

## Funding Information

- a. Total amount requested:
  - \$150,000 from CSF (the total budget needed is \$250,000)
- b. Budget breakdown (table or itemized budget), clearly indicating which budget items you are asking the CSF to fund
  - For student staff, the hourly rate is set to be \$20/hour with 30% indirect cost (tax and benefit).
  - For the farm manager position, the monthly salary is set to be \$5000 with 30% indirect cost (tax and benefit).
  - For the Cost of Goods Sold (COGS), it's estimated to be 10% of the revenue for herbs sold in wholesale price and it's estimated to be 20% of the revenue for the microgreens sold in wholesale price.
  - For the rent, it's estimated to be \$1 per square foot, for a \$3000 monthly leasing fee. This estimation is based on the market rate of warehouse leasing in the Seattle area.
  - For utilities, we estimate 900 KWh usage daily. Based on the current electricity rate from Seattle City Light, we estimate a \$3000 monthly utility cost.
  - For hardware, we estimated the total cost to be \$150,000. The initial capital cost will cover 1000 sq. ft. worth of ZipGrow units (including 450 growing towers, high intensity LEDs, submersible pumps, in-line plumbing kits), wire racks for microgreens, trays, baskets, harvesting tools, and coolers for temporary storage.

P&L table with detailed explanation and 5 years Pro Forma are attached at the bottom.
- c. Other funding sources (include the existing project assets and discuss potential other funding sources for the project, if any)
  - Private donations from philanthropists and/or the local community. \$50,000 is expected to be raised in the private donation sector.
  - Potential competition prizes from Environmental Innovation Challenge (April 2020) and Business Plan Competition (May 2020).
  - Earth Lab Innovation Grants (March 2020), LOI submitted on 1/10/2020. \$50,000 is the amount we requested from Earth Lab Innovation Grants.
  - US Department of Agriculture grant funding like
    - Farm to School (2020 grant is closed)  
<https://www.fns.usda.gov/cfs/farm-school-grant-program>
    - Higher Education Challenge (HEC).  
<https://nifa.usda.gov/funding-opportunity/higher-education-challenge-hec-grants-program>
- d. Grant or loan status (do you intend to pay back any of the grant?)
  - Not intended

Table 1. Profit and Loss table. The unit is \$1,000 for all numbers used in the table.

(000's)	Year 1	Year 2	Year 3	Year 4	Year 5	Note
<b>Revenue</b>						
Herbs (mint, basil, etc.) per lb.	\$225	\$348	\$366	\$384	\$403	Year 1, 80% full production rate, then 5% annual increment till year 5
Microgreens (raddish, sunflower, pea shoot) oer lb.	\$95	\$147	\$154	\$162	\$170	
<b>Revenue</b>	<b>\$319</b>	<b>\$495</b>	<b>\$520</b>	<b>\$546</b>	<b>\$573</b>	
<b>COGS</b>						
Herbs (mint, basil, etc.) per lb.	\$22	\$35	\$37	\$38	\$40	For herbs, \$1.6 COGS per lb. For microgreens, \$4 COGS per lb.
Microgreens (raddish, sunflower, pea shoot) oer lb.	\$19	\$29	\$31	\$32	\$34	
<b>Total Cost of Goods</b>	<b>\$41</b>	<b>\$64</b>	<b>\$67</b>	<b>\$71</b>	<b>\$74</b>	
<b>Gross Profit</b>	<b>\$278</b>	<b>\$431</b>	<b>\$453</b>	<b>\$475</b>	<b>\$499</b>	
<b>Sales and Marketing Expenses</b>						
Education	\$6	\$12	\$12	\$12	\$12	\$1000/month for student project expenses. \$1000/month for farm tour and social event \$100/month for website and servers
Outreach	\$6	\$12	\$12	\$12	\$12	
Website	\$1	\$1	\$1	\$1	\$1	
<b>Total Sales and Marketing Expenses</b>	<b>\$13</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>	<b>\$25</b>	
<b>Operating Expenses</b>						
Personnel - Salaries	\$55	\$60	\$60	\$60	\$60	For the full-time farm manager For consultants and students 30% tax & benefit (place holder) For the 3000 sqft indoor space Based on 900 KWh daily Annual inspection Renew annually \$1000/month for maintenance & supplies
Personnel - Hourly	\$77	\$86	\$86	\$86	\$86	
Personnel - Payroll Expenses	\$40	\$44	\$44	\$44	\$44	
Rent	\$33	\$36	\$36	\$36	\$36	
Utilities	\$30	\$36	\$36	\$36	\$36	
GAP inspection	\$2	\$2	\$2	\$2	\$2	
Organic Certificate	\$2	\$2	\$2	\$2	\$2	
Maintenance & Miscellaneous	\$10	\$12	\$12	\$12	\$12	
<b>Total Operating Expenses</b>	<b>\$248</b>	<b>\$279</b>	<b>\$279</b>	<b>\$279</b>	<b>\$279</b>	
<b>Earnings Before Tax, Int., Dep., &amp; Am. (EBITDA)</b>	<b>\$17</b>	<b>\$127</b>	<b>\$148</b>	<b>\$171</b>	<b>\$195</b>	
<b>Income Tax Expense</b>	<b>\$0</b>	<b>\$10</b>	<b>\$12</b>	<b>\$16</b>	<b>\$16</b>	
<b>Net Income (Loss)</b>	<b>\$17</b>	<b>\$117</b>	<b>\$137</b>	<b>\$154</b>	<b>\$179</b>	
<b>Capital Costs</b>						
<b>Item</b>						
Computers						Note 1: The full-time farm manager will be hired through UW recruiting process
Tools						
ZipGrow Tower (for herbs and leafy greens)						
Installation fee						
House made growing racks (for micro greens)						
<b>Total Capital Costs</b>						

Table 2. 5 years Pro Forma projection. The unit is \$1,000 for all numbers used in the table

### Project IF Pro Forma Financial Projections Prepared January 12, 2020

(000's)

<b>Profit &amp; Loss</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Net Sales</b>	\$319	\$495	\$520	\$546	\$573
COGS	\$41	\$64	\$67	\$71	\$74
<b>Gross Profit</b>	\$278	\$431	\$453	\$475	\$499
Sales & Mktg. Expenses	\$13	\$25	\$25	\$25	\$25
Operating Expenses	\$248	\$279	\$279	\$279	\$279
<b>EBITDA</b>	\$17	\$127	\$148	\$171	\$195
Amort., Dep., Int. etc.	\$0	\$0	\$0	\$0	\$0
Taxes	\$0	\$10	\$12	\$16	\$16
<b>Net Income</b>	\$17	\$117	\$137	\$154	\$179

#### Cash

Breakeven	Month 11
Least Cash	(\$63)
Most Cash	\$603

#### Investment

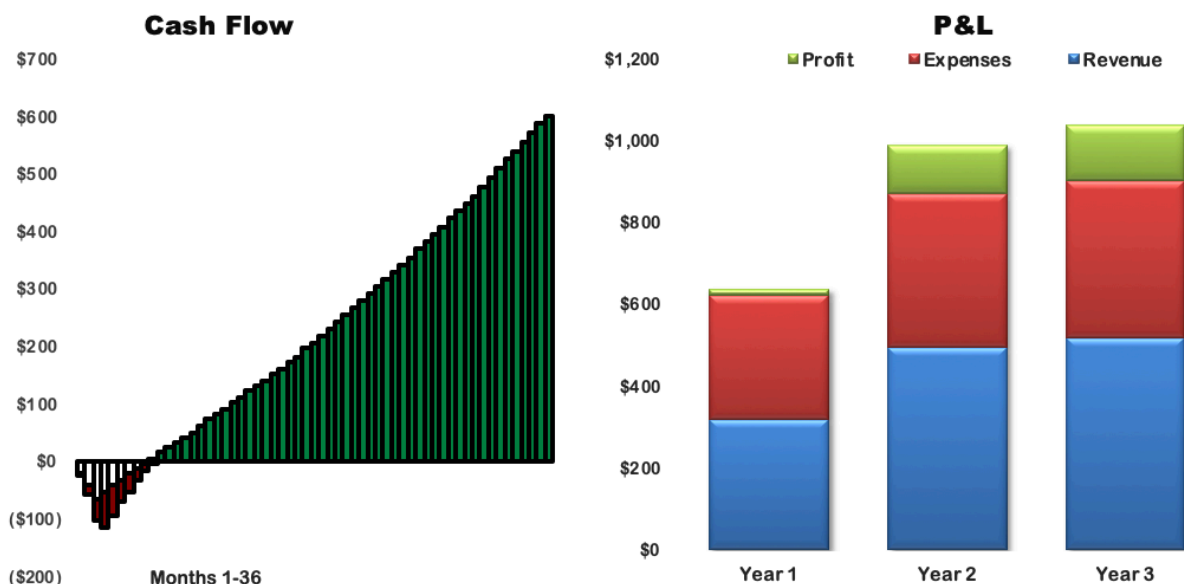
Founder	\$0
Common	\$0
Preferred	\$0
<b>Total</b>	<b>\$0</b>

<b>Cash Flow</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Net Income</b>	\$17	\$117	\$137	\$154	\$179
Changes from:					
<b>Operating</b>	\$17	\$117	\$137	\$154	\$179
Investing	\$0	\$0	\$0	\$0	\$0
<b>Financing</b>	\$0	\$0	\$0	\$0	\$0
<b>Cash Inc. / (Dec.)</b>	\$17	\$117	\$137	\$154	\$179
Beginning of Period	\$0	\$17	\$133	\$270	\$424
<b>End of Period</b>	<b>\$17</b>	<b>\$133</b>	<b>\$270</b>	<b>\$424</b>	<b>\$603</b>

#### Loans

Total	\$0
Interest Paid	\$0
Principal Repaid	\$0
End Balance	\$0

<b>Balance Sheet</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Assets</b>					
Current	\$17	\$133	\$270	\$424	\$603
Non-Current	\$0	\$0	\$0	\$0	\$0
<b>Total Assets</b>	<b>\$17</b>	<b>\$133</b>	<b>\$270</b>	<b>\$424</b>	<b>\$603</b>
<b>Liabilities</b>					
Current	\$0	\$0	\$0	\$0	\$0
Non-Current	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Equity	\$17	\$133	\$270	\$424	\$603
<b>Total Liab. &amp; Equity</b>	<b>\$17</b>	<b>\$133</b>	<b>\$270</b>	<b>\$424</b>	<b>\$603</b>
<b>Valuation</b>	<b>\$319</b>	<b>\$495</b>	<b>\$520</b>	<b>\$546</b>	<b>\$573</b>
Revenue (1x multiple)					



## Accountability & Feasibility

- a. Project timeline (Gantt chart or a list of project tasks and expected duration of each task)
  - Gantt chart is listed at the bottom.
- b. List of project team and any sub-teams
  - Business Team: Kurt Kung, Alexander Dahl
  - Operations Team: Zach Schneeweis, Jerry Cao, Esh Sathiyamoorthy, Matthew Liang, Johnson Kuang, Tanner Poling, Claire Kasinadhuni, Orlando de Lange, Khang Lee, Noah Gannon, Jack Darrell
  - Outreach Team: Katie Smith, Aiza Ali, Cameron Wood
- c. Is your project “shovel-ready”? Should your project be funded, what, if any, steps need to take place in order for your project to begin?

Our project will be ready to begin when the full funding is in place. A key approval for our project to have the maximum impact is the approval of UW HFS to supply our greens to the dining halls, cafeterias, and restaurants on campus.

If Project IF - Phase II is awarded with the CSF fund, the proposed conditions to trigger the use of the fund are listed below.

1. Total funding needed (\$250K) is fully collected.
2. A binding purchase contract with HFS is established. Such contract will secure the transaction when Project IF delivers the produce on the agreed date, with the agreed amount, and passes the produce safety and quality checks, thus making HFS obliged to the purchase. The projected annual revenue for Project IF is about \$300K in the first year.
3. Space lease agreement for at least 24 months.
4. A UW department or program level host who agrees to oversee the fund use (under a UW budget number) and provide administrative support to Project IF.

No funding from any source will be used for the proposed Phase II operation until the four conditions listed above are all matched. If the four conditions listed above are not all matched by June 30<sup>th</sup>, 2020, we will return the fund to CSF in the full amount.