



Napa County Planning Commission Economics of a Family Winery

Presented by:
Craig Underhill, CPA, CSPM
Managing Partner

Background

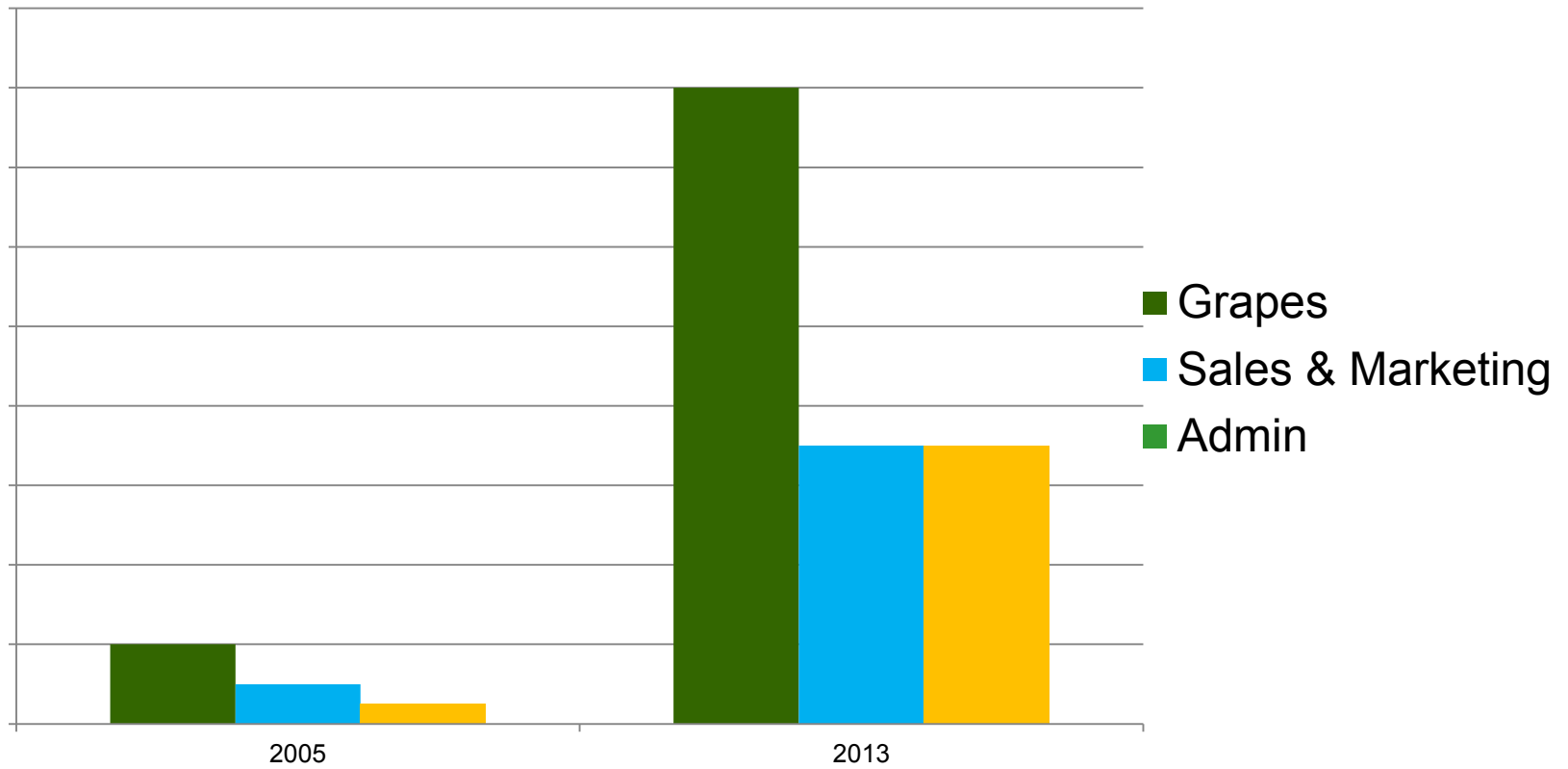
- A CPA for over 28 years and has been with BDCo since 1995.
- Business financial and strategic planner
- Educator to wine businesses since 2004
- Sonoma State Wine MBA Program guest speaker
- U.C. Davis Extension International Wine Industry guest speaker since 2012
- Board chair for Junior Achievement past 17 years in Napa County

Channel Sales Mix

Direct to Consumer (retail)

- Accounts for 31% of gross profit
- Winery's <10,000 cases require 50% DTC

Trends



Critical Financial Decisions

1. Grapes: purchase or grow
2. Facility or custom crush
3. Number of skus
4. DTC vs. Distributor

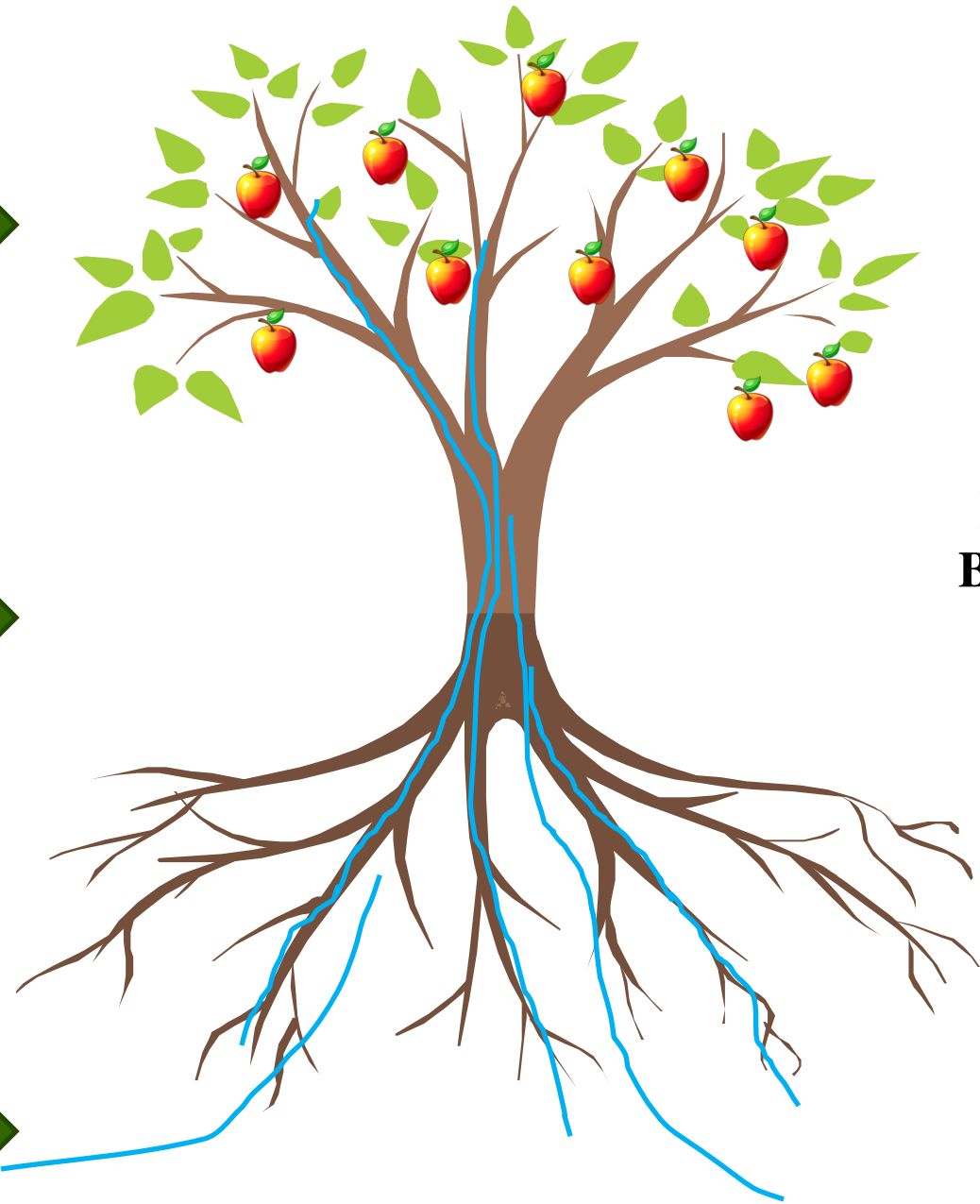
Investment Trends

1. Barrels
2. Winery equipment
3. Vineyard planting

Income Statement

Balance Sheet

Cash Flow



**Delicate
Balancing
Act**

Cash timeline – single vintage

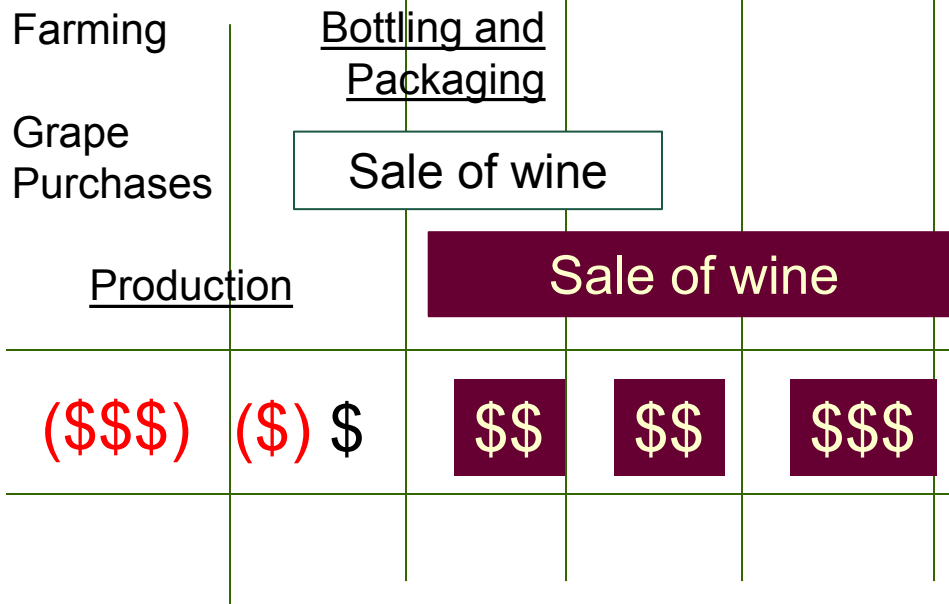
Vintage



Cash timeline – single vintage

Vintage

Year 1 Year 2 Year 3 Year 4 Year 5 ENP



2011

Cash timeline – vintages

Vintage

Year 1 Year 2 Year 3 Year 4 Year 5 Eventual Net Profit



Annual Cash Impact

Impact on Local Economy

Stonebridge Research Findings

- The region's wine production has an annual economic impact on Napa County of \$13.3 billion
- The wine industry, directly and indirectly provides 46,000 full-time equivalent jobs in Napa County
- Wine-related tourism generates more than \$1 billion annually
- The wine industry generates nearly \$1.3 billion annually in local, state and federal taxes
- Napa's vintners generate \$84 million annually in charitable contributions

Thank you



Craig@bdcocpa.com