

Application for assistance to  
Canada - Saskatchewan Special ARDA Program

for

Implementation of the Retail Firewood Business

Submitted by  
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## BACKGROUND

The Lebret Farm Land Foundation Inc. was incorporated in 1986 to hold and administer the farm property transferred to it by the Province of Saskatchewan. The shareholders of the Lebret Farm Land Foundation is the South East Area AMNSIS, which is owned by its members. The Foundation leased the farm from the Province in 1986 and title was transferred in 1987. The other two sister organizations owned by the South East Area AMNSIS membership are the Kapachee Training Center and the Valley Development Corporation. Kapachee Training Center has been actively operating training programs since 1976 and the Valley Development Corporation has just recently been formed and has had no active businesses to date.

The Foundation is administered by a nine person board of directors, appointed by the South East Area membership and the South East Area Board. The Lebret Farm Land Foundation Inc. administers the 2,500 acre farm and the buildings on the farm. The main policy to date has been to lease the farm for grain, hay and grazing purposes and the buildings for residences, grain storage and livestock use. This policy has been implemented due to the state of agriculture and the very limited amount of capital available for equipment and operating.

The Lebret Farm Land Foundation Inc. used a combination of Special ARDA and MEDFO funding to hire a Farm Manager in September, 1987. This funding covered salary, travel costs and office costs for one year. It is planned to resubmit this application for a second year. Peter McLaren was hired as manager to manage the farm for the benefit of the membership through the implementation of agricultural, industrial and tourism related projects. Actively managed projects in 1987 were a 75 acre field of barley which qualified for malting purposes and an acre of potatoes which yielded 16,000 pounds. The balance of the farm, including the ten residences, continue to be rented out. This proposal is the first major project of the Foundation. The budget requests for the Farm Manager's position are attached.

## GENERAL

The plan is to operate a firewood business with the emphasis on the processing and retailing of the wood. Minor aspects will be some local wood salvaging, wholesaling of packaged wood and marketing of related wood products such as slabs, untreated posts and sawlogs. The supply will be primarily semi-trailer lots of several wood species from the northern Saskatchewan forest. Processing will be mainly sawing, splitting and seasoning. Marketing will be mainly yard sales and delivery sales to the Regina fireplace market, the resort area campfire market and the market in surrounding towns and villages.

This business was selected for several reasons. Our location is excellent from the stand point of visability, access to two highways and a railway, proximity to markets and proximity to supply. It utilizes our existing resources well, particularly the yard site, shop, office, shelters and equipment. It suits the targeted employment group, which is our membership. It is financially feasible as the farm contribution when added to existing support programs (Special ARDA, CEIC and SNEDCO) make a package which looks good to all parties. The market potential is excellent due to lack of established competition and expansion of the number of residences with fireplaces. The budget balances and there is good potential for expansion.

The objective is to make profitable use of the farm resources and to employ members. The Foundation is incorporated as a non profit organization. It is planned to transfer the business to the Valley Development Corporation when the business is developed and when the Valley Development Corp. is in a position to take over active operation. The Valley Development Corp. is a profit seeking corporation also owned by the South East Area AMNSIS membership.

## MARKETING

The budget is based on the sale of birch, jackpine and poplar in split or round form, depending on demand. Sales are projected at 50% yard sales and 50% delivered sales. Some of the wood is to be sold in packaged form, either as bundles or in boxes. Some wood will probably be purchased in the form of slabs from mills as this is a source of large quantities of seasoned wood located in a good position for trucking. The budgets for years two and three are based on sales of 1,000 cords per year.

A major source of demand will be the Regina fireplace market. The 60,000 residences in Regina are estimated to have 18,000 fireplaces. If we can capture 10% of the market at 1/2 a cord per year it will be a market of 900 cords per year.

This should be feasible as there is presently no one in Regina who sells wood as a major part of an on going business. House construction in Regina continues with a high percent of new houses having fireplaces. Natural gas prices have continued to rise and can be expected to rise further when oil prices have their next big upturn. This should further enhance wood as a fuel source. The present suppliers of wood to Regina are largely part time operators that are not very visible or established. These conclusions were reached as a result of personal contact by the farm manager and supporting conversations with several buyers at the retail level. An extreme example of the problems with present suppliers is that on Friday, October 30, I was unable to purchase a trunkload of firewood in Regina from any of those advertising firewood in the telephone book or the Regina Leader Post. The reason varied considerably and this difficulty is not considered normal.

The campfire market in the valley is also a source of sales. The largest single buyer is Parks and Renewable Resources, who buy 30 - 60 cords per year. In addition many cottagers need a supply for outdoor summer fires. There are several youth camps in the area that use wood for campfires. The main wood used will be pine or possibly spruce.

The other major source will be the cottagers with fireplaces and the permanent residences using wood in the valley, surrounding towns and Indian Reservations. The population is 7,000 permanent valley residents in the winter and 17,000 in the summer. There are presently two part time suppliers as competitors.

The more distant markets of Moose Jaw, Weyburn, Estevan and surrounding towns have not been checked out but the lack of local trees suggests potential.

It is expected that the availability of a reliable supply of a variety of species in the form preferred will enhance the use

of wood sufficiently that there will be little effect on existing suppliers. The distance to Regina is 50 miles which should be economic when compared to the fact that I interviewed two suppliers delivering 200 miles to Regina with the same sized truck.

Promotion is planned to be in the form of large billboards on the highways on our own land and vivid signs on our trucks. The presence of large piles of firewood within sight of the highway will enhance our visability. Advertizing is intended in telephone books and in newspapers. Pedølling by the bundle at Farmers Markets is intended as a way of soliciting bulk orders and becoming better known.

Retail sales are intended to be by cash or cheque. Terms may have to be given for any wholesale sales. Provisions have been made for 1% bad debts. The possibility of credit card sales has not yet been checked out but will be considered.

A market survey for firewood sales in Saskatoon and Regina was done by the Saskatchewan Department of Industry and Commerce in 1980. We are encouraged by the attached conslusions which appear to be still relevant.

## OPERATION

Supplies of pine and spruce are expected to be in seasoned form and semi-seasoned form. An example is the supply of 8 foot jackpine available from Par Industries at Prince Albert at \$30.00 per cord plus trucking. Large loads are possible due to the lighter weight of the seasoned wood, the unloading technique of using trip stakes and overweight permits in the winter months. A supplier of spruce is Provincial Forest Products at Prince Albert who can supply the tops from their post operation at a similar price. Trirak Industries of Nipawin will deliver pine slabs from their pine shake business in bundled half cord form at a price lower than other forms of firewood. This can be sold in the mix, as bundles, as split wood and as useable salvaged slabs.

Birch supplies are to be purchased primarily from the area south of Hudson Bay in both seasoned and green form. Several suppliers of split seasoned wood have quoted \$120.00 - \$130.00 per cord in semi trailer lots. These quotes are in peak season and it is expected that better prices will be available when our first purchases are made in the off season. We are attempting to negotiate with a major contractor supplying the MacMillan-Bloedel plant at Hudson Bay to supply us with green birch following their contract obligation. The weight is so heavy that well equipped contractors will be necessary. The outlook is promising and will give us the value added plus factor.

Poplar supplies will be obtained from farm woodlots close enough to deliver and from agricultural land clearing projects north of Yorkton. A further source will be our own ability to do some local harvesting and to provide a local tree removal service. As suppliers of poplar that are in the business do not seem to exist it has been difficult to get quotes. Advertising is expected to produce suppliers.

Purchasing will be done mainly in the winter months when overweight permits can be obtained. Due to the high cost of trucking, rail shipment is being checked out but quotes are not yet received.

We expect to pay by check upon receipt and verification of quality and volume. Inventories will be stored outside until processed and in sheds when processed, ensuring a continuing supply of dry wood regardless of the weather.

## FACILITIES

The farm headquarters facilities are on E 1/2-15-13-21W2. The outdoor woodlot will be on established grass surfaces and corral surfaces. Processed wood will be stored in under two hay shelters and nine cattle shelters. If needed, there is also available a large quonset style sheep barn and two smaller quonsets. The farm shop is heated and has washroom facilities. It will be used to house equipment in the winter and for servicing. The farm office is equipped with heat and a washroom, and a telephone will be installed. It is to be used for classroom purposes along with the shop. The ten residences on the farm are available to provide low cost housing for employees and trainees.

The office facilities and staff of the Kapachee Training Center in Fort Qu'Appelle are available for the taking of telephone orders, accounting services and office support services.

Present useable farm equipment included a Model 930 Case tractor with cab and hydraulics. The South East Area has available a Case 1845 Skid-steer loader with bucket and trailer. They also have a 1978 Chev three ton truck with flat deck and hitch. There are other small pieces of equipment and tools available.

Equipment to be purchased includes two fuel tanks and a welder. The truck will be equipped with a hoist and deck to increase labor efficiency. Two good quality chain saws will be purchased plus a power take off driven saw. The P.T.O saw will be a gang saw if one can be found and a moveable table saw if it cannot be found. A used agricultural tractor with a 3 point hitch will be purchased. Two conveyors will be purchased and renovated. These will be square bale elevators converted for wood and equipped with gas or electric motor. Two log splitters will be obtained, one a home built fly-wheel type and the other a commercial hydraulic splitter. An attractive alternative is a home built splitter with high capacity built on the principle of the hydraulic press. Two bucket attachments for the Bobcat loader will be needed and fabricated.

A line of safety equipment for employees will include safety pants, safety boots, safety gloves and hard hats with safety screen and ear protectors.

A used heavy half ton or 3/4 ton truck will be purchased for delivery of small local orders and for the use of staff for servicing and movement of men and equipment.

As equipment suppliers are very limited a considerable amount of the equipment will have to be fabricated. Some of this can be done as part of the welding course and the rest by commercial machine shops.



## MANAGEMENT

The Board of Directors for the Lebret Farm Land Foundation Inc. is a nine person board and the present signing officers are as follows:

President - Napoleon LaFontaine, Lestock, a business man.

Paul Tourond, Lebret, a student counsellor

Dominic LaFontaine, Lipton, a business man

The executive and the board direct the policies and projects of the farm.

The position of Farm Manager is held by Peter McLaren, a professional Agrologist. He is in charge of the overall operation of the farm and its administration. One of his duties is to prepare and implement projects such as this. His personal resume is attached.

The project manager has not yet been hired but inquiries for a suitable person have been made. As the project manager will be the key person involved, selection will have to be done very carefully. Experience in bush work will be essential as we must have at least one experienced person on staff. He will be expected to train staff in the on-the-job training portion of the training period. He will have to be able to both train and manage staff as well as meet the public for sales purposes.

Office services will be provided by the Kapachee Training Center staff, consisting of Pat Currie, Coordinator and Laura Ross, secretary.

Some knowledgeable people who have been consulted in formulating this plan are Tony Richmond, a forestry consultant at Prince Albert, Dale McCosham, the manager of Par Industries at Prince Albert, which is the closest business in Saskatchewan to what is proposed here and William Odnokon, the proprietor of Imperial Coal and Wood, Saskatoon. Minor consultations have been done with about 30 others in the areas of equipment supply, wood supply, finance, processing, marketing, transportation and training.

## TRAINING AND ABNORMAL EXPENSES

The 35 week training period is planned to run from February 29 to October 28, 1988. It will be broken into 14 weeks of classroom and 21 weeks of on-the-job training. There will be three training agencies used to cover three aspects of skills required.

Driver training with heavy emphasis on safety will be emphasised. The objective is to reduce down time due to truck accidents as well as enhancing our reliability and image. An important part will be to ensure that employees can locate Regina addresses for delivery purposes. Our truck has a two speed axle that requires understanding and familiarity.

The Agricultural program of the Wascana Institute will provide four courses aimed at enhancing ability to operate, maintain, and repair equipment. There will be two additional courses given to enhance record keeping and mathematical skills and ability to fulfill the sales component. The shop practices course includes a major portion on safety. Facilities used will be the farm shop and office.

The Parkland Community College will provide a series of career development workshops. These are aimed at making better employees of out trainees. Relationships between employees and with the supervisor should be improved with a beneficial effect on productivity and customer relations. Those employees not employed full time by the farm will find their job seeking skills and employment considerably enhanced.

Attached is the Wascana Institute's course outline and the covering letter from all three training agencies.

The on-the-job training will emphasize equipment operation, work habits and job attitude. The project manager will be supported in this portion by the farm manager. Life skills will be viewed as important and will be developed.

The abnormal expense is for modification of the existing accounting system to produce a partial budget and to provide the required future audited statements.

Funding for the project manager and the trainees salary and benefits is to be provided by the Job Development section of the Canadian Job Strategy of Employment and Immigration Canada. They are being asked to fund the cost of instructors, their travel and expenses, materials and some equipment rental. Funding of the accommodation, and the research is provided by the Lebret Farm Land Foundation Inc..

## EMPLOYMENT

The eight month training period from March to October, 1988 inclusive, will employ a project manager and nine trainees. The managers wage will be \$400.00 per week and his skills were outlined in the management section. The trainees are to be selected with priority given to members of the South East Area AMNSIS and members families. Grade 8 level and good physical condition will be job requirements and the salary will be \$200.00 per week. The attached summary of the area is submitted as support that the people are available. This survey was done in 1982 and updated in 1985.

Immediately following the training period, full time permanent staff will be hired. It is probable that the project manager will be hired as the firewood manager. Three of the trainees will be selected as firewood employees.

In the training period a minimum of seven of the ten employees will be of Indian decent and in the operational period three of the four employees will be of Indian decent.

If business is better than projected, if peak periods pressure job completion or if absenteeism is a problem, then casual labour will be hired.

Low cost housing on the farm at \$225.00 per month for a three bedroom house will be available to all employees. This should encourage stability, among employees. Other fringe benefits will include workmans compensation, three weeks holidays and statutory holidays. Remuneration in the full time employment period is to continue at the training rate.

An indirect employment opportunity for trainees will be the contracting of local supply of hardwood. We expect to purchase \$15,000.00 of this wood per year and our trainees will be excellent contractors or contractors employees.

## EQUITY

The equity provided by the Lebret Farm Land Foundation is valued at \$41,000.00, which is a conservative and minimum amount. Other buildings such as the sheep barn will be made available if needed. The Bobcat or skid-steer loader has a trailer and is very conservatively priced.

The owner of the Bobcat and truck is the South East Area and the availability is to be confirmed.

The cash is to be available on an interim basis in the amount of \$21,000.00 until the second Special ARDA payment is received, probably in August. This cash is presently on deposit at prime minus 2% with the Saskatchewan Wheat Pool as day money.

The documents submitted as support of our position are the attached 1986 - 1987 audited statement, the unaudited 1987 eight month statement and the cash flow for the non project farm costs.

The farm, to which the Lebret Farm Land Foundation Inc. has clear title, was appraised at \$1,650,000.00 in 1986. It is the firm policy of the board not to mortgage any portion of the farm.

## FINANCING

Financing is to be provided from the following four sources:

1. Special ARDA - \$63,526.00 *61,270*  
Comprised of: Pre-operating costs \$ 2,561.00  
Capital cost of equipment 23,250.00  
Working capital 31,715.00  
All funded at 50%  
Abnormal costs 6,000.00  
Funded at 100%
  
2. SNEDCO - \$67,000.00  
Loan to cover the 50% not provided by Special ARDA and to provide for unexpected expenditures.  
Security is to be a general charge Personal Property Security Agreement (PPSA) provided by the Lebret Farm Land Foundation Inc. It is repayable at interest only (prime + 3%) for 10 months and amortized principal and interest payments over the remaining portion of the eight year life of the loan. Payments are to be monthly.
  
3. Employment and Immigration of Canada - \$105,072.00  
For nine trainees and one project manager  
Salaries + benefits \$84,700.00  
Cost of courses 17,671.00  
Equipment rental + supplies 2,800.00 *+ utility costs.*
  
4. Lebret Farm Land Foundation Inc. - \$62,000.00  
This is made up of \$41,000.00 existing land, buildings and equipment including the two machines owned by the South East Area. The \$21,000.00 is intended to be in lieu of bridge financing for the Special ARDA funds in order to reduce borrowing costs. On receipt of the Special ARDA funds, this money will be used for other farm purposes.

*TOTAL FINANCING 296,000*

All of the above applications are submitted and approval of each is expected to be conditional upon approval of the others.

## POLLUTION AND OTHER REGULATORY REQUIREMENTS

The farm is sufficiently remote that there is no problem with either neighbors or towns. The closest occupied farmstead and the Village of Lebret are both over one mile. Fort Qu'Appelle is over three miles. Debris will be dumped rather than burned. We will try to sell the sawdust.

Any noise pollution would only affect the occupants of the farm houses. The Rural Municipality of North Qu'Appelle secretary advised that this would be viewed as part of an agricultural project. The Highway Traffic Board advised that commercial plates would be required on the trucks as they are used for delivery and that ordinary drivers licenses would be sufficient.

Delivery of an order would not require Peddler's Licenses but some communities will require a permit for door to door sales. This type of selling is not presently planned.

Regulatory requirements for this business appear to be minimal.

*PROV + REG SALES TAX*

## ECONOMIC AND SOCIAL BENEFITS

The direct benefit will be the permanent employment of the project manager and the permanent employment of three workers. There is the further benefit of training of nine trainees, who will then have skills, habits and a reference to take to the workplace. As this is a low paying job due to narrow margins, a high turnover is expected. This will therefor be an ongoing benefit to the membership as a job opportunity.

A spinoff benefit is that four salaries in a basic industry will be provided with their full multiplier effect. This will add stability to the farm and some integration of labour is expected as the farm becomes more operational. It is expected that this will lead to lower turnover of house tenants to everyones benefit.

As this business develops, profits will be used for further expansion of the wood business or related farm and firewood sidelines. Employment will expand with it. This proposal may well be conservative as the consultant believes the potential to be four times that projected. An increase in oil and gas costs would greatly boost wood sales.

In short, this is a sound business that will have many minor problems but which should be quite disaster proof. A strong plus factor is the ability to keep much of the wood under roof where it will keep indefinitely should markets prove less than projected. It compliments the farm assets and structure very well and will prove to be an excellent first major project for the Lebret Farm Land Foundation Inc.

PROJECT COSTS

FUNDING SOURCES

		Totals	
Pre-operating Expenses:			
Consultant Services	0	-----	
Loan Negotiation fee	610		
Legal	0		
Pre-promotion	2,000		
Travel	0	2,610	
		-----	
Capital Costs:			
Building - ineligible	17,000		
Bobcat - ineligible	6,000		
Equipment - eligible	30,500		
Land - ineligible	10,000		
Tractor (1) - ineligible	3,000		
Tractor (2) - eligible	5,000		
Office Equip't - eligible	1,000		
Vehicle (1) - ineligible	5,000		
Vehicle (2) - eligible	10,000	67,500	
		-----	
Working Capital:			
Op'g Cash Shortfall	0		
Prepaids:			
- insurance	1,000		
- licence	1,400		
- rent for forklift	0		
- property taxes	0		
Start-up:			
- cash - ineligible	5,000		
- wood inventory	55,030		
- fuel & supplies	6,000	68,430	
		-----	
Abnormal Operating			
Accounting Costs	4,500		
Setting Up Books	1,500	6,000	
		-----	
Training			
Course Costs	20,671		
Specify CEIC	85,470	106,141	
		-----	
TOTAL PROJECT COSTS		\$270,681	
		=====	

			Totals	
Borrowed				
Land & Bldg Mortgage				
Chattel Mortgage				
Snedco Loan - mortgage (8 year)		62,920		
- operating (2 mths)		33,215		
Leonet Farm - bridge		19,945	60,920	
Contribution or Grants				
SARDA				
Pre-operating	1,305			
Capital Costs	23,250			
Working Capital	31,715			
Abnormal	6,000			
Training	0			
		-----		
Total		62,270		
Less Holdback		(4,650)	57,620	
		-----		
CEIC (specify)			106,141	
DIAND (specify)			0	
Other (specify)			0	
Other (specify)			0	
Other (specify)			0	
Other (specify)			0	
Other (specify)			0	
			-----	
Total			163,761	
			-----	
Equity				
Cash			5,000	
Assets - PO (1)		0		
- CC (2)		41,000		
- WC (3)		0	41,000	
		-----		
Total			46,000	
			-----	
Sweat Equity			0	46,000
			-----	
TOTAL FUNDING SOURCES				\$270,681
				=====

NOTES TO EQUIPMENT COSTS

1. Welding Machine	\$1,400
2. Truck Deck/Hoist	5,500
3. Gang Saw (5 saws)	3,200
4. Stackers (2)	6,600
5. Log Splitters	6,000
6. Chain Saws (2)	1,700
7. Tying Machine	2,100
8. Tools (Bobcat attachments etc.)	2,300
9. Fuel Tanks	1,700
	-----
	\$30,500
	=====



PROFORMA INCOME (Years 1-3)

	% TR	Year 1	% TR	Year 2	% TR	Year 3
<b>REVENUE</b>						
Birch - yard sales	11.9%	13,000	13.0%	22,000	14.3%	24,255
- deliver sales	13.1%	14,300	14.3%	24,200	15.8%	26,681
- package sales	18.4%	20,000	17.7%	30,000	19.5%	33,075
Pine - yard sales	10.8%	11,700	10.8%	18,200	11.9%	20,066
- deliver sales	12.4%	13,500	12.4%	21,000	13.7%	23,153
- package sales	3.7%	4,000	3.5%	6,000	3.9%	6,615
Poplar - yard sales	10.6%	11,500	11.2%	19,000	12.4%	20,948
- deliver sales	12.7%	13,800	13.5%	22,800	14.5%	25,137
- package sales	6.4%	7,000	3.5%	6,000	3.9%	6,615
<b>TOTAL REVENUE</b>		<b>108,800</b>		<b>169,200</b>		<b>186,543</b>
less cost of:						
- Birch	-13.0%	(14,186)	-14.0%	(23,710)	-15.4%	(28,747)
- Pine	-11.5%	(12,560)	-11.9%	(20,138)	-12.1%	(22,618)
- Poplar	-11.1%	(12,038)	-11.8%	(19,834)	-12.1%	(22,614)
<b>OPERATING REVENUE</b>	<b>64.4%</b>	<b>70,015</b>	<b>62.3%</b>	<b>105,468</b>	<b>60.3%</b>	<b>112,554</b>
<b>OPERATING EXPENSES</b>						
Accounting	2.8%	3,000	0.9%	1,500	0.8%	1,500
Advertising	2.5%	2,750	0.6%	1,000	0.5%	1,000
Bad Depts	1.0%	1,088	1.0%	1,692	1.0%	1,855
Bank Charges	0.3%	285	0.2%	296	0.2%	308
Clothing	0.5%	525	0.4%	600	0.4%	700
Consulting Services	0.0%	0	0.0%	0	0.0%	0
Course Costs	19.0%	20,671	0.0%	0	0.0%	0
Employee Wages	67.5%	73,400	18.4%	31,200	17.4%	32,448
- benefits	7.0%	7,585	1.2%	1,956	1.1%	2,044
Insurance	0.9%	1,000	0.5%	1,050	0.6%	1,103
Loan neg't fee	0.6%	610	0.0%	0	0.0%	0
Legal	0.0%	0	0.0%	0	0.0%	0
Licence	1.3%	1,400	0.9%	1,456	0.6%	1,514
Management Wages	19.3%	21,000	12.4%	21,000	11.3%	21,000
- benefits	1.8%	1,981	0.8%	1,323	0.7%	1,323
Office & Misc. Supplies	1.5%	1,632	1.1%	1,800	1.0%	1,900
Property Taxes	0.0%	0	0.0%	0	0.0%	0
Rent for forklift	0.6%	650	0.9%	1,500	0.6%	1,500
Telephone	0.8%	900	0.6%	945	0.5%	983
Travel	0.6%	600	0.4%	650	0.4%	700
Utilities (heat/power)	1.2%	1,355	0.8%	1,409	0.8%	1,456
Vehicle/tractors - gas & oil	8.0%	8,704	7.1%	12,013	6.7%	12,494
- repairs/maintenance	2.5%	2,720	2.0%	3,384	1.9%	3,519
<b>TOTAL OPERATING EXPENSES</b>	<b>139.6%</b>	<b>151,856</b>	<b>50.1%</b>	<b>84,784</b>	<b>46.8%</b>	<b>87,357</b>
<b>OPERATING PROFIT</b>	<b>-75.2%</b>	<b>(81,841)</b>	<b>12.2%</b>	<b>20,684</b>	<b>13.5%</b>	<b>25,197</b>
less - depreciation	-13.3%	(14,450)	-6.6%	(11,238)	-4.7%	(8,796)
- interest	-7.3%	(7,920)	-4.5%	(7,587)	-3.6%	(6,799)
- interest on line of cred	0.0%	0	0.0%	0	0.0%	0
<b>NET INCOME (Loss) before tax</b>	<b>-95.8%</b>	<b>(104,210)</b>	<b>1.1%</b>	<b>1,859</b>	<b>5.1%</b>	<b>9,602</b>
less - income tax	0.00%	(0)	0.00%	(0)	0.0%	0
<b>NET INCOME (LOSS)</b>	<b>-95.8%</b>	<b>(104,210)</b>	<b>1.1%</b>	<b>1,859</b>	<b>5.1%</b>	<b>9,602</b>

PROFORMA CASH FLOW (Years 1-3)

	Year 1	Year 2	Year 3
<b>CASH SOURCES:</b>			
Beginning Cash Balance	5.000	65.669	81.164
- cash equity			
- loan - mortgage			
- term			
- bridge			
- net income (loss)	(104.210)	1.859	9.602
- Special Area	54.620	1.500	6.150
- accounting & system	1.500		
- advertising	2.000		
- depreciation	14.450	11.238	8.796
- course costs (CEIC)	20.671		
- consulting services	0		
- employee wages/benefits (CEIC)	69.930		
- insurance	1.000	1.050	1.103
- inventory C.O.G.S.	38.765		
- inventory decrease		6.721	429
- loan neg't fee	610		
- legal	0		
- licence	1.400	1.456	1.514
- management wages/benefits (CEIC)	15.540		
- property taxes	0	0	0
- rent	0		
- travel	0		
<b>TOTAL CASH SOURCES</b>	<b>121.295</b>	<b>89.493</b>	<b>100.758</b>
<b>CASH OUTLAYS:</b>			
- accounting			
- buildings			
- (contributed assets)			
- course costs			
- consulting services			
- equipment			
- furniture & fixtures			
- incorp/legal			
- training			
- insurance - prepaid	1.050	1.103	1.158
- interest paid			
- inventory - birch	0	0	0
-           - pine/spruce	0	0	0
-           - poplar	0	0	0
- land & improvements	0		
- land survey			
- licence	1.456	1.514	1.590
- loan principal amt (3)	19.905	5.712	6.500
- Snedco 2 mth loan repaid	33.215		
- office equipment			
- pre-promotion			
- city taxes - prepaid	0	0	0
- rent for forklift			
- setting up books			
- (sweat equity)			
- supplies			
- tools			
- travel			
- vehicles			
<b>TOTAL CASH OUTLAYS</b>	<b>55.626</b>	<b>8.329</b>	<b>9.248</b>
<b>CASH BALANCE</b>	<b>65.669</b>	<b>81.164</b>	<b>99.510</b>
- add line of credit	0	0	0
<b>ENDING CASH BALANCE</b>	<b>65.669</b>	<b>81.164</b>	<b>99.510</b>

year 2

	corcs	\$/corc	\$ value
Sales			
Birch - yard sales	110	\$200.00	\$22.000
- delivery sales	110	\$220.00	\$24.200
- package sales	80	\$375.00	\$30.000
Pine - yard sales	140	\$130.00	\$18.200
- delivery sales	140	\$150.00	\$21.000
- package sales	20	\$300.00	\$6.000
Poplar - yard sales	190	\$100.00	\$19.000
- delivery sales	190	\$120.00	\$22.800
- package sales	20	\$300.00	\$6.000

year 3

	corcs	\$/corc	\$ value
Sales			
Birch - yard sales	116	210	\$24.265
- delivery sales	116	231	\$26.661
- package sales	84	394	\$33.075
Pine - yard sales	147	137	\$20.066
- delivery sales	147	158	\$23.153
- package sales	21	315	\$6.615
Poplar - yard sales	200	105	\$20.948
- delivery sales	200	126	\$25.137
- package sales	21	315	\$6.615

YEAR 1 INVENTORY SCHEDULE

Firewood Purchased		# of Cords	Cost/cord	\$ value of cords
Birch:	split	35	\$128.00	\$4.480
	: green	240	\$70.00	\$16.800
Pine		300	\$65.00	\$19.500
Poplar		300	\$47.50	\$14.250
Total		875	\$63	55.030

		\$ Value	Cords
Inventory Sold	Birch	14.166	163
	Pine	12.560	193
	Poplar	12.038	253
	Total	38.765	630
Inventory Left	Birch	7.034	92
	Pine	6.940	107
	Poplar	2.212	47
	Total	16.245	245