 10% from YE 2022 to YE 2023. Projections appear to be reasonable as projected annual income from the new division of the company is expected to range from \$363k to \$552k over the next 3 years.
- Projected DSCR for YE 2021, 2022 and 2023 is projected to be sufficient at 1.5x, 2.0x and 2.5x respectively, with the addition of the new residential division.
- Projections appear to be reasonable as the average contract size is estimated to be \$11k which translates to approximately 33 to 50 residential jobs annually for the projected years.
- At the end of 2020, the company had a backlog of \$4.6M of which \$1.9M is in new contracts.
- 2021 YTD (Jan-April) sales stands at \$350K with total expenses of \$491K resulting in a net loss of (\$140k). Losses during the 1st quarter of the year are common for this type of business due to seasonality nature of the concrete business.

Balance Sheets:

- Tangible assets are primarily comprised of accounts receivable, Investments and FFE which equated to \$2.5m at YE 2020.
- Liabilities are primarily comprised of long-term debt of \$203k owed to various banks for auto loans and SBA EIDL loan, accounts payable of 990K. Total liabilities equated to \$2M for YE 2020.
- The businesses working capital position as of 12/31/2020 was adequate at \$1.5M and the current ratio was good at 2x.
- The company's leverage position as of 12/31/2020 was good at .65x.
- Accounts Receivable days were at 104 days and represents three customers account for approximately 88% of the Company's outstanding accounts receivable balance as of December 31, 2020 caused by Covid-19 economic impact. A/R days are typical for contractors primarily working on government related contracts.

Schedule of Long-Term Debt:

Creditor Name	Secured By	Amount	Interest Rate	Monthly Payment	Annualized Payment
SBA-EIDL	ABA	\$150,000	3.75%	\$731	\$8,772
M&T LOC	ABA	\$500,000	3.25%	\$1,354	\$16,248
M&T LOC	ABA	\$25,000	4.50%	\$94	\$1,128
M&T LOC	ABA	\$725,000	3.00%	\$1,812	\$21,744
M&T Auto Loan	Auto	\$24,057	5.90%	\$720	\$8,640
Wells Fargo Auto Loan	Auto	\$16,193	5.90%	\$973	\$11,676
Wells Fargo Auto Loan	Auto	\$12,195	5.90%	\$729	\$8,748
Bank on Buffalo Auto Loan	Auto	\$30,619	5.90%	\$851	\$10,212
Proposed RDC TL	Vehicles	\$250,000	1.00%	\$4,273	\$51,276
Total		\$1,733,064		\$11,537	\$138,444

- M&T LOC's – analyst calculated payment based on full extension of the lines.
- SGCC received two SBA PPP loan; \$215,017 that has been fully forgiven and \$245,570 which is expected to be fully forgiven as well.
- Customer to request the SBA to subordinate the EIDL loan to the RDC loan to improve our collateral position.

V. Company's Ability to Pay:

	2018	2019	2020	Projected 2021	Projected 2022	Projected 2023
Net Operating Revenue	-\$270,911	\$492,740	\$370,720	\$213,625	\$269,515	\$348,894
Plus, Depreciation	\$61,192	\$69,067	\$75,561	\$0	\$0	\$0
Plus, Interest	\$47,767	\$53,948	\$29,492	\$0	\$1,794	\$1,613
Operating Cash Flow	-\$161,952	\$615,755	\$475,773	\$213,625	\$271,309	\$350,507
Annualized Debt Service (with proposed RDC loan)	\$138,444	\$138,444	\$138,444	\$138,444	\$138,444	\$138,444
Debt Coverage Ratio	-1.2x	4.5x	3.4x	1.5x	2.0x	2.5x

VI. Business Credit Reports

Business Name: Surianello Gen Concrete Contractors Inc	Equifax dated 5/21/2021
Public Records	None
Business Failure Risk Rating (1-9) *	5
Business Credit Risk Score (101-660) **	368
Alerts	Nothing Negative

* lower the number, lower risk

** lower the number, higher the risk

VII. Guarantor Analysis and Credit Report:

Name: Frank D Surianello	Equifax dated 5/21/2021
Credit Score	725
Public Records	None
Total Debt Listed on Report	\$599,872
Annual Debt Obligations	\$61,116
2019 Adjusted Gross Income (75 % of AGI)	\$152,635
Personal Debt Service Coverage	2.5x

- The guarantor has 13 active trade lines all being paid as agreed. His revolving debt limit has a 19% usage rate and has \$89k availability. \$63k of his total debt is for auto loans.

Name: Frank D Surianello

PFS Dated 10/20/2021

<u>Assets</u>		<u>Liabilities</u>	
Cash	\$15,236	Accounts Payable	
Savings Accounts		Notes Payable	
IRA	\$940,984	Loan on Life Insurance	
Life Insurance- CSV	\$112,340	Mortgages on Real Estate	\$525,000
Stocks/Bonds	\$504,183	Credit Cards	
Real Estate	\$1,200,000		
Automobile	\$25,000		
Other Personal Property			
Other Assets			
Total Assets	\$2,797,743	Total Liabilities	\$525,000
		Net Worth	\$2,272,743
		Total Liabilities and Net Worth	\$2,797,743

VIII. Global Cash Flow Inclusive of Guarantors and Business Debts:

	2018	2019	2020	Projected 2021	Projected 2022	Projected 2023
Business Cash Flow	-\$161,952	\$615,755	\$475,773	\$213,625	\$271,309	\$350,507
Guarantors Cash Flow (75% of AGI)	\$78,262	\$152,635	\$96,900	\$96,900	\$96,900	\$96,900
Total Cash Flow	-\$83,690	\$768,390	\$572,673	\$310,525	\$368,209	\$447,407
Business Annualized Debt (with proposed RDC loan)	\$138,444	\$138,444	\$138,444	\$138,444	\$138,444	\$138,444
Guarantors Annualized Debt	\$61,116	\$61,116	\$61,116	\$61,116	\$61,116	\$61,116
Total Annualized Debt	\$199,560	\$199,560	\$199,560	\$199,560	\$199,560	\$199,560
Debt Service Coverage	-0.4x	3.9x	2.9x	1.6x	1.9x	2.2x

IX. Collateral Analysis:

Description	Value	Discount	Collateral Value
Inventory	\$45,646	50%	\$22,828
A/R	\$976,079	75%	\$732,059
FF&E net of Depreciation	\$164,033	50%	\$82,017
Two Model 6-2015 Mack GU813 Concrete Mix Trucks (RDC Only)	\$200,000	75%	\$150,000
Total Collateral Value	\$1,385,758		\$986,904
Less:			
M&T	\$1,250,000		\$1,250,000
SBA-EIDL	\$150,000		\$150,000
Collateral to Secure Existing Debt			-\$413,097
New RDC Loan			\$250,000
Less: Value of Trucks (above)			-\$150,000
Collateral Excess/Shortfall			(-\$100,000)
RDC Loan Coverage:			0.60x

- Borrower to request the SBA EIDL loan be subordinated to the RDC

X. Job Creation:

The proposed RDC loan will allow the business to retain 5 full time employees and will assist with the projected growth of the company including future employment. The company contracts employees from various local union halls including Upstate NY Engineers 17, Cements Mason's Local Union 111, Labor's Local No. 91 to perform most job site work and contributes to their pension and health benefits. While not required, union personnel will be hired to complete the residential work.

XI. Strengths and Weaknesses:

Strengths:

- Except for 2018 the company had adequate cash flow to meet the current and proposed debt service
- Adequate projected cash flow to meet the current and proposed debt service
- Excellent personal credit of the guarantor
- The guarantor has a net worth of \$2M
- Job retention and future job creation
- The concrete industry is worth over \$37 billion and employs more than 2 million in the United States

Weaknesses:

- Collateral Shortfall
- The possibility of another economic shut down if there is a surge in Covid-19 cases
- Competitive business that relies on accurate estimating to ensure profitability is maintained

XII. Recommendation:

Based on the above case analysis, it is recommended the \$250,000 RDC Covid Impact Fund Term Loan be approved with the following terms and conditions:

Loan Amount: \$250,000
Interest Rate: 1%
Loan Amortization: 60 months
Loan Term: 84 months (First 12 months no payments, next 12 months interest only payments)
Monthly P & I payment: \$4,273.44

Security/Collateral:

- Lien on all business assets
- Purchase Money Lien on two Mack Trucks Model No. GU813
- Unlimited personal guarantee of Frank D. Surianello

Loan Conditions:

- Annually, receipt of CPA prepared financial statements and/or Federal Tax Returns containing all schedules within 120 days of Year End
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s) within 120 days of Year End.
- Receipt of annual Personal Financial Statements for all guarantor(s)
- Annual receipt of employment survey
- Annual site visits by RDC staff
- Closing costs to be paid by the borrower
- Borrower to request the SBA to subordinate to the RDC

SUPPLEMENTAL INFORMATION

RDC Loan Eligibility:

- The business is an eligible NAICS sector 236116 under the RDC Loan Administration Plan
- The loan will assist with the businesses working capital needs and enable it to overcome and adapt to the economic downturn caused by Covid-19
- The loan will enable the business to retain its 5 employees

Schedule A

Surianello Concrete						
Pro forma Financial Statements						
Three Years Ended						
	YR1		YR2		YR3	
Revenue:						
Cash Sales - Residential	\$ 363,209.00	9.7%	472,913.70	11.3%	552,347.76	12.0%
Cash Sales - SGCC Existing	\$ 3,385,304.00	90.3%	3,722,000.00	88.7%	4,044,700.00	88.0%
Total Sales	\$ 3,748,513.00	100.0%	\$ 4,194,913.70	100.0%	\$ 4,597,047.76	100.0%
COGS - SGCC Existing	\$ 2,538,978.00	67.7%	\$ 2,791,500.00	66.5%	\$ 3,033,525.00	66.0%
General & Administrative - SGCC Existing	\$ 684,000.00	18.2%	\$ 684,000.00	16.3%	\$ 684,000.00	14.9%
Expenses: Residential						
Material - ALL	100,780.96	2.7%	122,074.74	2.9%	148,451.71	3.2%
Gross Wages	108,085.00	2.9%	127,940.38	3.0%	146,774.24	3.2%
Equipment	3,352.00	0.1%	3,754.24	0.1%	3,866.87	0.1%
Demolition Costs	47,696.00	1.3%	60,096.90	1.4%	73,618.65	1.6%
Supplies	5,500.00	0.1%	6,000.00	0.1%	6,000.00	0.1%
Repairs & Maintenance	5,500.00	0.1%	6,000.00	0.1%	6,000.00	0.1%
Advertising	5,000.00	0.1%	5,000.00	0.1%	5,100.00	0.1%
Warranty costs	-	0.0%	19,851.16	0.5%	22,597.73	0.5%
Accounting & Legal	-	0.0%	8,500.00	0.2%	8,496.00	0.2%
Rent	10,896.27	0.3%	14,187.41	0.3%	16,570.43	0.4%
Telephone/Internet	1,500.00	0.0%	1,500.00	0.0%	1,500.00	0.0%
Utilities	3,600.00	0.1%	3,600.00	0.1%	3,600.00	0.1%
Insurance	15,000.00	0.4%	15,000.00	0.4%	15,600.00	0.3%
Management / Supervision	-	0.0%	45,000.00	1.1%	60,000.00	1.3%
Interest	-	0.0%	1,794.00	0.0%	1,613.00	0.0%
Other: Permits & Fees	5,000.00	0.1%	6,000.00	0.1%	7,000.00	0.2%
Website & Technology	-	0.0%	3,600.00	0.1%	3,840.00	0.1%
Total Expenses	\$3,534,888	94.3%	\$3,925,399	93.6%	\$4,248,154	92.4%
Net Income	\$213,625	5.7%	\$269,515	6.4%	\$348,894	7.6%

Name: Surianello General Concrete												
	Reviewed P&L 2018	% of Sales	Reviewed P&L 2019	% of Sales	Reviewed P&L 2020	% of Sales	Projected 2021	% of Sales	Projected 2022	% of Sales	Projected 2023	% of Sales
Gross Sales	\$10,788,154		\$3,766,374		\$3,422,680		\$3,748,513		\$4,194,914		\$4,597,048	
COGS	\$10,186,124	94%	\$2,435,136	65%	\$2,320,071	68%	\$3,222,978	86%	\$3,475,500	83%	\$3,717,525	81%
Gross Profit	\$602,030	6%	\$1,331,238	35%	\$1,102,609	32%	\$525,535	14%	\$719,414	17%	\$879,523	24%
Operating Expenses												
Salaries and Wages	\$307,084	3%	\$184,873	5%	\$100,520	3%	\$108,085	3%	\$127,940	3%	\$146,774	
Officer Salary	\$151,588	1%	\$145,585	4%	\$129,200	4%						0%
Repairs and Maintenance	\$6,686	0%	\$2,160	0%	\$258	0%	\$5,500	0%	\$6,000	0%	\$6,000	
Office Supplies	\$40,535	0%	\$42,625	1%	\$56,843	2%	\$5,500	0%	\$6,000	0%	\$6,000	0%
Bad Debt Expense (recovery)	-\$37,189	0%	\$11,814	0%								
Rent	\$54,000	1%	\$58,500	1.55%	\$63,000	1.84%	\$10,896	0.29%	\$14,187	0.34%	\$16,570	0.36%
Taxes and Licenses	\$28,288	0.3%	\$49,275	1.31%	\$44,421	1.30%		0.00%		0.00%		0.00%
Insurance	\$63,888	0.6%	\$52,088	1.4%	\$50,760	1.5%	\$15,000	0.4%	\$15,000	0.4%	\$15,600	0.4%
Professional Fees	\$101,522	0.9%	\$90,763	2.4%	\$65,726	1.9%	\$5,000	0.1%	\$6,000	0.1%	\$7,000	0.2%
Utilities	\$10,884	0.1%	\$10,005	0.3%	\$9,795	0.3%	\$3,600	0.1%	\$3,600	0.1%	\$3,600	0.1%
Dues and Subscriptions	\$32,019	0.3%	\$33,624	0.9%	\$13,991	0.4%						0.0%
Other Deductions	\$4,677	0.0%	\$34,171	0.9%	\$92,322	2.7%	\$158,329	4.2%	\$269,378	6.4%	\$327,472	7.1%
Depreciation	\$61,192	0.6%	\$69,067	1.8%	\$75,561	2.2%						
Interest	\$47,767	0%	\$53,948	1%	\$29,492	1%		0%	\$1,794	0%	\$1,613	0%
Total Expenses	\$872,941	8.1%	\$838,498	22.3%	\$731,889	21.4%	\$311,910	8.3%	\$449,899	10.7%	\$530,629	14.3%
Net Profit	-\$270,911	-3%	\$492,740	13%	\$370,720	11%	\$213,625	6%	\$269,515	6%	\$348,894	9%

ASSETS	12/31/2018	12/31/2019	12/31/2020
Current Assets			
Cash	\$240,664	\$39,406	\$155,597
Inventory	\$39,709	\$39,709	\$45,646
Accounts Receivable	\$4,012,238	\$813,951	\$976,079
PREPAIDS	\$76,000	\$76,000	\$82,442
Due from related parties	\$0	\$0	\$349,463
Investments-available for sale	\$2,136,411	\$2,452,921	\$1,221,444
Contract Assets	\$98,164	\$494,977	\$691,539
Total Current Assets	\$6,603,186	\$3,916,964	\$3,522,210
Fixed Assets			
FF&E net of Depreciation	\$207,584	\$225,821	\$164,033
Due from related parties	\$896,100	\$1,053,261	\$1,809,299
Total Net Fixed Assets	\$1,103,684	\$1,279,082	\$1,973,332
TOTAL ASSETS	\$7,706,870	\$5,196,046	\$5,495,542
LIABILITIES AND MEMBERS EQUITY			
Current Liabilities			
Accounts payable	\$3,513,479	\$966,829	\$990,482
Notes Payable in less than a Year	\$494,278	\$142,679	\$388,644
Accruals	\$76,162	\$54,568	\$53,122
Other Current liabilities	\$686,700	\$600,030	\$537,746
Total Current Liabilities	\$4,770,619	\$1,764,106	\$1,969,994
Long-term Liabilities			
Notes Payable in more than a Year	\$78,241	\$81,190	\$203,418
Deferred Tax Liability	\$49,877	\$49,877	\$0
Total Long-Term Liabilities	\$128,118	\$131,067	\$203,418
TOTAL LIABILITIES	\$4,898,737	\$1,895,173	\$2,173,412
Equity			
Common Stock	\$165,026	\$165,026	\$165,026
Retained Earnings	\$2,360,809	\$3,135,847	\$3,157,104
Accumulated other comprehensive income	\$282,298		
Total Member Equity (deficit)	\$2,808,133	\$3,300,873	\$3,322,130
TOTAL LIABILITES AND MEMBERS EQUITY	\$7,706,870	\$5,196,046	\$5,495,542

