



W Washington
BEER

2013
Annual Report

PURPOSE

The Washington Beer Commission was ratified by the Washington State Legislature on September 6, 2006 as an Agricultural Commodity Commission, becoming the first commodity commission for craft beer in the U.S.

Through RCW 15.89 the state granted the commission the opportunity to produce up to 12 beer tasting festivals per year and to use the proceeds to promote and market Washington's craft breweries. An assessment of ten-cents per barrel produced by each brewery (with a cap assessment of \$1,000) was also a part of the legislation.

Washington state now boasts 204 breweries and is still the only state in the nation with a beer commission.



MISSION

To promote Washington beer, benefit the state's breweries, and increase awareness and demand.

VISION

To be universally recognized as the preferred choice of beer drinkers everywhere, respected for quality and innovation.

Commissioners - 2013

- **Chairman** - **Allen Rhoades**, *Anacortes Brewery, Anacortes*
- **Secretary** - **Doug Hindman**, *Elliott Bay Brewing, Seattle/Burien*
- **Treasurer** - **Neil Fallon**, *American Brewing, Edmonds*
- **Mark Irvin**, *No-Li Brewhouse, Spokane*
- **Greg Parker**, *Iron Horse Brewery, Ellensburg*
- **Matt Lincecum**, *Fremont Brewing, Seattle*
- **Rebecca Elias**, *Department of Agriculture representative*
- **Patrice Barrentine***, *Department of Agriculture representative*

*Patrice Barrentine began term in October of 2013.

Contract Staff

- **Eric Radovich**, Executive Director
- **Matthew Russell**, Director of Operations
- **Kate Hedstrom**, WABL Coordinator



Past Commissioners

2006

George Hancock (Chairman) - *Pyramid Brewing*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Bob Maphet (Treasurer) - *Diamond Knot Brewing*
Mark Irvin - *Northern Lights Brewing*
Allen Rhoades - *Anacortes Brewing*
Jeff Smiley - *Baron Brewing*
David Mudd - *WSDA*

2007

George Hancock (Chairman) - *Pyramid Brewing (resigned on November 13, 2007)*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Bob Maphet (Treasurer) - *Diamond Knot Brewing*
Mark Irvin - *Northern Lights Brewing*
Allen Rhoades - *Anacortes Brewing*
Jeff Smiley - *Baron Brewing*
David Mudd - *WSDA*

2008

Allen Rhoades (Chairman) - *Anacortes Brewing (elected Chairman January 28, 2008)*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Bob Maphet (Treasurer) - *Diamond Knot Brewing*
Mark Irvin - *Northern Lights Brewing*
Jeff Smiley - *Baron Brewing*
Greg Parker - *Iron Horse Brewery*
David Mudd - *WSDA*

2009

Allen Rhoades (Chairman) - *Anacortes Brewing*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Bob Maphet (Treasurer) - *Diamond Knot Brewing (resigned November 10, 2009)*
Mark Irvin - *Northern Lights Brewing*
Jeff Smiley - *Baron Brewing*
Greg Parker - *Iron Horse Brewery*
David Mudd - *WSDA*

2010

Allen Rhoades (Chairman) - *Anacortes Brewing*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Janelle Pritchard (Treasurer) - *Snoqualmie Brewing (elected January 10, 2012)*
Mark Irvin - *Northern Lights Brewing*
Jeff Smiley - *Baron Brewing (term expired October 31, 2010)*
Matt Lincecum - *Fremont Brewing (term began November 1, 2010)*
Greg Parker - *Iron Horse Brewery*
David Mudd - *WSDA (resigned July 13, 2010)*
Jason Kelly - *WSDA (started September 7, 2010)*

2011

Allen Rhoades (Chairman) - *Anacortes Brewing*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Janelle Pritchard (Treasurer) - *Trade Route Brewing*
Mark Irvin - *Northern Lights Brewing*
Matt Lincecum - *Fremont Brewing*
Greg Parker - *Iron Horse Brewery*
Jason Kelly - *WSDA*

2012

Allen Rhoades (Chairman) - *Anacortes Brewing*
Doug Hindman (Secretary) - *Elliott Bay Brewing*
Janelle Pritchard (Treasurer) - *Trade Route Brewing*
Neil Fallon (Treasurer) - *American Brewing (term began November 2012)*
Mark Irvin - *No-Li Brewhouse*
Greg Parker - *Iron Horse Brewery*
Matt Lincecum - *Fremont Brewing*
Jason Kelly - *WSDA*
Rebecca Elias - *WSDA (term began November 2012)*



WHO WE ARE

Formed in September of 2006, the Washington Beer Commission is still the only commodity commission for beer in the United States. As an agricultural commodity commission, the beer commission also helps to educate the public and promote the state's hops growing industry which produces 75% of the hops used to make beer in the United States.

2013 HIGHLIGHTS

It was another fantastic year of growth for Washington Beer. The count of state craft breweries climbed from 162 to 204, a 26% increase. Total barrel production topped 300,000 (or 600,000 kegs) not counting the craft beer produced by Redhook Brewery who produced another 70,000+ barrels at their Woodinville, WA facility.

The Washington Beer Commission is funded primarily by proceeds from the production of beer tasting festivals and it was a record year for attendance and gate receipts overall. The Washington Brewers Festival, held at King County's Marymoor Park in Redmond, WA, had more than 20,000 paid attendees securing \$193,819 in proceeds for the commission. Another highlight was the growth of the Winter Beer Festival which moved from the cozy confines of Hale's Ales Palladium to Hangar 30 at Seattle's Magnuson Park. Attendance for this festive event more than doubled the previous year as nearly 3,000 attendees sampled the seasonal brews and winter warmers of the holiday season.

Where does the money go? In 2013 the Washington Beer Commission spent nearly \$70,000 on marketing the state's craft breweries including the airing of our first ever television commercial as a part of the "Washington Beer Wednesday's" on CW11 (KSTW) Seattle. Seattle Magazine featured Local Beer on the cover of its October 2013 edition which included a seven page "advertorial" purchased by the commission to further promote Washington Beer. Add to that the annual Brew-Ha! brochure, 100,000 Washington Beer coasters, an improved mobile application, a booth at the Great American Beer Festival in Denver and a brand recognition radio campaign on Seattle's KEXP radio and you can understand some of the reasons for the continued growth of the industry in our state.

OUR IMPACT

The craft brewing industry contributes significantly to the economic vitality in Washington state. According to an economic impact study completed in November of 2013 by the national Brewer's Association (based in Denver, CO.), the craft beer industry provided 13,148 full-time jobs and \$443,572,000 of labor income in Washington state for 2012. The total economic impact for 2012 in Washington, as calculated by the Brewer's Association economist, was slightly over 1 billion dollars at \$1,006,558,000.

The Beer Institute reports that the total economic impact in Washington state for 2012 tops 4 billion dollars when you include the states beer wholesalers and retailers. A total of 42,160 are working craft beer industry-related jobs. This equates to \$946,425,500 in annual tax contributions.

Washington's breweries, many of them small and family owned, are integral parts of their local communities. When you choose to buy beer brewed in Washington, you support businesses that provide local jobs and contribute to the state's tax base. Many of these breweries are also generous contributors to charitable organizations supporting a host of worthy causes statewide.



Simply put, Washington produces some of the finest beer in the country and our new Beer Commission will help spread the word about these wonderful products. Our microbrews emphasize quality and flavor, and are a signature product of the Evergreen State. And our renowned hops, barley and wheat are the perfect premium ingredients for the nation's best craft brewers.

Valoria Loveland
Former Director
Washington Department
of Agriculture



Festivals

The Washington Beer Commission is proud to put on six beer tasting festivals around the state as a way to showcase many of the 204 craft breweries in Washington.

These beer tasting festivals are unique either to the season in which they take place or to the style of beers to be featured. Each of them boast at least 70 different Washington craft beers to choose from!



Marketing & Promotions



2013 Brew-Ha! – Includes info and state brewery map. 60,000 distributed statewide.



TV Commercial – Washington Beer Wednesdays on CW11 (KSTW) September through December 2013. This ad was seen by 166,700 viewers 21+, 9.3 times each!



Open House – 55 breweries opened their doors on February 23, 2013.



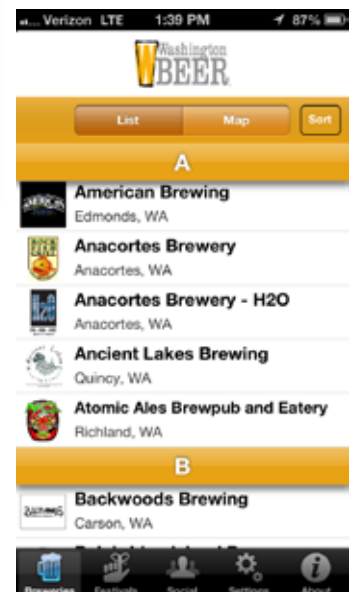
Seattle magazine – Cover story in October 2013.



Washington Beer coasters – 100,000 distributed statewide to breweries, bars, and restaurants.



Bottle Caps – More than 120,000 used in 2013

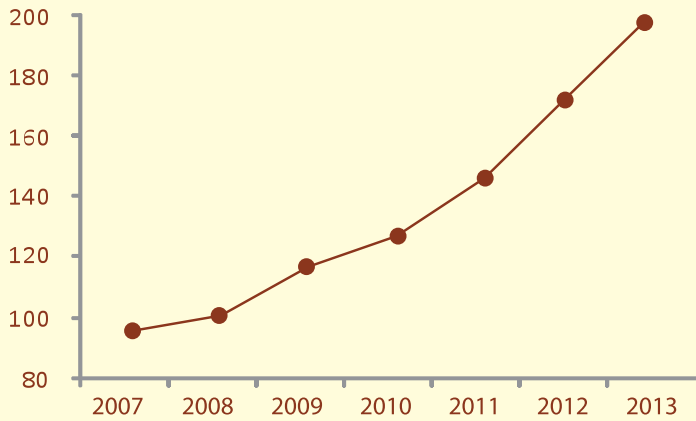


WA Beer Mobile App – More than 5,000 downloads

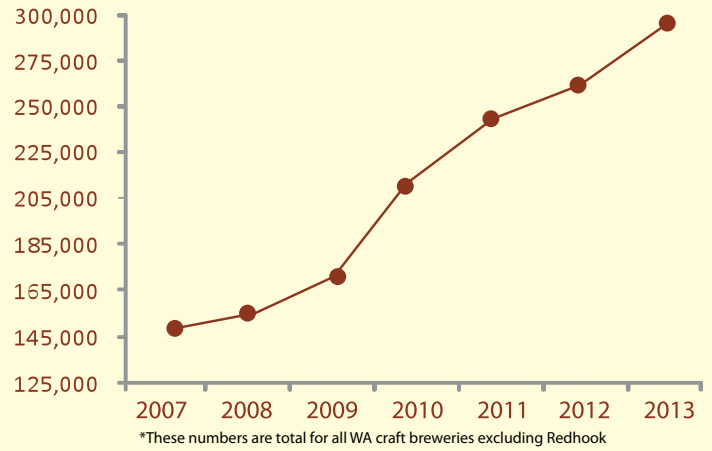
Washington Beer Commission By the Numbers

January 2007 through December 2013

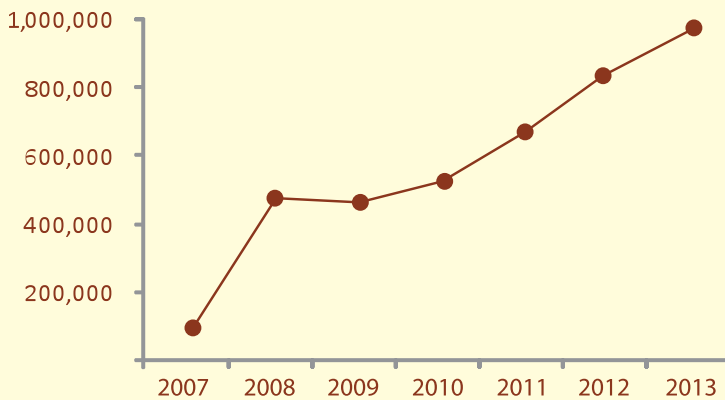
Washington Breweries



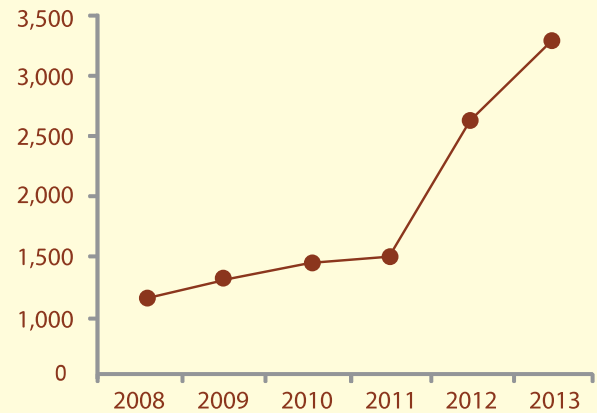
Barrels of Beer Produced*



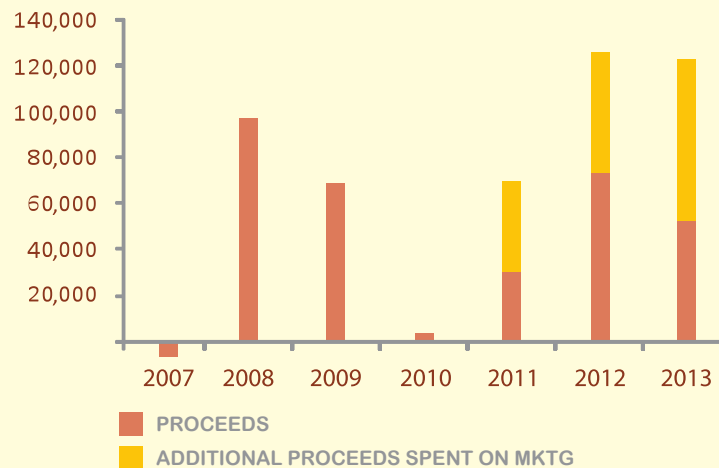
WBC Gross Revenue



W.A.B.L. Members



Overall WBC Financials



Washington Beer Commission
Profit & Loss YTD Comparison
January 2010 through December 2013

	<u>Jan - Dec 10</u>	<u>Jan - Dec 11</u>	<u>Jan - Dec 12</u>	<u>Jan - Dec 13</u>
Ordinary Income/Expense				
Income				
Advertising Sales	1,750.00	600.00	1,400.00	1,900.00
Event Registration	31,406.00	35,090.00	36,905.00	51,350.00
Event Sales	459,593.40	584,435.05	708,030.95	821,015.69
Other Types of Income	1,791.35	0.00	79.00	0.00
Over/Short	0.00	0.00	-20.30	0.00
Parking	9,077.50	14,222.25	-24.00	0.00
Program Income/Assessments	10,504.96	16,493.16	18,313.71	19,266.78
Sponsors	10,180.00	20,500.00	15,000.00	0.00
WABL	0.00	0.00	52,873.70	83,818.95
Total Income	524,303.21	671,340.46	832,558.06	977,351.42
Cost of Goods Sold				
Beer	74,118.87	100,881.94	128,783.38	147,303.72
Beverages Other	.00	250.50	1,614.72	5,058.79
Food from Commission	0.00	99.98	0.00	0.00
Merchandise	13,934.85	26,659.66	52,105.15	58,594.48
Wine	159.60	3,125.00	2,631.75	0.00
Total COGS	88,332.32	131,017.08	185,135.00	210,956.99
Gross Profit	435,970.89	540,323.38	647,423.06	766,394.43
Expenses				
Admin/Operations	23,448.34	14,121.14	23,934.86	31,547.43
Advertising	31,634.44	33,354.02	41,862.28	49,615.33
Bad Debt	0.00	2,654.96	235.79	400.92
Banking and Interest Fees	2,500.66	3,660.68	8,777.85	6,660.72
Business Expenses	254.00	1,882.00	3,185.84	99.00
Contract Services	200,457.39	218,277.79	261,343.79	289,048.88
Entertainment/Music	11,370.67	7,800.00	10,400.00	11,690.00
Event Printing	7,172.99	12,508.31	6,841.49	8,600.45
Facilities and Equipment	98,375.85	114,482.21	132,504.12	174,238.69
Festivals Materials	27,943.95	29,368.88	51,783.93	60,903.23
Marketing / Promotion	0.00	40,002.69	56,252.27	69,517.23
Other Types of Expenses	19,327.88	15,583.80	1,254.00	3,770.54
Taxes	3,617.78	8,242.99	2,040.60	3,834.75
Travel and Meetings	7,865.98	2,155.28	2,225.25	6,742.60
Volunteers	40.00	0.00	0.00	0.00
Web Site	3,745.15	48.68	327.92	1,557.07
Total Expense	437,755.08	504,143.43	602,969.99	714,392.09
Net Ordinary Income	-1,784.19	36,179.95	44,453.07	52,002.34
Other Income/Expense				
Other Income				
Earned Income	3.52	31.46	60.39	107.18
Total Other Income	3.52	31.46	60.39	107.18
Net Other Income	3.52	31.46	60.39	107.18
Net Income	-1,780.67	36,211.41	44,513.46	52,109.52

Washington Beer Commission

Profit & Loss Budget vs. Actual - Overall

January through December 2013

Ordinary Income/Expense	Jan - Dec 13	Budget	\$ Over Budget	% of Budget
Income				
Advertising Sales	1,900.00	1,600.00	300.00	118.75%
Event Registration	51,350.00	37,700.00	13,650.00	136.21%
Event Sales	821,015.69	734,550.00	86,465.69	111.77%
Program Income/Assessments	19,266.78	18,000.00	1,266.78	107.04%
WABL Membership	83,818.95	62,110.00	21,708.95	134.95%
Total Income	977,351.42	853,960.00	123,391.42	114.45%
Cost of Goods Sold				
Beer	147,303.72	135,900.00	11,403.72	108.39%
Beverages Other	5,058.79	2,300.00	2,758.79	219.95%
Food from Commission	0.00	300.00	-300.00	0.0%
Merchandise	58,594.48	45,500.00	13,094.48	128.78%
Total COGS	210,956.99	184,000.00	26,956.99	114.65%
Gross Profit	766,394.43	669,960.00	96,434.43	114.39%
Expense				
Admin/Operations	31,547.43	29,655.00	1,892.43	106.38%
Advertising	49,615.33	50,650.00	-1,034.67	97.96%
Bad Debt	400.92			
Banking and Interest Fees	6,660.72	5,402.45	1,258.27	123.29%
Business Expenses	99.00	350.00	-251.00	28.29%
Contract Services	289,048.88	278,250.00	10,798.88	103.88%
Entertainment/Music	11,690.00	11,500.00	190.00	101.65%
Event Printing	8,600.45	7,600.00	1,000.45	113.16%
Facilities and Equipment	170,403.94	146,100.00	24,303.94	116.64%
Festivals Materials	60,903.23	53,500.00	7,403.23	113.84%
Marketing / Promotion	69,517.23	54,292.50	15,224.73	128.04%
Other Types of Expenses	3,770.54	2,030.00	1,740.54	185.74%
Taxes	3,834.75	5,200.00	-1,365.25	73.75%
Travel and Meetings	6,742.60	2,350.00	4,392.60	286.92%
Void	0.00			
Web Site	1,557.07	500.00	1,057.07	311.41%
Total Expense	714,392.09	647,379.95	67,012.14	110.35%
Net Ordinary Income	52,002.34	22,580.05	29,422.29	230.3%
Other Income/Expense				
Other Income				
Interest Income	107.18			
Total Other Income	107.18			
Net Other Income	107.18	0.00	107.18	100.0%
Net Income	52,109.52	22,580.05	29,529.47	230.78%

Washington Beer Commission
Profit & Loss Budget vs. Actual - Washington Brewers Festival
January through December 2013

Ordinary Income/Expense	Jan - Dec 13	Budget
Income		
Advertising Sales	1,900.00	1,600.00
Event Registration	30,200.00	20,200.00
Event Sales	514,046.67	424,200.00
Total Income	546,146.67	446,000.00
Cost of Goods Sold		
Beer	88,456.22	75,000.00
Beverages Other	5,058.79	2,000.00
Merchandise	13,535.81	15,000.00
Total COGS	107,050.82	92,000.00
Gross Profit	439,095.85	354,000.00
Expense		
Admin/Operations	9,650.26	9,000.00
Advertising	24,856.08	25,500.00
Banking and Interest Fees	3,530.46	4,000.00
Contract Services	99,246.56	89,800.00
Entertainment/Music	6,300.00	7,000.00
Event Printing	3,429.09	4,500.00
Facilities and Equipment	68,655.65	65,000.00
Festivals Materials	27,408.08	24,300.00
Other Types of Expenses	1,438.65	400.00
Travel and Meetings	261.66	
Web Site	500.00	
Total Expense	245,276.49	229,500.00
Net Ordinary Income	193,819.36	124,500.00
Net Income	193,819.36	124,500.00

Washington Beer Commission
Percentage of Proceeds
 2013





W Washington
BEER

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