**FEASIBILITY REPORT**

# Cascade Nut Foods LLC

Feasibility assessment for bank_loan.

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## Verdict

# CONDITIONAL GO

Conclusion: CONDITIONAL GO — SUBJECT TO VALIDATION.

# 1. Executive Summary

Decision: CONDITIONAL GO — SUBJECT TO VALIDATION. Cascade Nut Foods LLC (pre-launch, Salem OR) is technically capable of producing small-batch peanut butter for regional retail and foodservice channels. The project's targeted economics are plausible on the planning inputs, but bank lending should be conditional on validation of several material items before disbursement.

## 6–8 key highlights for the lender

- Technically feasible at small scale using semi-automatic roasting, grinding and filling equipment; indicative equipment budget aligns with supplier ranges.
- Major regulatory requirements include FDA facility registration for interstate commerce and Preventive Controls / CGMP obligations under FSMA; Oregon processor licensing expected.
- Founder requests USD 150,000; proposed equipment allocation USD 65,000 requires at least three itemised supplier quotations before disbursement.
- Simplified payback (founder targets) is ~11.5 months if USD 45k revenue and USD 32k costs are achieved; this excludes debt service, taxes and seasonality and is not sufficient for lending without full cashflow projections.
- Critical lender conditions: itemised supplier quotes, state/federal permits and at least two retailer LOIs or trial purchase orders prior to full disbursement.
- Recommended loan structure: staged disbursements (equipment/facility tranche, then regulatory/commercial milestones) and reporting covenants (monthly cashflow, quarterly P&L) until stable operations.

## Key metrics

| Metric | Value | Note |
|---|---|---|
| Loan request | USD 150,000 | Proposed loan amount to fund equipment, facility works, inventory, marketing and working capital. |
| Target monthly revenue (month 12) | USD 45,000 | Target; requires retailer validation and verified production capacity. |
| Planned monthly operating costs | USD 32,000 | Planning estimate; requires costed production plan and supplier prices. |
| Initial addressable market (Oregon) | USD 25,000,000 pa | Estimate of local category opportunity; independent validation required. |

# 2. Introduction and Background

Purpose: Assess technical, commercial, regulatory and financial feasibility of Cascade Nut Foods LLC (a pre-launch peanut-butter producer located in Salem, Oregon) and identify conditions that must be satisfied before a bank loan of USD 150,000 is recommended.

Scope: market opportunity for a regional peanut-butter brand in Oregon/Washington; production and equipment needs for a small-batch peanut-butter facility; regulatory and food-safety obligations for commercial food production in the United States and Oregon; operating cost and revenue planning; execution risks and an implementation timeline.

Key source material: company planning inputs (product description, projected costs, 12-month roadmap, team and funding request) and targeted external guidance on food-facility registration, state licensing and indicative equipment cost benchmarks.

# 3. Project / Business Description

## 3.1. Business concept

Cascade Nut Foods will manufacture and package creamy and crunchy peanut butter in approximately 16-ounce retail jars, servicing independent grocery, specialty retail, direct-to-consumer and foodservice customers in Oregon with planned expansion into Washington as capacity grows.

Location and stage: planned production facility in Salem, Oregon. Stage: pre-launch; current team: 2 people (founder + one operations role).

Proposed operating model: peanuts purchased from qualified suppliers → inspection → roasting → cooling → grinding → blending/formulation → QC → filling/capping/labeling → case packing → finished-goods storage → regional distribution/direct shipping.

### Key metrics

| Metric | Value | Note |
|---|---|---|
| Funding requested | USD 150,000 | Loan request to fund equipment, facility prep, inventory, marketing and working capital. |
| Target monthly revenue (12-month) | USD 45,000 | Target; not current revenue. |
| Planned monthly operating costs | USD 32,000 | Includes ingredients, packaging, labor, utilities, distribution and overhead. |

| | | |
|---|---|---|
| Addressable market (initial region) | USD 25,000,000 pa | Estimate of annual addressable peanut-butter opportunity within initial Oregon-focused market and channels. |

## 4. Market Feasibility

Market definition and target segments: retail households seeking quality/simple-ingredient peanut butter, independent grocers and specialty stores, cafés/bakeries and regional foodservice/wholesale accounts. The route-to-market emphasis is direct sales to local retailers and selective use of distributors as capacity grows.

Addressable market: the business estimates an initial Oregon-focused addressable market of USD 25 million per year. This figure is a planning estimate and requires validation against retail peanut-butter category sales in Oregon (Nielsen/IRI/retail sales data) before it is used as the basis for lending decisions.

Demand drivers and seasonality: peanut butter is a stable, year-round grocery category with household repeat purchase behaviour; growth is influenced by private-label activity, natural/organic premium trends and foodservice demand. National-level production and consumption are tracked by USDA ERS and provide context for category scale.

> **INFORMATION TO CONFIRM**
>
> **Market validation required**
>
> Bank should require vendor/retailer purchase-intent evidence (letters of intent or trial purchase orders) and an independent retail-channel scan (retail shelf counts and category sales) for Oregon to validate the USD 25M addressable market assumption.

## 5. Competitive Feasibility

Competitive landscape: national brands (Jif, Skippy, Smucker's/Adams), natural brands (Justin's, Adams Natural), retailer private label and regional craft nut-butter producers. National brands have scale advantages in distribution and pricing; regional brands compete on freshness, local provenance and service to smaller retailers.

### Competitor comparison (summary)

| Competitor type | Typical price positioning | Distribution strength | Differentiation vs. proposed business |
|---|---|---|---|
| National brands (Jif/Skippy) | Low–mid | Very strong (national) | Scale, price; local brand must compete on regional identity |

| | | | |
|---|---|---|---|
| | | | and service |
| Natural/specialty brands (Justin's/Adams) | Mid–high | Moderate (specialty + some retailers) | Position on natural ingredients; local brand must match quality claims |
| Retailer private label | Low | Strong in large chains | Price competition on shelf; local product can be complementary in independent stores |
| Regional/small-batch producers | Mid | Limited/regional | Direct competitor for independent retailers and farmers' markets |

*Qualitative comparison to test the differentiation claim (regional focus, small-batch quality, responsive service).*

> **PLANNING NOTE**
>
> **Positioning implication**
>
> Differentiation is achievable but must be proven through repeat orders, price competitiveness and consistent quality; marketing and retail account development will be critical early investments.

## 6. Technical Feasibility

Core production requirements: food-grade roasting and grinding equipment, a filling/sealing/labeling line, hygienic stainless-steel surfaces, allergen-control procedures and adequate storage for raw peanuts and finished cases.

Indicative equipment cost benchmarks: small-scale/mini production lines (semi-automatic roasting, grinding and filling) are commercially available and supplier pages provide cost ranges useful for budgeting and refined supplier quotation requests.

### Indicative minimal-capacity equipment budget (illustrative)

| Item | Planning estimate (USD range) | Basis / note |
|---|---|---|
| Roaster + cooler | USD 8,000 – 30,000 | Small-industrial to semi-automatic units; supplier quotes required. |

| | | |
|---|---|---|
| Grinding / colloid mill | USD 5,000 – 40,000 | Capacity and heating/cooling capabilities materially affect price. |
| Filling & capping machine (semi-auto) | USD 7,000 – 40,000 | Depends on speed, automation and sanitary design. |
| Ancillary (mixers, conveyors, scales, packaging) | USD 5,000 – 25,000 | Includes CIP-compatible tanks and small tooling. |

*Ranges are indicative. Final equipment budget must be based on at least three supplier quotations and local installation costs.*

> **INFORMATION TO CONFIRM**
>
> **Technical validation required**
>
> Obtain detailed, itemised supplier quotations (including shipping, installation, commissioning and spare-parts lists) before finalising the USD 65,000 equipment allocation in the funding plan.

## 7. Operational Feasibility

Staffing: initial lean staffing (founder + one operations role) with 2–4 additional production/packaging staff required once commercial volumes commence. A trained food-safety lead or consultant is required for HACCP/PC plans and regulatory compliance.

### Planned production process

- 1. Receive & inspect raw peanuts — Supplier certificates, incoming QC and traceability documentation.
- 2. Roast → cool → grind — Batch roasting followed by grinding/colloid milling to target texture.
- 3. Formulation / blending → QC — Salt/sweetener/oil additions if any and finished-product checks.
- 4. Filling / capping / labeling → case packing — Hygienic filling and tamper-evident capping, allergen labeling applied.

> **PLANNING NOTE**
>
> **Operational pinch points**
>
> Allergen control (peanuts) and sanitation are high-consequence operational risks; separation of raw/finished flows, documented cleaning/CIP and staff training are

> essential to prevent recalls and facility shutdowns.

## 8. Management Feasibility

Current management: single founder and one operations role (team size = 2). Founder will oversee commercial development, supplier relationships and financial management while recruiting production and food-safety personnel as the facility is commissioned.

Capability gaps: technical food-manufacturing experience (HACCP/PC rule implementation), production-line supervision, and commercial retail sales experience beyond independent grocers are areas requiring reinforcement either through hires or external consultants.

> **INFORMATION TO CONFIRM**
>
> **Management action before lending**
>
> Provide evidence of technical support for food-safety implementation (consultant engagement or named hire) and at least two retail LOIs or distributor trial agreements to demonstrate early commercial traction.

## 9. Financial Feasibility

Funding plan: USD 150,000 total request with the proposed allocation: USD 65,000 equipment; USD 25,000 facility prep; USD 20,000 initial raw materials/packaging inventory; USD 15,000 packaging/branding/marketing; USD 15,000 working capital; USD 10,000 QC/regulatory/insurance/professional costs. The allocation is a planning schedule and must be validated with supplier quotations and facility estimates.

Operating outcome at target volumes: if monthly revenue reaches USD 45,000 and monthly operating costs are USD 32,000, the estimated monthly operating cash surplus is USD 13,000 (USD 45,000 − USD 32,000). Using that surplus as a simple recovery proxy, the USD 150,000 initial funding would be recovered in approximately 11.5 months (150,000 / 13,000). This is a calculation that depends on reaching the revenue target and controlling operating costs.

### Simplified month-one financial snapshot (planning)

| Item | Value (USD) | status / note |
|---|---|---|
| Requested funding | 150,000 | (loan request) |
| Planned equipment (allocated) | 65,000 | Requires quotations |

| | | |
|---|---|---|
| Planned monthly operating costs | 32,000 | |
| Target monthly revenue (month 12) | 45,000 | |

*This snapshot summarises input; a full profit & loss, cashflow and break-even schedule must be prepared after supplier and retailer validation.*

> **PLANNING NOTE**
>
> **Financial sensitivity**
>
> This simplified payback ignores debt service, taxes, seasonal sales variability, capital repairs and working-capital swings. Bank underwriting should request a 12–24 month cashflow projection showing scenarios (base, downside −20% revenue, upside +20%) and a detailed use-of-funds schedule tied to validated quotations.

## 9.1. Required pro forma deliverable before loan approval

A complete 12–24 month monthly pro forma must be supplied and reviewed as a condition of approval. The bank should require the model in monthly detail and it must include at minimum the following schedules and assumptions (items labelled to show provenance requirement):

- Monthly sales by channel (retail wholesale DTC) — units and average selling price (; provide volume & price build-up by SKU).
- COGS detail — ingredient cost per jar, packaging cost per jar, direct labor per jar, variable utilities (; provide supplier quotes or cost sheets).
- Fixed operating expenses — rent/lease, utilities, insurance, salaries, marketing, distribution, maintenance (; provide supporting quotes where possible).
- Working-capital schedule — inventory days, receivables (if wholesale), payables; show peak working-capital requirement and planned funding.
- Capital expenditure schedule and drawdown timing — itemised equipment quotes with vendor payment terms and installation timing.
- Debt schedule — proposed loan amount, term, interest rate, repayment schedule and monthly debt service.
- Sensitivity scenarios — base, downside (−20% revenue), upside (+20% revenue), and a scenario including 3-month seasonality variation.
- Assumptions provenance — attach supplier quotes, lease/utility estimates, and signed LOIs or trial orders used in revenue assumptions.

> **INFORMATION TO CONFIRM**
>
> **Missing inputs preventing a complete underwriting model**

> Required before approval: (1) three itemised equipment quotations including shipping and installation, (2) detailed ingredient and packaging cost per SKU, (3) lease terms or facility cost estimates, (4) at least two retailer LOIs or trial purchase orders to support sales ramp, (5) proposed loan term and interest rate for debt-service calculation.

## 10. Legal and Regulatory Feasibility

Federal requirements: facilities that manufacture/process/pack foods for human consumption in the U.S. must be registered with the FDA and may be subject to the Preventive Controls rule and Current Good Manufacturing Practice (CGMP) obligations under FSMA, unless an exemption applies. Labeling must comply with federal allergen and nutrition labeling rules (including peanut allergen declaration).

State requirements (Oregon): the Oregon Department of Agriculture regulates food processing and issues relevant licensing for food processors; local county health departments may be involved for retail/foodservice operations. A state-level food processor license and on-site inspections are typical prerequisites for commercial peanut-butter production.

> **INFORMATION TO CONFIRM**
>
> **Regulatory conditions for lending**
>
> Before loan disbursement, require confirmation of (1) FDA facility registration where applicable, (2) Oregon food-processor license/permit as required, (3) documented HACCP or Preventive Controls plan and (4) evidence of product-label compliance for allergen and nutrition statements.

## 11. Environmental, Social and Employment Considerations

Employment: initial team (2) expanding to production staff as volumes increase; job creation is local and positive for community employment.

Environmental considerations: peanut butter production uses energy for roasting and cleaning and generates packaging waste. The business should include waste-management and recycling plans and consider packaging materials that meet retailer preferences for recyclability.

## 12. Risk Analysis

### Principal risks and mitigations (summary)

| Risk | Likeliho | Impact | Mitigation | Residual |
|---|---|---|---|---|

| | od (qualitative) | (qualitative) | | consideration |
|---|---|---|---|---|
| Failure to obtain regulatory approvals / licensing | Medium | High | Engage food-safety consultant; prepare HACCP/PC plan; register facility; apply for state license early | Loan conditional on evidence of permits |
| Equipment cost overrun / delivery delays | Medium | Medium | Obtain 3 supplier quotes; include contingency in budget; staged equipment purchases | Require supplier quotations before disbursement |
| Inadequate retailer demand / slow account acquisition | Medium | High | Secure LOIs or trial orders; dedicate early marketing budget to account development | Validate with retail commitments before full funding |
| Allergen control failure / recall | Low–Medium | Very High | Strict allergen control plans, staff training, documented cleaning and QC | Insurance and documented quality systems required |
| Raw-material price volatility | Medium | Medium | Negotiate supplier contracts and maintain safety stock; consider pricing clauses for large wholesale orders | Monitor input-cost impact on margins |

## 13. Implementation Feasibility and Timeline

### 12-month implementation roadmap (implementation plan)

| Period | Milestone | Detail |
|---|---|---|

| | | |
|---|---|---|
| Months 1–2 | Facility finalised; supplier quotations; product formulation & regulatory start | Select facility, obtain equipment quotes, begin HACCP/Preventive Controls development and supplier agreements. |
| Months 3–4 | Install equipment; trial production; finalize packaging | Commission line, perform production trials, implement QC procedures and finalize label artwork. |
| Months 5–6 | Begin commercial production and initial sales | Start retail and DTC sales; secure independent grocery accounts. |
| Months 7–12 | Scale production; expand distribution | Increase volumes, expand Oregon distribution and evaluate Washington entry with a target of USD 45,000 monthly revenue by month 12. |

**INFORMATION TO CONFIRM**

**Implementation condition for loan**

Loan disbursement should be staged: initial tranche for equipment and critical facility works after validated quotations; subsequent tranches on evidence of regulatory approvals and retailer commitments.

# 14. Conclusion and Recommendations

## 14.1. Overall decision

Conclusion: CONDITIONAL GO — SUBJECT TO VALIDATION. The project is technically feasible at small scale, and the targeted operating economics are plausible on the planning inputs. However, several material conditions must be validated before bank lending: supplier quotations for equipment, regulatory approvals (FDA facility registration if applicable and Oregon processor licensing), documented HACCP/Preventive Controls plan, and evidence of early retail demand (LOIs or purchase trials).

Immediate actions the business should complete prior to loan approval: obtain three itemised equipment quotations, secure at least two retailer LOIs or trial orders, engage or name a food-safety lead and deliver a fully populated 12–24 month pro forma cashflow and debt schedule with supporting cost quotations.

### Critical conditions precedent (must be satisfied before loan acceptance/disbursement)

- Three supplier quotations (itemised) supporting the USD 65,000 equipment allocation.
- Written confirmation of required Oregon food-processor license/permit and, where applicable, FDA facility registration and an implemented Preventive Controls plan.
- At least two signed LOIs or trial purchase orders from target independent grocery or wholesale customers.
- A 12–24 month monthly cashflow model with downside (−20%) and upside (+20%) scenarios, and a debt-service schedule tied to the proposed loan term and rate.

> **RECOMMENDATION**
>
> **Recommended bank lending structure**
>
> Consider a staged loan (e.g., initial equipment/facility tranche at drawdown, subsequent release on regulatory approvals and commercial milestones) and require a working-capital reserve. Require project reporting (monthly cashflow, quarterly P&L) until stable operations are demonstrated.

## 15. Appendices and Next Required Information

## 15.1. Prior to loan approval

Note: This report uses the planning inputs as provided on 2026-09-17. All targets and allocations are Planning Assumptions unless they describe a present established fact (for example, the requested loan amount and current team size).

- Three itemised supplier quotations for key equipment (roaster, grinder, filler) including shipping, installation and commissioning.
- Evidence of application or approval for Oregon food-processor license and confirmation whether FDA facility registration applies (and proof of registration if applicable).
- Two retailer/distributor LOIs or signed trial-purchase agreements.
- Detailed 12–24 month pro forma cashflow and debt-service schedule with monthly detail.
- Named food-safety lead (hire or contracted consultant) and a draft Preventive Controls / HACCP plan.

## 16. Key Assumptions

### Key planning figures

| Item | Figure | Basis |
|---|---|---|

| | | |
|---|---|---|
| Business stage | Pre-launch (team = 2) | Current business state. |
| Funding requested | USD 150,000 | Funding request (loan objective). |
| Equipment allocation | USD 65,000 | Proposed allocation; requires supplier quotations. |
| Monthly operating costs | USD 32,000 per month | Planning estimate; requires validation by costed production plan. |
| Target monthly revenue (month 12) | USD 45,000 per month | Target; requires customer validation. |
| Addressable market (initial region) | USD 25,000,000 per year | Estimate; requires independent retail sales validation. |
| Indicative equipment cost ranges | Roaster USD 8k–30k; Grinder USD 5k–40k; Filler USD 7k–40k; Ancillary USD 5k–25k | Supplier-published cost ranges. |
| Monthly operating surplus at target | USD 13,000 | Target revenue USD 45,000 − planned costs USD 32,000. |
| Regulatory requirement — FDA registration may apply | Facility must register with FDA if manufacturing for interstate commerce; FSMA preventive controls may apply | FDA guidance on facility registration and FSMA. |
| Prior to lending | Supplier quotations; state/federal permits evidence; retailer LOIs; 12–24 month cashflow | Material items identified in analysis that affect feasibility and loan security. Requires further validation. |