



News

Financing Risk Assessment - NC Craft Brewers Guild

11.09.2017

On Nov. 9, 2017, Keith Kapp and Jennifer Morgan attended and gave a presentation at the North Carolina Craft Brewers Guild's 4th annual NC Craft Brewers Conference and Trade Show. Their presentation was about Financing Risk Assessment and addressed financing for breweries in the evolving craft brewing industry. The presentation included information to help breweries obtain financing, including information on small business loans, traditional loans and advice from a legal and banking perspective. See below for a checklist financing that breweries may find helpful.



Panel Checklist to Finance & Mitigate Risks

NORTH CAROLINA CRAFT BREWERS GUILD ANNUAL CONFERENCE
WILSON-CAROL, NORTH CAROLINA | NOVEMBER 9, 2017

Be Aware of Craft Beer Realities

- Taproom sales make or break your brewing venture (2017* per 140)
- Do not count distribution of draft and package beer as your path to success (2017* per 140)
- Quality is essential, have commercial brewing experience
- Do not trust the folks who live your beer

U.S. Small Business Administration Loans

- Good for start-ups and challenges
- Longer process
- A few failures
- Need for experienced lender

Two Programs

- 7(a) - Can finance fixed assets, not working capital
 - Term: 10-25 years
 - Equity requirement up to lender
 - Can be projection based
 - Fully secured

504 - For fixed assets only

- Term: either 10 or 20 years
- Equity requirement either 10% or 15% of project costs
- Usually fixed rate
- Pre payment penalties
- Collateral: usually project assets only

Additional

- 20%+ owner must guarantee
- \$5.0 million limit, including affiliates
- 50% must be owned by U.S. citizen or resident alien
- Personal history
- Life insurance
- Microcosmic

Operating agreements should be structured as first ownership-preferred returns seen as additional debt.

Documentation Requirements

- Personal financial statement
- Last three years personal tax returns and management
- Application form
- Last three years business tax returns
- Recent balance sheet and income statement
- Accurate receivable and payable report to coincide with balance sheet
- Names, 50% and ownership percentage of 50% of company
- Three years cash flow projections with the first year monthly
- Narrative business history or business plan

Related People

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Related Services

- Alcoholic Beverage Control