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An Economic Baseline and Characterization of U.S. Gulf of Mexico Seafood Processors

by Alexander Miller, Jack Isaacs, and Latika Bharadwaj

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EXECUTIVE SUMMARY

This report summarizes the results of a series of in-person surveys of seafood processors throughout the five states of the U.S. Gulf of Mexico: West Florida, Alabama, Mississippi, Louisiana, and Texas. Firms were identified from the National Marine Fisheries Service's annual survey of seafood processors. Interviews were conducted by local personnel in each state who were familiar with the local seafood production sector. According to the survey, most Gulf seafood processors concentrated on the function of processing, which is converting products from one form into another for later sale and distribution. Only three percent of respondents reported being engaged directly in harvesting seafood or selling seafood as a retail product directly to consumers.

A majority of processors purchased their seafood from independent domestic businesses: about two-thirds bought seafood from domestic commercial harvesters, and about three-quarters bought seafood from domestic middlemen, such as dealers and distributors. Only one-sixth bought seafood directly from imported sources. In turn, most Gulf processors sold their seafood products to domestic businesses: about 80 percent sold their seafood to distributors or dealers, and about 70 percent sold to retailers. Only one-fifth reported selling any seafood directly to the public. Many of the seafood products from Gulf processors were sold to businesses within the Gulf region or, depending on the seafood type, outside the Gulf. Little was exported by processors to international buyers (customers).

The most common types of seafood landed in the Gulf—shrimp, crabs, and oysters—were also the most common types of seafood processed. Most respondents specialized in processing one—or at most two—different types of seafood. Most of the seafood products coming from Gulf processing facilities were relatively basic product forms.

Given the cumulative balance sheet for the 66 respondents included in the financial analysis, average asset or market value was $5.8 million, average liabilities were $1.3 million, and average net worth or equity was $4.5 million. Median asset value was $1.3 million, median liabilities were $44 thousand, and median net worth was $816 thousand.

Cash flow analysis estimated average cash inflows among the 66 respondents included in the financial analysis at $13.3 million with average cash outflows of $12.6 million and average net cash flows of $673 thousand. Median values for each parameter were far smaller. Median cash inflows were $2.8 million, median cash outflows were $3.3 million, and median net cash flows were $6.4 thousand.

The income statement calculated net income from operations as the difference of total revenue minus the cost of seafood, operating expenses, and estimated depreciation. Unlike cash outflows, operating expenditures did not include capital purchases or loan payments. Average net income from operations was $654 thousand and median

net income from operations was $7.5 thousand. Net income before taxes, the sum of net income from operations and business-related government payments minus loan interest payments, averaged $685 thousand.

I. INTRODUCTION

SEAFOOD PROCESSORS IN THE U.S. GULF OF MEXICO

The U.S. Gulf of Mexico (Gulf) region (West Florida, Alabama, Mississippi, Louisiana, and Texas) serves as a major source of domestic seafood landings in the U.S. The total volume of all seafood landings in the region comprises nearly 20 percent of the volume of seafood landings in the contiguous United States. Roughly a third of the nation's domestic blue crab and two thirds of the nation's domestic shrimp and oysters are routinely supplied by the Gulf region.

There are a number of resources that provide valuable and useful—but limited—information about the commercial seafood industry in the region. Annual statistics for commercial seafood landings, collected through the state marine resource agencies' trip ticket programs, and summarized by the National Marine Fisheries Service (NMFS), present volume and dockside revenue for numerous species. The NMFS also conducts an annual survey of seafood processors throughout the United States to collect employment, product, and production data. These data collection efforts, however, do not include information regarding the procurement and distribution of seafood products or evaluate the economic and financial performance of seafood processors.

The lack of economic performance data for seafood processors, and procurement and distribution data for commercial seafood products from the Gulf, limits the understanding of the economic performance and function of the seafood value chain. The research presented herein seeks to expand that understanding by presenting the results of a survey of seafood processors that collected data in a thorough and consistent manner from seafood-related firms across the Gulf region. This report presents a systematic analysis of the economic performance of the seafood processing sector and can facilitate an improved appreciation of its economic contribution to the regional economy and enhance the capacity to measure the economic impact of storms, manmade disasters, and other events that disrupt or affect the flow of seafood in and from the Gulf region.

DESIGN

In 2010, the Gulf States Marine Fisheries Commission (GSMFC) in cooperation with the Louisiana Department of Wildlife and Fisheries, the University of Florida's Food and Resource Economics Department, the University of South Alabama, Texas Sea Grant at Texas A&M University, and Mississippi State University's Coastal Research and Extension Center, began designing a research effort to gather and analyze economic data from seafood processors throughout the states in the Gulf region. The study sought to collect financial variables related to the firms' market value, indebtedness,

sales revenues, and selected itemized expenditures, plus procurement and distribution information. The basic unit of analysis was a seafood processing firm that performed some level of packaging, product modification, and other transformative process beyond harvesting seafood or acting as a first receiver in the seafood value chain. The population of seafood processing firms included all firms participating in the NMFS's annual survey of seafood processors for the baseline study year of 2009, a year specifically selected as a period that might serve as a representative year for business performance purposes. Subsequent years, 2010 and 2011, though closer chronologically to the data collection period (2011 and 2012) were considered to be non-representative due to the disruptive events of the *Deepwater Horizon* oil disaster on April 20, 2010, the historically high levels of freshwater in portions of Louisiana following the oil disaster, and the landing of recent hurricanes.

All questions in the survey instrument focused on the seafood business at the specific location at which the survey was conducted. Because seafood processors are commercial, profit-oriented businesses, the survey concentrated on collecting data related to business performance and production and did not collect data related to the personal characteristics, or demographics, of business owners, managers, or personnel.

QUESTIONNAIRE DEVELOPMENT

The survey instrument was developed through cooperative consultation among representatives of the GSMFC, the Florida Fish and Wildlife Conservation Commission, the University of Florida's Food and Resource Economics Department, the Alabama Marine Resources Division, the University of South Alabama, Mississippi State University's Coastal Research and Extension Center, the Louisiana Department of Wildlife and Fisheries, Louisiana Sea Grant, Texas Parks and Wildlife Department, and Texas Sea Grant at Texas A&M University. The ten-page questionnaire, intended for use during in-person interviews, was divided into three sections: seafood processor characteristics, seafood processor costs, and seafood related characteristics (Appendix 2).

Questions in the seafood processor characteristics section included age and physical characteristics of the respondents' processing facilities, market value, replacement value, insurance coverage, and the number of full-time and part-time workers. The section on seafood processor costs solicited the balance of outstanding loans at the end of the study year and itemized expenditures, total annual expenditures, and capital purchases incurred in or acquired during the study year. The section on seafood-related characteristics consisted of a series of questions related to the respondent's revenues during the study year and the procurement of its seafood products including the sources of seafood, seafood product forms, type of customers served, and the geographic distribution of its seafood sales.

POPULATION AND SAMPLING FRAME

The survey population included all firms that participated in the NMFS's annual survey of all seafood processors in West Florida, Alabama, Mississippi, Louisiana, and Texas for the baseline study year of 2009. This was perhaps a more well-defined and consistent source than an alternative list of potential seafood processors amassed by state health departments or health and sanitary inspection agencies, which would have been more likely to include firms with a primary purpose other than processing, such as restaurants and retail establishments. Firms that processed menhaden were excluded from the population given that menhaden is primarily used as an industrial marine product and is not consumed as a traditional seafood product. In addition, the number of firms processing menhaden was considered to be too small to guard confidentiality assurances if the results were analyzed at a species-specific level. The population consisted of 198 firms in five states: 51 in West Florida, 49 in Alabama, 18 in Mississippi, 57 in Louisiana, and 23 in Texas. Fifty-two of the firms reported producing shrimp products; 31, blue crab products; 58, oyster products; 37, finfish products; and 20, crawfish products.

IMPLEMENTATION PROCESS

In 2011 and 2012, representatives from the University of Florida, the University of South Alabama, Mississippi State University's Coastal Resource and Extension Center, the Louisiana Department of Wildlife and Fisheries, and Texas Sea Grant at Texas A&M made multiple efforts to contact all firms in their respective states that had previously participated in the NMFS's annual survey of seafood processors for the baseline study year of 2009. The University of South Alabama surveyed three additional firms that were not participants in the NMFS annual processor survey but were considered to be important processors in Alabama. Staff from the research institutions and state agencies conducted personal interviews of owners or managers of the firms that chose to participate in the survey at a site of the subject's choosing, usually at the seafood processing facility. Each participant received a $50 compensation card as an incentive for participation. A total of 106 firms participated in the survey, producing a raw response rate of 53.5 percent. Response rates were as follows: 40.3 percent in Alabama, 41.2 percent in West Florida, 91.2 percent in Louisiana, 16.7 percent in Mississippi, and 39.1 percent in Texas.

DATA PROCESSING

Data from the completed questionnaires were entered into an Excel spreadsheet by Louisiana Department of Wildlife and Fisheries staff and analyzed using SAS 9.3. All dollar estimates were converted into 2012 dollars using the Bureau of Economic Analysis implicit price deflator.

For many of the survey items that solicited economic variables, respondents were asked to provide a dollar estimate. For certain items that solicited sensitive information, such as revenue, expenses, and insurance coverage, however, respondents were provided an option of providing a dollar estimate by identifying a prepared range of values appropriate for their firm. For those that provided dollar ranges, a midpoint value was assigned.

Survey responses were supplemented by external data in a limited number of instances to address issues of item non-response. For seven respondents, estimates of the number of years in business were obtained from MANTA business reports. Land value estimates were obtained from parish or county property tax records for five respondents that could not provide land value estimates separate from the estimated value of their businesses. For seven firms that were unable to provide sales estimates, sales revenue ranges were identified using Dun & Bradstreet, Inc. reports.

ORGANIZATION

This report is divided into four sections. The first section provides an introduction and describes the research methodology. Section two examines matters pertaining to business activities and the procurement and distribution of seafood products for survey respondents whose primary business function was seafood processing. Section three examines the financial and economic performance of all respondents identified as seafood processors, and section four examines the economic performance of processors in four different categories based on the respondents' estimated market values.

II. BUSINESS ACTIVITIES AND PROCUREMENT AND DISTRIBUTION OF SEAFOOD PRODUCTS

This section examines the sources of seafood products obtained by respondents for seafood processing, the varieties of seafood types they handled, and the different categories of purchasers and locations they sold seafood to. It also examines the sales of different product forms of six separate types of seafood (shrimp, crabs, oysters, crawfish, lobster, and finfish) and a measure of the geographic distribution of the respondents' sales of these seafood types.

Because the primary purpose of this research was to study the activities of seafood processors, efforts were made to exclude respondents for which something other than processing appeared to be the primary function. The delineation of the respondents' primary function was based mainly on their responses to a survey question that asked them to indicate what percentage of their seafood business–in terms of costs–was directly involved in each of the following activities: commercial fishing, dealing or distributing, processing, retailing, and other. Respondents who said that 75 percent or more of their activities involved commercial fishing or retailing were determined to have some function other than processing as their primary function. In addition, respondents who indicated that 75 percent or more of their activities involved seafood dealing or distributing, and also claimed to have purchased 75 percent or more of their seafood directly from commercial fishermen, were identified as dealers or first receivers and were consequently dropped from this study of seafood processors.

After the exclusion of these respondents, the sample population was reduced to 98 seafood processor respondents. Twenty of these respondents were from Alabama, 18 from West Florida, 48 from Louisiana, three from Mississippi, and nine from Texas. Relative to the NMFS's seafood processor survey sample from which it was drawn, this sample contained a disproportionately large number of respondents from Louisiana.

PROCESSORS' BUSINESS ACTIVITIES

Respondents who indicated that seafood processing was a main, or primary purpose of their business, were frequently involved in some other type of business activity (Table 1). Ninety-four respondents provided a complete set of answers to the question soliciting the percentage of business activities related to specific business functions, that is, a range of percentages that equaled 100 percent. Among these, the average percentage of activities related to processing was 68.9 percent, and the average percentage related to dealing or distributing was 23.7 percent. The average percentage of business activities related to commercial fishing was 3.3 percent, retailing was 3.0 percent, and other activities were 1.1 percent.

Table 1. **THE PERCENTAGE OF THE SEAFOOD BUSINESS—IN TERMS OF COSTS—THAT WAS INVOLVED WITH THE FOLLOWING ACTIVITIES**

Item	N	Average (%)	Median (%)
Commercial Fishing	94	3.3	0
Dealing or Distributing	94	23.7	10.0
Processing	94	68.9	77.5
Retailing	94	3.0	0
Other	94	1.1	0

The aforementioned average percentage for processing activities may understate the magnitude of processing activities among the individual respondents. For a majority of respondents (53.1 percent), processing accounted for 90 percent or more of their seafood business activities in terms of costs. About one third (34.4 percent) of the respondents noted that 100 percent of their business was related to seafood processing.

Dealing or distributing seafood was, after processing, the second-most commonly practiced business activity. About 57 percent of the respondents estimated that at least one percent or more of their activities were related to seafood dealing or distributing.

Commercial fishing and retailing were, in contrast, infrequently practiced. Only 12 percent of respondents claimed that any of their business activities were related to commercial fishing, and only 29 percent claimed that any of their activities were related to retailing seafood.

SOURCES OF RESPONDENTS' SEAFOOD

Respondents were asked to identify what percentage of their total seafood acquisition (by costs) was obtained from each of the following sources: vessels owned by the processor respondent, independent domestic commercial harvesters operating their own vessels, domestic seafood dealers or distributors, domestic processors, imports (purchased directly by the respondents from outside the U.S.), and other sources. For each respondent, the percentage of seafood from each source was multiplied by the cost of seafood purchased (solicited in a separate question) to estimate the cost of seafood obtained from each of the separate sources.

The cumulative cost of seafood obtained from each source was estimated by adding the cost of seafood from each of the separate sources across the 79 respondents that provided both usable seafood cost estimates and a complete set of answers regarding the percentages of seafood obtained from each source, that is, those for which the sum across source categories was 100 percent. Among these, 15.3 percent of the seafood obtained by processor respondents (in terms of cost) was purchased from independent domestic commercial harvesters, 30.6 percent came from domestic seafood dealers or distributors, and 3.5 percent was from domestic processors (Figure 1). Almost half, or 42.7 percent, was imported seafood obtained directly from foreign sources by the processor respondents.

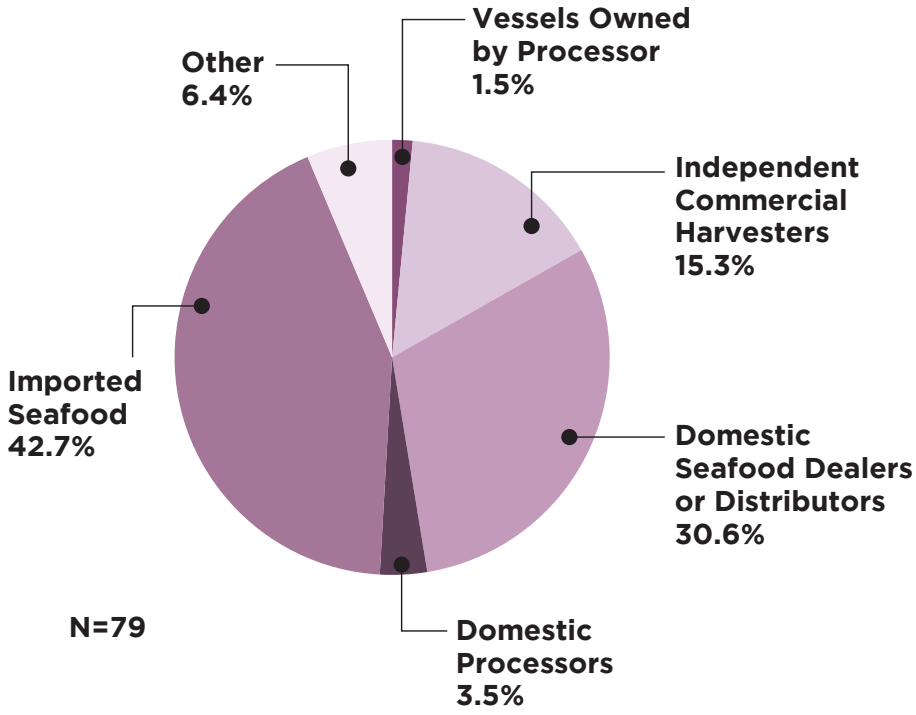


Figure 1. **PERCENTAGE OF SEAFOOD PURCHASED OR ACQUIRED FROM SPECIFIC SOURCES (WEIGHED BY SEAFOOD COSTS)**

The percentage of seafood obtained from foreign sources demonstrates the fact that much of the seafood processed in the Gulf region is not necessarily harvested from Gulf waters by domestic commercial seafood harvesters. Nevertheless, this relatively large number may overestimate the commonality of direct seafood imports among individual respondents. Only 16.5 percent reported importing any seafood at all (Figure 2). Further analysis herein will demonstrate that most of the imported seafood, according to the survey results for the baseline year of 2009, was purchased by a relatively small number of relatively large firms.

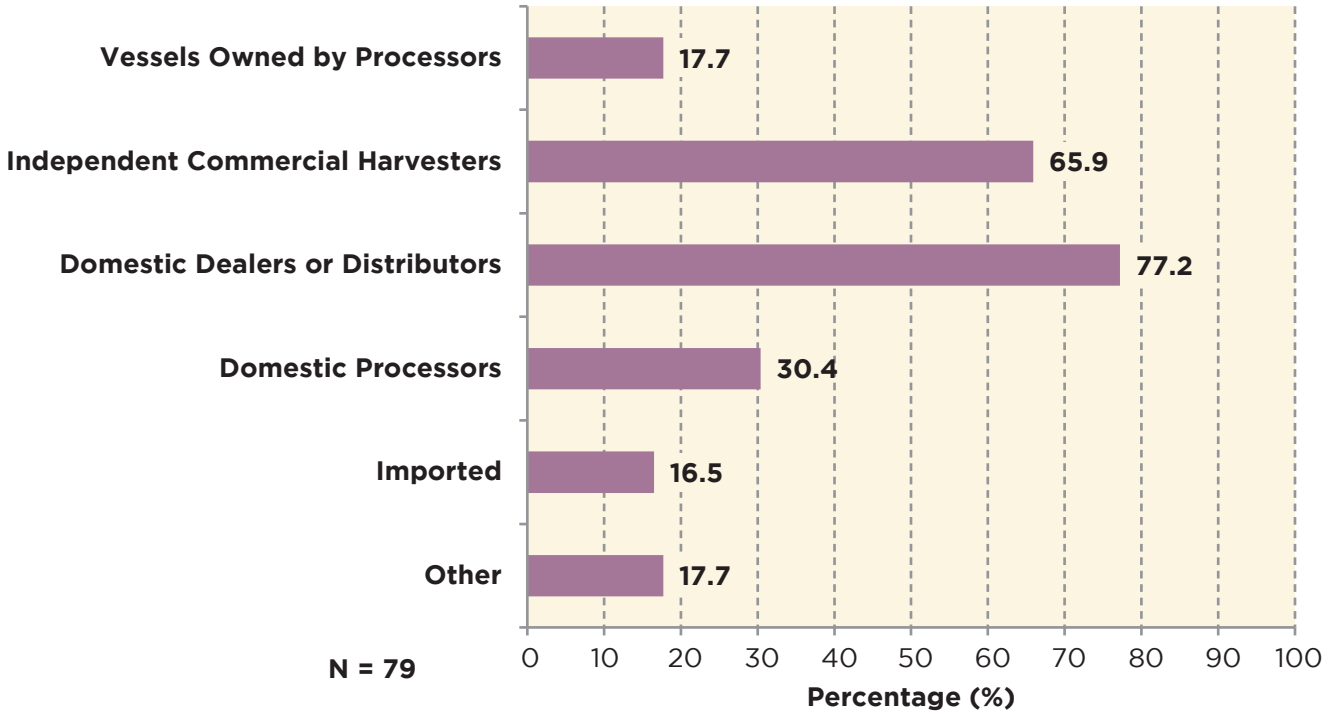


Figure 2. **PERCENTAGE OF RESPONDENTS WHO ACQUIRED SEAFOOD FROM SPECIFIED SOURCES**

The majority of individual respondents reported obtaining seafood from independent commercial harvesters (65.9 percent) and domestic dealers or distributors (77.2 percent). Since the survey did not solicit, from processor respondents, the original source of seafood obtained from domestic dealers, distributors, or processors, this research cannot estimate the volume of seafood purchased from those independent sources that were derived from domestic sources or imported sources.

SEAFOOD OUTPUT TO DIFFERENT CATEGORIES OF PURCHASERS

Another indicator of the functions performed by individual respondents is the share of their output that is distributed to customers. Seafood processors are typically thought of as middlemen in the supply chain and usually sell the majority of their output to other middlemen, such as dealers or distributors, or directly to retailers.

Respondents were asked to estimate what percent of their total seafood sales (in dollar terms) were made to each of the following different categories of purchasers: dealers or distributors, processors, retailers, the public directly, or others. For each respondent, the percentage of sales sold to each category was multiplied times seafood sales (solicited in a separate question) to estimate the sales of seafood for each category of purchaser.

The cumulative sales of seafood made to each category of purchaser were calculated by adding the sales of seafood together for each separate category of purchaser. This calculation was completed for the 84 respondents that provided both usable seafood sales estimates and a complete set of answers regarding the percentage of sales made to each purchaser category, for those where the sum across the source categories totaled 100 percent.

Sixty percent of cumulative seafood sales were made to dealers or distributors (Figure 3). Over one-third (35.8 percent) were made directly to retailers. About three percent of total sales were made to processors, and less than one percent were made to the public or other types of purchasers.

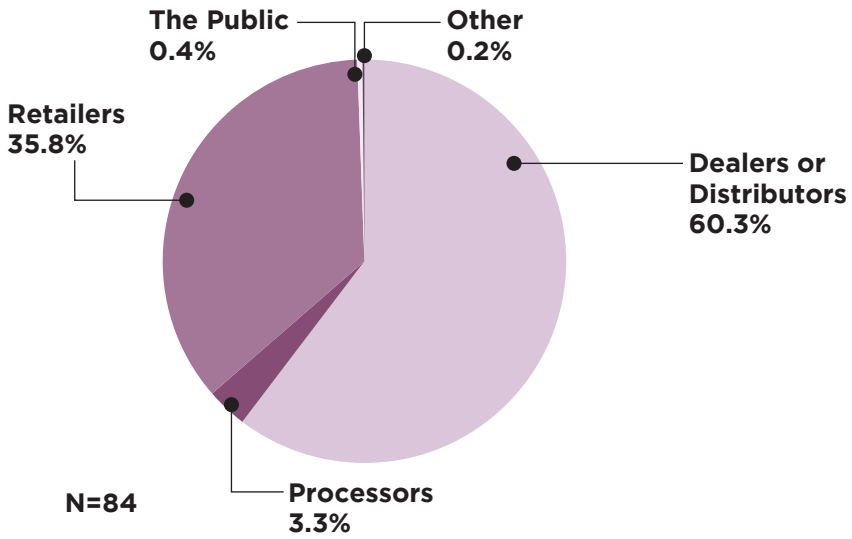


Figure 3. **PERCENTAGE OF SEAFOOD SALES SOLD TO SPECIFIED TYPES OF ENTITIES**

Eighty-one percent of the respondents reported selling at least some seafood to dealers or distributors (Figure 4). Sixty-nine percent sold at least some seafood directly to retailers. About one-quarter made sales to processors, and one-fifth sold seafood directly to the public.

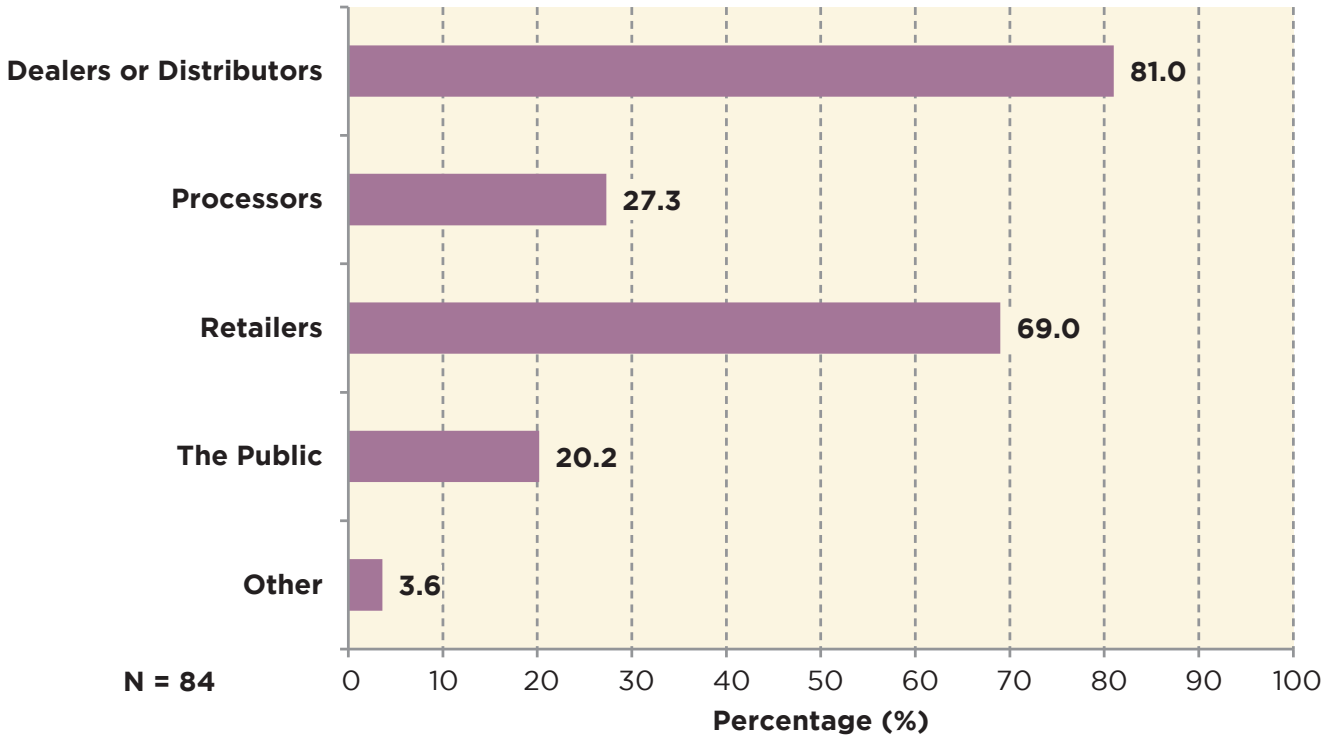


Figure 4. **PERCENTAGE OF RESPONDENTS WHO SOLD SEAFOOD TO SPECIFIC CATEGORIES OF PURCHASERS**

TYPES OF SEAFOOD HANDLED

Many different types of seafood are handled (bought or sold) by processors in the Gulf states. The types of seafood handled by the 98 processor respondents were identified according to the types of seafood that they reported buying or selling. Approximately half handled shrimp (Figure 5). Thirty-eight handled crabs, and 37 handled oysters. Twenty-four handled crawfish, and twenty-four handled finfish (other than menhaden[1]). About ten percent handled lobsters. While the percentage of the respondent population that handled oysters, crabs, crawfish, and finfish is roughly similar to the proportions included within the NMFS's annual seafood processor survey, the proportion of the respondent population that handled shrimp is larger than the corresponding proportion among the NMFS's annual seafood processor survey population from which it was drawn.

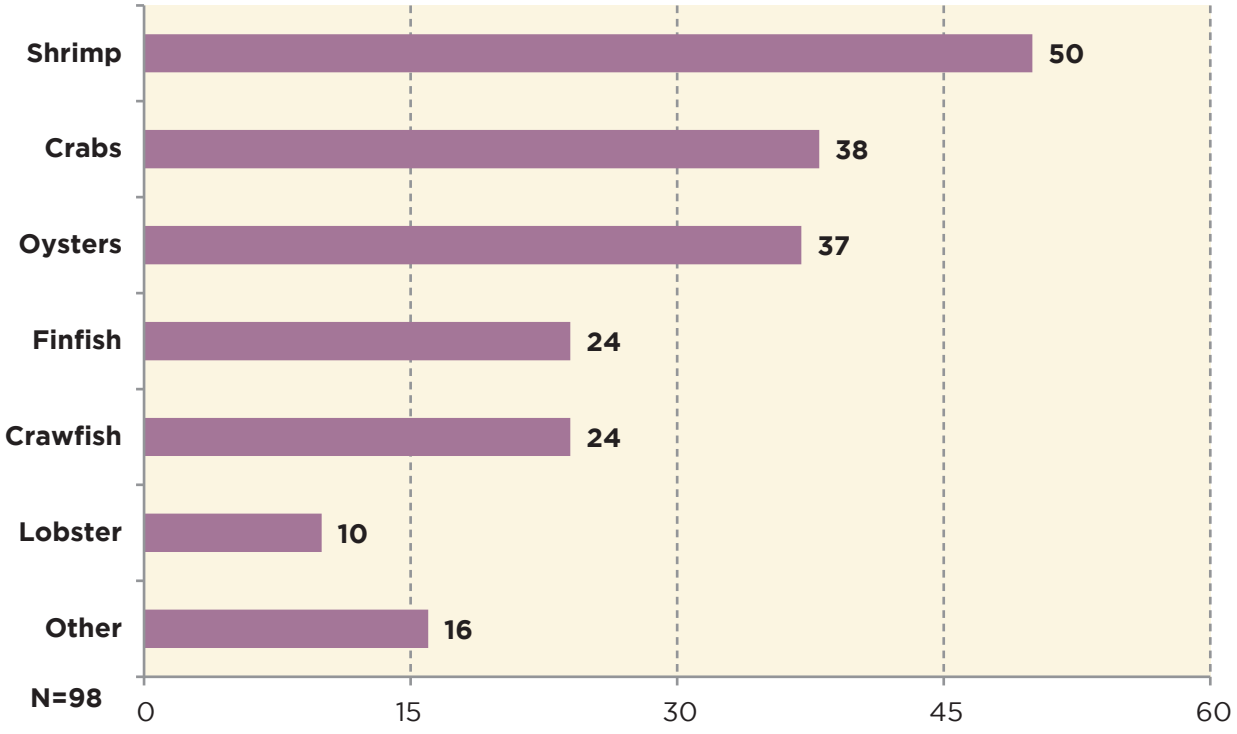


Figure 5. **NUMBER OF RESPONDENTS WHO HANDLED SPECIFIC TYPES OF SEAFOOD**

[1] The sample included no menhaden processors.

While the average number of seafood types per respondent was approximately two (Table 2), the majority of respondents handled only one type of seafood (Figure 6). Eighteen percent handled two different types of seafood, 3.1 percent handled three types, 8.2 percent handled four types, and 11.3 percent handled five or more types.

Table 2. **NUMBER OF DIFFERENT TYPES OF SEAFOOD HANDLED BY RESPONDENTS**

	N	Average	Median
Number of Different Seafood Types	98	2.07	1.0

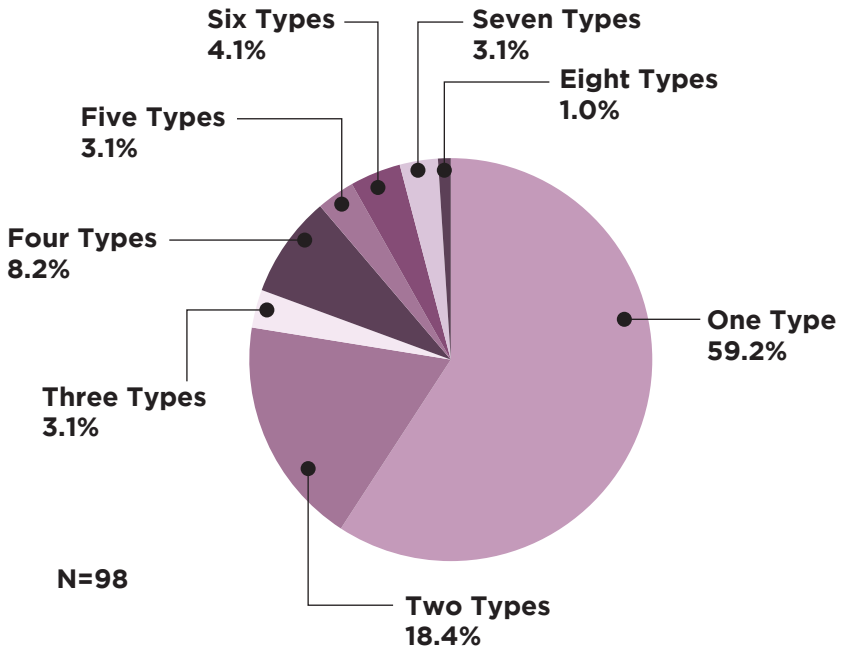


Figure 6. **NUMBER OF SEAFOOD TYPES HANDLED BY RESPONDENTS**

SHRIMP PROCESSORS: PRODUCT FORMS AND GEOGRAPHIC DISTRIBUTION OF SALES

Fifty respondents were identified as processing or selling shrimp. Of the respondents who handled shrimp (Table 3), nearly one-half (46 percent) processed only shrimp. Forty percent handled both shrimp and crabs, and over one-third handled both shrimp and oysters or both shrimp and finfish. The average number of different seafood types processed or sold by shrimp processors was 2.8.

Table 3. **TYPES OF SEAFOOD HANDLED BY RESPONDENTS IDENTIFIED AS HANDLING SHRIMP**

Shrimp Only	Shrimp and Crabs	Shrimp and Oysters	Shrimp and Finfish	Shrimp and Crawfish	Shrimp and Lobster
23	20	19	19	9	9
46%	40%	38%	38%	18%	18%

Shrimp Processor Product Forms

Respondents who purchased and handled shrimp were asked what percentage of their sales of shrimp were made in the form of headless shrimp (tails), head-on (whole) shrimp, peeled or deveined shrimp (shrimp meat), breaded shrimp, and other forms. For every respondent that handled shrimp, each shrimp product form percentage was multiplied by shrimp sales (solicited in a separate question) to estimate the dollar amount of sales for each shrimp product form. Thirty-seven respondents provided both usable shrimp sales estimates and complete shrimp product form responses (with totals that equaled 100 percent). Of the cumulative shrimp sales among these respondents, 43.7 percent of shrimp sales were peeled and deveined shrimp (Figure 7), 5.1 percent were head-on shrimp, and 23.7 percent were headless, shell-on shrimp. Though the cumulative sales of breaded shrimp comprised 23.8 percent of total shrimp sales, fewer than five respondents reported sales of breaded shrimp products.

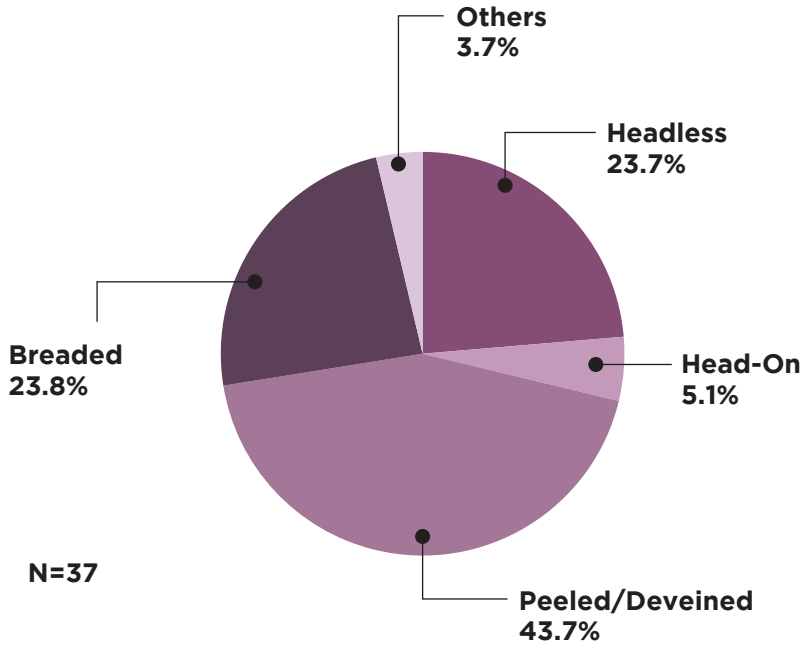


Figure 7. **PERCENTAGE OF SHRIMP SALES IN SPECIFIED FORMS**

Geographical Distribution of Sales by Shrimp Processors

Respondents that handled shrimp were asked what percentage of their shrimp sales (in dollars) was sold directly to customers within their base state (the state in which their seafood business is located), what percentage was sold to customers in other states in the Gulf region, what percentage was sold to customers in states outside the Gulf region, and what percentage was exported directly to customers outside the United States. The percentage of sales made by the respondent to each specific area was multiplied by their shrimp sales to estimate the dollar value of sales made to the various geographic designations. Among the 45 respondents that provided both usable shrimp sales estimates and complete sets of geographic information (that summed to 100 percent), about 60 percent of shrimp sales were sold outside the Gulf region (Figure 8). About 17.6 percent were sold within the respondents' base states (e.g., from an Alabama processor to an Alabama customer) and 21.6 percent to customers in other states in the Gulf region (e.g., from an Alabama processor to a Florida customer). About one percent of shrimp sales were made to customers outside the U.S.

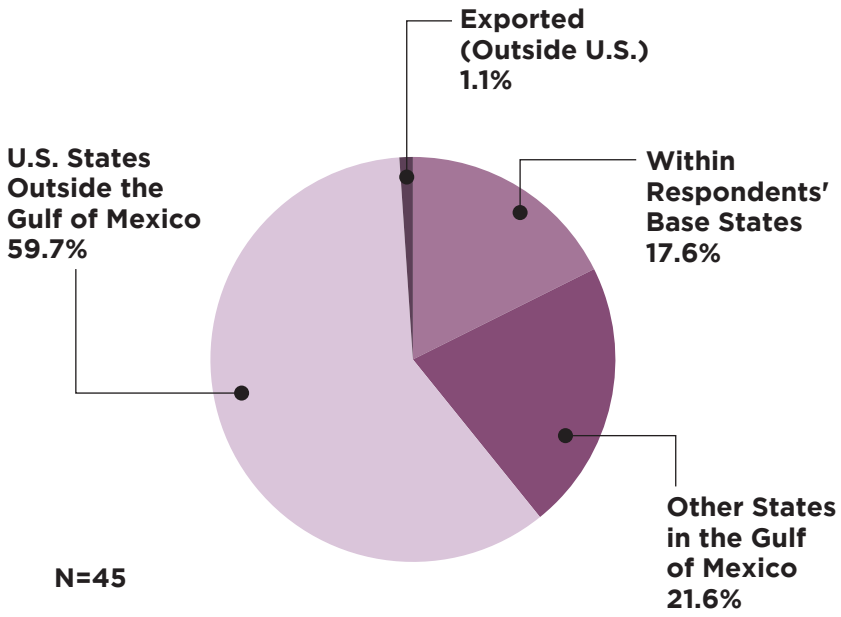


Figure 8. **PERCENTAGE OF SHRIMP SALES DISTRIBUTED TO CUSTOMERS IN SPECIFIED GEOGRAPHIC AREAS**

CRAB PROCESSORS: PRODUCT FORMS AND GEOGRAPHIC DISTRIBUTION OF SALES

Thirty-eight respondents were identified as processing or selling crabs. Of those that handled crabs, about one-quarter (26.3 percent) handled crabs exclusively (Table 4). About one-half handled both crabs and shrimp, both crabs and oysters, or both crabs and finfish. Twenty-nine percent handled both crabs and crawfish, and about one-quarter (26.3 percent) handled both crabs and lobsters. The average number of different seafood types processed or sold by crab processors was 3.4.

Table 4. **TYPES OF SEAFOOD HANDLED BY RESPONDENTS IDENTIFIED AS HANDLING CRAB**

Crab Only	Crab and Shrimp	Crab and Oysters	Crab and Finfish	Crab and Crawfish	Crab and Lobster
10	20	19	20	11	10
26.3%	52.6%	50.0%	52.6%	29.0%	26.3%

Crab Processor Product Forms

Crab processors were asked what percentage of their total crab sales were made in the following product forms: live or jimmy crabs, cooked crab meat, soft shell crabs, and other forms. These crab product form percentages were multiplied by crab sales for each firm to estimate dollar sales corresponding to each product form. Twenty-six respondents provided both usable crab sales and a set of product form percentage responses that totaled 100 percent. Of the cumulative crab sales across these respondents, 81.7 percent of sales were cooked crabs, 16.2 percent were live crabs, and 0.5 percent were soft shell crabs (Figure 9).

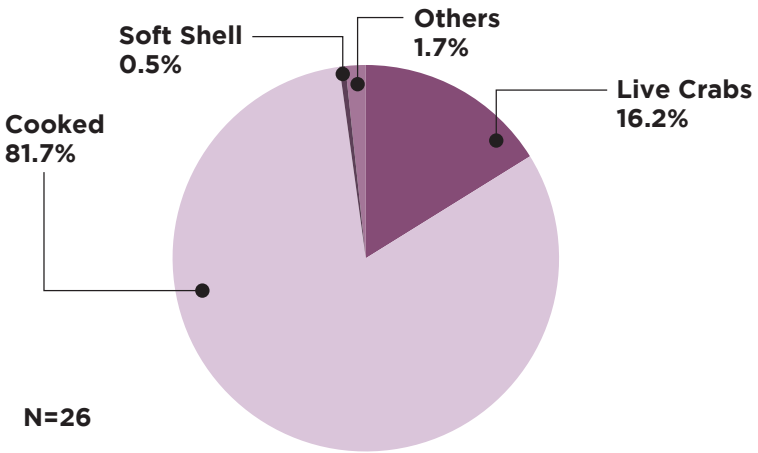


Figure 9. **PERCENTAGE OF CRAB SALES IN SPECIFIED FORMS**

Geographical Distribution of Sales by Crab Processors

Thirty-two respondents that handled crabs supplied both usable crab sales estimates and a set of percentages for the geographical distribution of their crab sales that summed to 100 percent. Across these respondents, 26.6 percent of crab sales were made within the respondents' base states, 27.3 percent in other states in the Gulf region, and 46.1 percent in states outside the Gulf region (Figure 10).

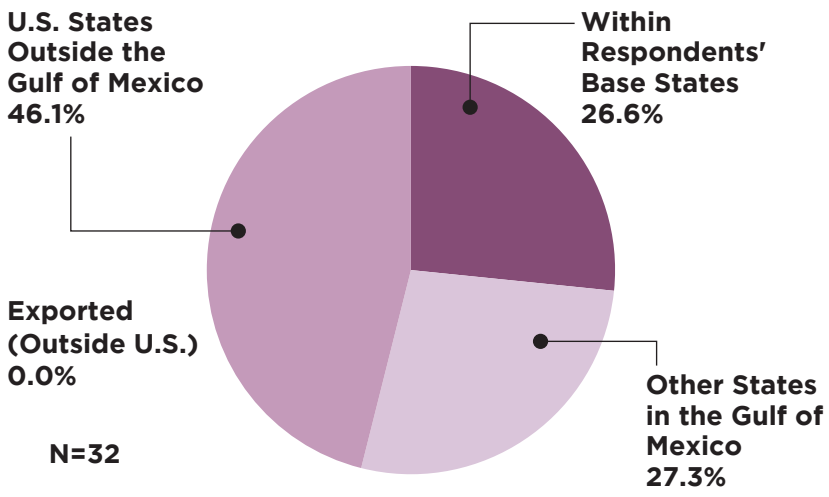


Figure 10. **PERCENTAGE OF CRAB SALES DISTRIBUTED TO CUSTOMERS IN SPECIFIED GEOGRAPHIC AREAS**

OYSTER PROCESSORS: PRODUCT FORMS AND GEOGRAPHIC DISTRIBUTION OF SALES

Thirty-seven respondents were identified as selling or processing oysters. Most (64.9 percent) of the processors identified as oyster processors also processed some other type of seafood. Only 35.1 percent handled oysters exclusively (Table 5). Approximately half handled both oysters and crabs, and the same percentage handled both oysters and shrimp. About 40 percent handled both oysters and finfish. The average number of different seafood types produced by oyster processors was three.

Table 5. **TYPES OF SEAFOOD HANDLED BY RESPONDENTS IDENTIFIED AS HANDLING OYSTERS**

Oysters Only	Oysters and Shrimp	Oysters and Crab	Oysters and Finfish	Oysters and Crawfish	Oysters and Lobster
13	19	19	15	6	8
35.1%	51.4%	51.4%	40.5%	16.2%	21.6%

Oyster Processor Product Forms

The questionnaire solicited the percentage of oyster sales for fresh or whole oysters, shucked oysters, frozen oysters, breaded oysters, or other formats. Twenty-five oyster processor respondents provided both usable oyster sales estimates and product form percentages that summed to 100 percent. Among these, 56.9 percent of oyster sales were fresh whole oysters, 31.4 percent were shucked oyster meat, and 11.4 percent were frozen oysters (Figure 11).

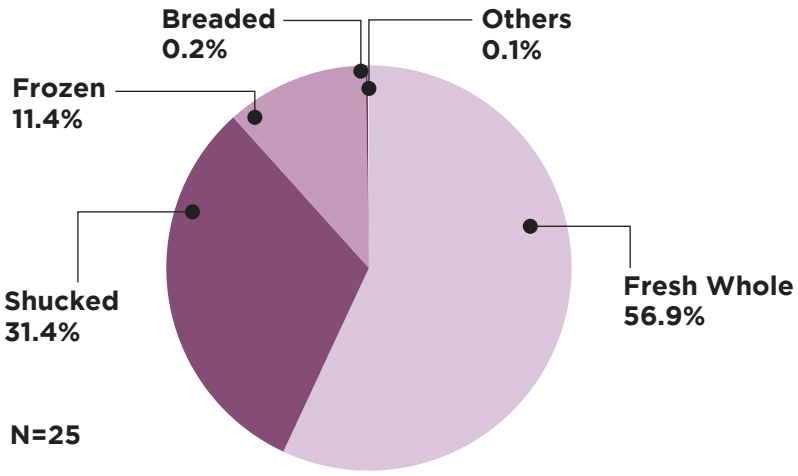


Figure 11. **PERCENTAGE OF OYSTER SALES IN SPECIFIED FORMS**

Geographical Distribution of Sales by Oyster Processors

Thirty-one of the oyster processor respondents provided usable oyster sales estimates and a set of responses to the question regarding the geographical distribution of their sales that summed to 100 percent. Among these, 35.8 percent of oyster sales were made within the respondents' base states, 39.4 percent to other states in the Gulf region, and 24.5 percent to states outside the Gulf (Figure 12).

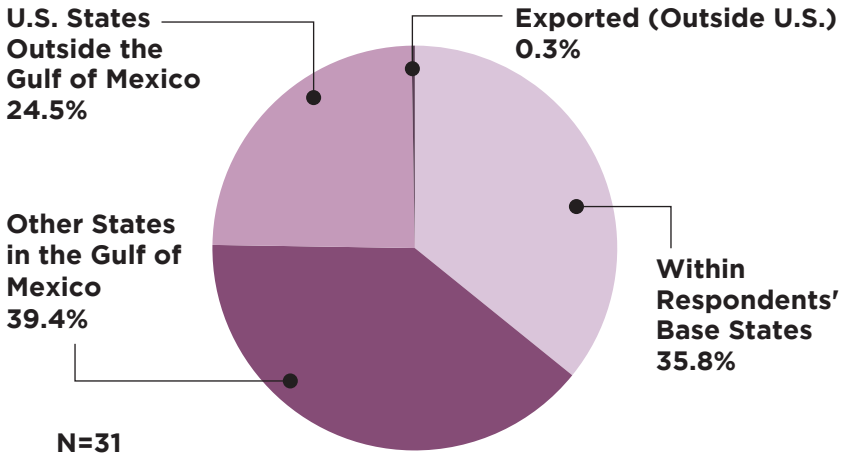


Figure 12. **PERCENTAGE OF OYSTER SALES DISTRIBUTED TO CUSTOMERS IN SPECIFIED GEOGRAPHIC AREAS**

FINFISH PROCESSORS: PRODUCT FORMS AND GEOGRAPHIC DISTRIBUTION OF SALES

Twenty-four respondents were identified as processing or selling finfish other than menhaden. Fewer than three of these respondents handled finfish alone (Table 6). A large majority of those that handled finfish also handled both finfish and shrimp (79.2 percent) or both finfish and crabs (83.3%). Nearly two-thirds (62.5 percent) handled both finfish and oysters. The average number of different seafood types handled by processors identified as finfish processors was 4.5.

Table 6. **TYPES OF SEAFOOD HANDLED BY RESPONDENTS IDENTIFIED AS HANDLING FINFISH**

Finfish Only	Finfish and Shrimp	Finfish and Crab	Finfish and Oysters	Finfish and Crawfish	Finfish and Lobster
N/A[2]	19	20	15	9	10
N/A	79.2%	83.3%	62.5%	37.5%	41.7%

Finfish Processor Product Forms

Processors of finfish were asked what percentage of their finfish sales were made in terms of whole fish, gutted or headed fish, fileted fish, steak fish, fish roe, and other forms. Twelve respondents that handled fish gave usable finfish sales estimates and a set of product percentage responses that summed to 100 percent. Among these, 73.2 percent of finfish sales were in the gutted or headed form, and 13.2 percent of sales were fileted (Figure 13).

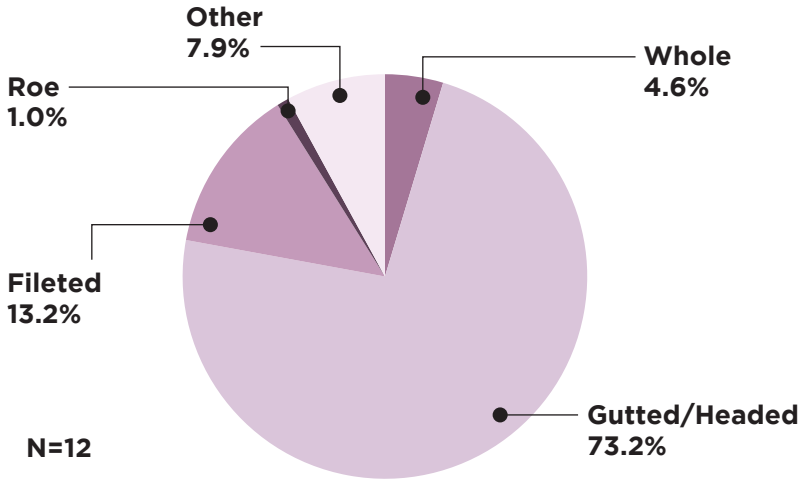


Figure 13. **PERCENTAGE OF FINFISH SALES IN SPECIFIED FORMS**

[2]Confidential data is presented as N/A when there are fewer than three respondents for a particular category.

Geographical Distribution of Sales by Finfish Processors

Twenty finfish processor respondents supplied both usable finfish sales estimates and a set of responses detailing the geographical distribution of their finfish sales that totaled 100 percent. A majority of finfish sales were made outside the Gulf region (Figure 14). About one-quarter of finfish sales were made within the respondents' base states, and 15.0 percent were made to other states in the Gulf region. Less than one percent of finfish sales were exported outside the U.S.

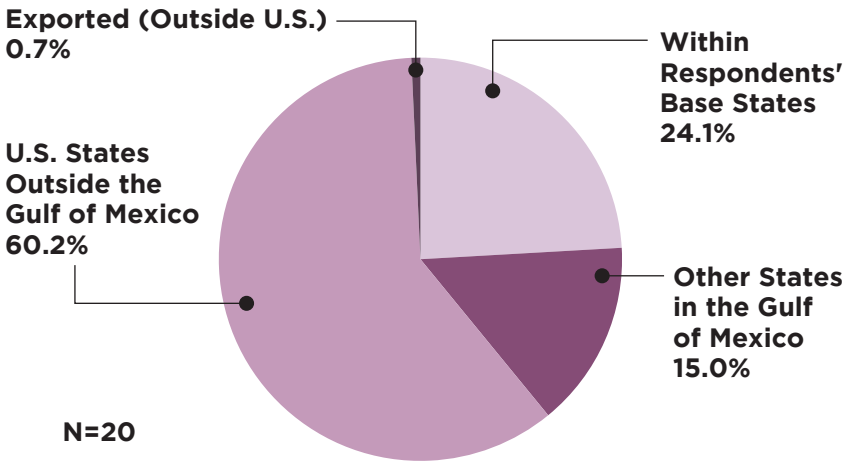


Figure 14. **PERCENTAGE OF FINFISH SALES DISTRIBUTED TO CUSTOMERS IN SPECIFIED GEOGRAPHIC AREAS**

CRAWFISH PROCESSORS: PRODUCT FORMS AND GEOGRAPHIC DISTRIBUTION OF SALES

Twenty-four respondents were identified as processing or selling crawfish. Of these, 37.5 percent handled only crawfish (Table 7). About forty-six percent handled both crawfish and crabs, and about one-third handled both crawfish and shrimp, or both crawfish and finfish. The average number of different seafood types handled by crawfish processors was 3.2.

Table 7. **TYPES OF SEAFOOD HANDLED BY RESPONDENTS IDENTIFIED AS HANDLING CRAWFISH**

Crawfish Only	Crawfish and Shrimp	Crawfish and Crab	Crawfish and Oysters	Crawfish and Finfish	Crawfish and Lobster
9	9	11	6	9	7
37.5%	37.5%	45.8%	25.0%	37.5%	29.2%

Crawfish Processor Product Forms

Crawfish processors were asked what percentage of their crawfish sales were sold as live crawfish, peeled crawfish meat, frozen crawfish, cooked crawfish, and other crawfish product forms. Twenty-one crawfish processor respondents provided both crawfish sales estimates and a set of product form percentage responses that totaled 100 percent. Live crawfish constituted the majority of crawfish sales (Figure 15). One-third of crawfish sales (33.8 percent) were peeled crawfish, and 12.9 percent were cooked crawfish.

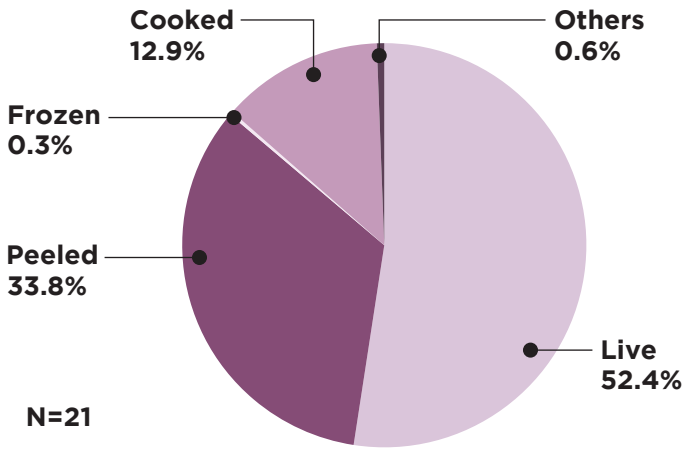


Figure 15. **PERCENTAGE OF CRAWFISH SALES IN SPECIFIED FORMS**

Geographical Distribution of Sales by Crawfish Processors

Twenty-two crawfish processor respondents provided both usable crawfish sales estimates and a set of responses detailing the geographical distribution of their crawfish sales that totaled 100 percent. Over three-quarters of crawfish sales were made to customers within the respondents' base states, and 18.7 percent to other states in the Gulf region (Figure 16). Approximately three percent of crawfish sales were made outside the Gulf.

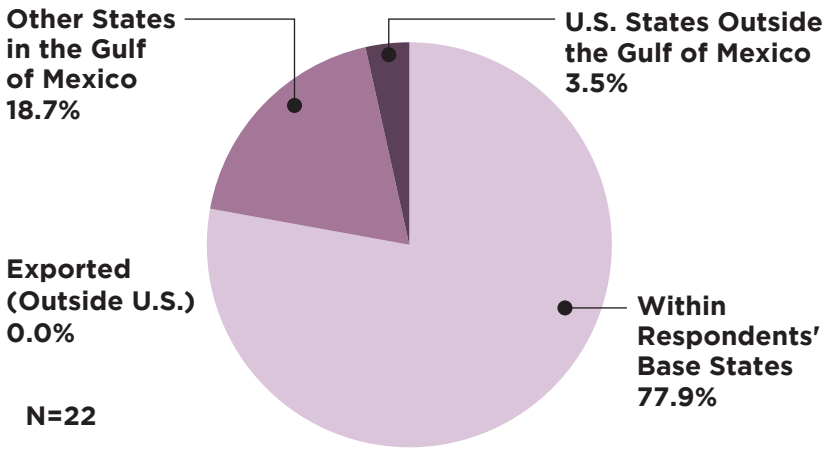


Figure 16. **PERCENTAGE OF CRAWFISH SALES DISTRIBUTED TO CUSTOMERS IN SPECIFIED GEOGRAPHIC AREAS**

LOBSTER PROCESSORS: PRODUCT FORMS AND GEOGRAPHIC DISTRIBUTION OF SALES

Ten respondents were identified as processing or selling lobsters (spiny lobster). None of the respondents that handled lobsters traded exclusively in lobsters (Table 8). All of the respondents that handled lobsters also handled crabs and finfish. Most handled both lobsters and shrimp (90.0 percent), both lobsters and oysters (80.0 percent), or both lobsters and crawfish (70.0 percent). The average number of different seafood types handled by lobster processors was 6.2.

Table 8. **TYPES OF SEAFOOD HANDLED BY RESPONDENTS IDENTIFIED AS HANDLING LOBSTERS**

Lobsters Only	Lobsters and Shrimp	Lobsters and Crab	Lobsters and Oysters	Lobsters and Finfish	Lobsters and Crawfish
0	9	10	8	10	7
0.0%	90.0%	100%	80.0%	100%	70.0%

Lobster Processor Product Forms

Only four respondents that handled lobster provided both usable lobster sales estimates and a set of product percentage responses that summed to 100 percent. The majority of lobster sales (56.0 percent), from this small sample, were in the form of cooked lobster, and 31.9 percent were live lobsters (Figure 17).

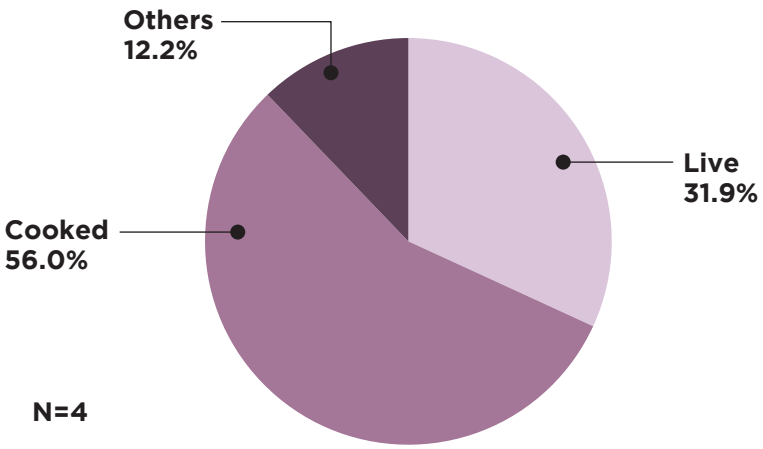


Figure 17. **PERCENTAGE OF LOBSTER SALES IN SPECIFIED FORMS**

Geographical Distribution of Sales by Lobster Processors

Eight lobster processor respondents reported both usable sales estimates and a complete set of responses that summed to 100 percent for the geographical distribution of their lobster sales. Among these, 46.6 percent of lobster sales were made within the respondents' base states (Figure 18). About one-quarter of sales were made to other states in the Gulf region, and another one-quarter to other states outside the Gulf region.

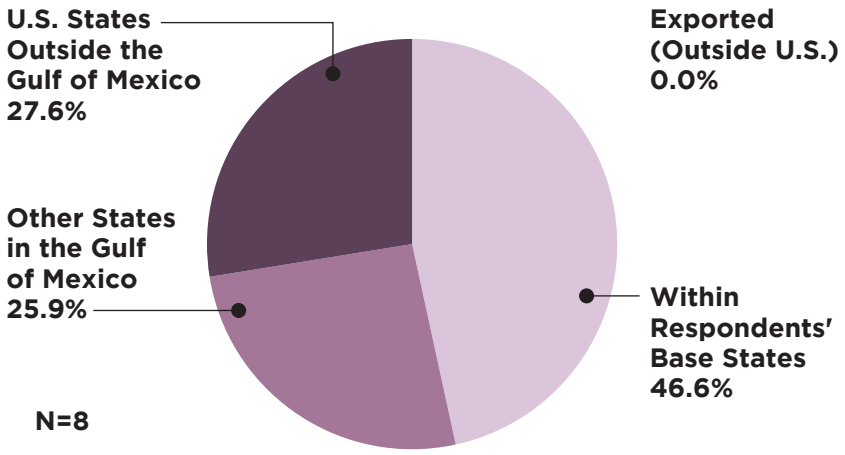
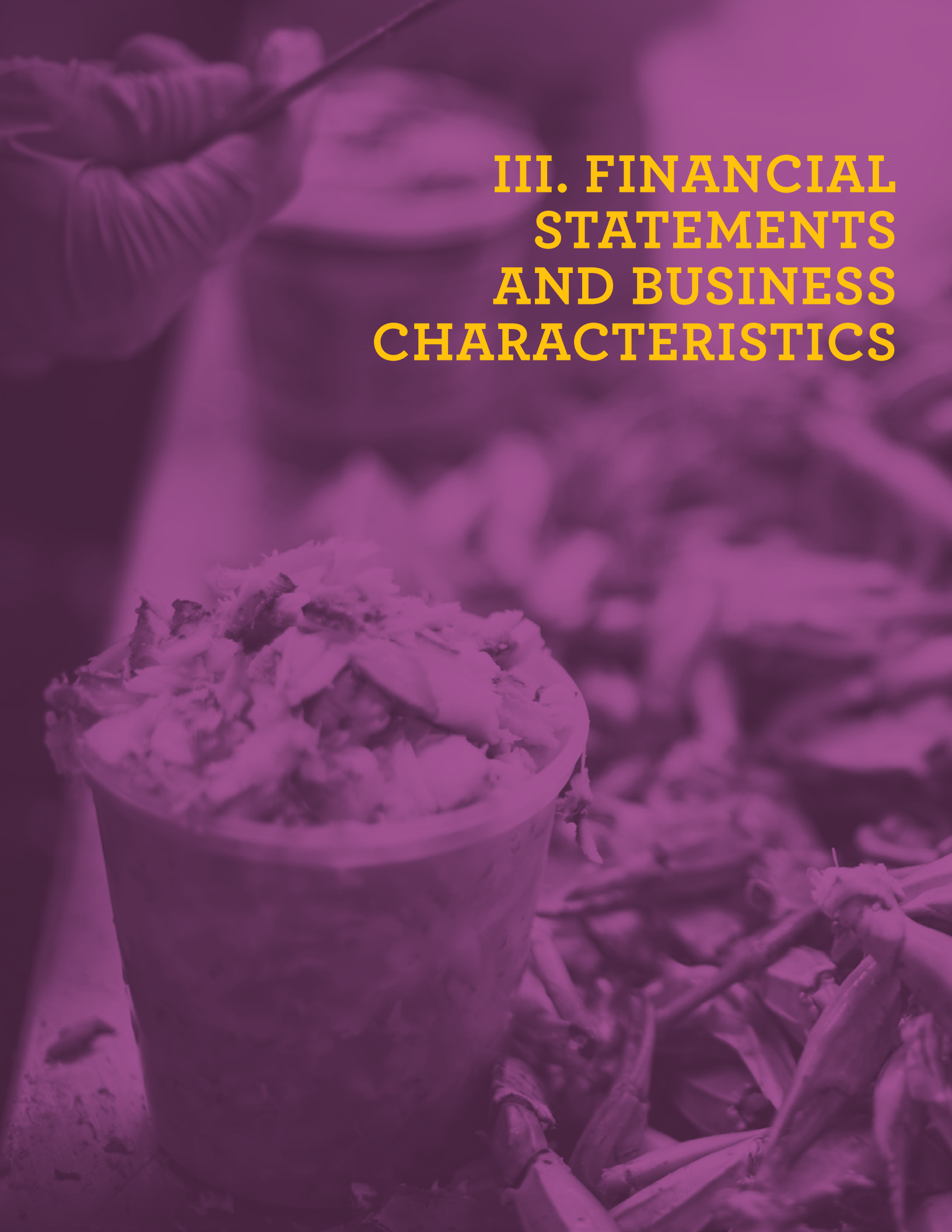


Figure 18. **PERCENTAGE OF LOBSTER SALES DISTRIBUTED TO CUSTOMERS IN SPECIFIED GEOGRAPHIC AREAS**



III. FINANCIAL STATEMENTS AND BUSINESS CHARACTERISTICS

This section examines the economic and financial data collected through the administration of the survey instrument. In addition to summary data regarding the seafood processors' facilities and labor force, this section also includes three financial statements (the balance sheet, cash flow statement, and income statement) for a subsection of respondents who provided complete and useable financial information.

AN OVERVIEW OF THE BALANCE SHEET

A balance sheet is a depiction of a company's financial status at a particular point in time. The balance sheet is divided into three parts: assets, liabilities, and equity. The asset side of the balance sheet includes the firm's assets and its value at a particular point in time (Figure 19). The liability side of the balance sheet includes claims against assets (loans and other debts) and equity or net worth, the difference between the value of all assets minus liabilities. Equity estimates can be inferred once data regarding the respondents' asset values and liabilities have been obtained.

Balance Sheet (Point in Time)

ASSETS	LIABILITIES
Facility Structures	Loan Balance (Amount Owed)
Facility Equipment	
Land	
	EQUITY (+/-)

Figure 19. **BALANCE SHEET CONFIGURATION**

AN OVERVIEW OF THE CASH FLOW STATEMENT

The cash flow statement summarizes the flow of money into and out of a firm over a span of time, such as a year. Cash inflow includes all money flowing into the firm, including receipts from operating activities and government payments related to the business (Figure 20). Cash outflow includes all money leaving the business, including the cost of acquiring inputs or raw materials, labor, and various expenditures related to owning and operating the business. Items, such as depreciation, that do not involve cash receipts or payments are excluded.

Cash Flow Statement (Period of Time)

INFLOWS/RECEIPTS	OUTFLOWS/PAYMENTS
Operating Receipts or Inflows Revenues from Seafood Sales Revenues from Sales of Other Products **Non-Operating Receipts or Inflows** Government Payments	**Variable Costs Payments** Cost of Seafood Purchased Utility Cost Freight or Shipping Costs Repairs and Maintenance Other Costs **Labor Costs** Wages, Salaries, Benefits, Payroll Taxes, etc. **Fixed Costs Payments** Capital Purchases Rental or Lease Payments Loan Payments (Interest and Principal) Property Tax Insurance Costs
	NET CASH FLOW (+/-)

Figure 20. **CASH FLOW STATEMENT CONFIGURATION**

The cash flow statement devised for the Gulf seafood processing sector includes three sources of cash inflow. Revenues from the sales of seafood, and revenues from the sales of other products, are classified as operating receipts or inflows. Government payments related to the business, such as disaster recovery assistance and tariff payments, are considered to be non-operating receipts or inflows.

The cash flow statement specifies 12 categories of cash expenditures among cash outflows. Five expenditure categories are treated as variable cost payments and include the following: cost of seafood purchased, utility costs, freight or shipping costs, repairs and maintenance, and other costs such as fuel, supplies, and materials. One category includes labor costs such as wages, salaries, benefits, payroll taxes, etc. Six are considered fixed cost payments and are as follows: capital purchases, rental or lease payments, interest payments on loans, principal payments on loans, property tax, and insurance costs.

AN OVERVIEW OF THE INCOME STATEMENT

An income statement, also known as the profit and loss statement, provides a measure of the true economic performance of a firm or return to management over a specified period of time. Net income from operations, a measure of economic return to a productive activity, is estimated as the difference between operating revenues (from the sales of products or services) minus all operating expenses, including non-cash expenses, such as depreciation (Figure 21). Net income before taxes, a firm's actual profit or loss, is calculated by subtracting financing costs (interest payments) from net income from operations and adding non-operating revenues or receipts, such as government payments.

The income statement may also include an estimate of gross margin, the difference between revenues from the sales of seafood and the cost of seafood purchases. Gross margin is an indication of the excess of product revenues over the cost of acquiring inputs before other expenses are paid. It is not a measure of profitability or return.

For Gulf seafood processors, revenues generated from operations included revenues from the sales of seafood and other products (but not government payments). Operating expenditures included non-cash expenses, such as depreciation, and all expenditures included within the cash flow statement other than the cost of capital purchases, loan principal payments, and interest payments. Depreciation is not an explicit cost and therefore needed to be estimated.

Income Statement (Period of Time)	
REVENUES	**EXPENDITURES**
Operating Revenues Revenues from Sales of Seafood Revenues from Sales of Other Products	**Operating Expenses** Cost of Seafood Purchased Utility Costs Freight or Shipping Costs Labor Costs Repairs and Maintenance Rental or Lease Payments Property Tax Insurance Costs Depreciation *Net Income from Operations*
Non-Operating Revenues Government Payments	**Non-Operating Expenses** Loan Interest Payments ***NET INCOME BEFORE TAXES (+/-)***

Figure 21. **INCOME STATEMENT CONFIGURATION**

SAMPLING FRAME FOR THE ECONOMIC AND FINANCIAL STATEMENTS

The sample of survey respondents retained for the preparation and analysis of the economic and financial statements for Gulf seafood processors included all respondents for which seafood processing was a main or primary business function and which provided sufficient information for the completion of the balance sheet, cash flow statement, and income statement.

As in section 2, the sample used in this analysis excluded respondents who indicated that 75 percent or more of their activities involved commercial fishing or retailing and respondents who indicated that 75 percent or more of their activities involved seafood dealing or distributing and also claimed to have purchased 75 percent or more of their seafood directly from commercial fishermen. In addition, the sample also excluded respondents who were unable to provide usable estimates for their

firms' market value, outstanding debt, operating revenues, government payments, and expenditures.

The sample of respondents included for the analysis was 66 firms. Because the processors who chose not to participate in this research effort refused personal invitations to do so, a non-response survey, essentially a second invitation to take part in a survey that they had already declined, seemed impractical. Existing data regarding the survey population from the NMFS's annual seafood processor survey for the baseline study year did allow for a comparison of the segment of the population retained for the financial analysis (66 firms) to the processors in the population who were not included or did not complete a survey. The average seafood products sales reported by these 66 respondents in the NMFS's processor survey was not significantly different from the average seafood products sales reported by the NMFS's processor survey respondents that were not included in this economic and financial analysis.

Of the respondents included in the economic and financial analysis, a majority were from Louisiana, followed by Alabama, Texas, West Florida, and Mississippi. Compared to the NMFS's processor survey sample from which it was drawn, the subsample underrepresented Florida and Mississippi and over-represented Louisiana.

For several parameters (types of activities, sources of seafood purchased, disposition of output, and types of seafood processed), the responses provided by the 66 respondents included in the economic and financial analysis were compared to those among all processor respondents that were examined in Section 2. For each of these, the patterns of responses among the respondents retained for financial analysis was similar to the pattern evident among the broader processor respondent sample.

CHARACTERISTICS OF SEAFOOD BUSINESSES

Respondents were asked to provide two items related to the longevity of their seafood processing businesses: the year the business started handling seafood at its current location under current ownership and the age of the main building. Among respondents included in the financial analysis, the average and median years when businesses started to handle seafood were 1984 and 1989, respectively (Table 9). The average age of the main building was 31.9 years.

Table 9. **AGE OF FACILITIES AND YEARS AT THE CURRENT LOCATION**

Item	N	Average	Median
Age of Main Building (Years)	65	31.9	30
Year the Seafood Business Started at the Current Location	66	1984	1989

Respondents were asked to provide several measures related to the physical size of their processing facilities and businesses. The average area of on-site buildings was 28,844 square feet, and the median area was 9,850 square feet (Table 10). Twenty-four percent had plants with an area of 2,500 square feet or less, 26 percent had an area of 2,501 to 9,999 square feet, 26 percent had an area of 10,000 to 26,000 square feet, and 24 percent had area of more than 26,000 square feet.

In addition to the size of their main building, respondents were asked to estimate the area and height of the freezer and cooler space for raw and finished products at their seafood businesses. The area of the freezer and cooler space averaged 7,261 square feet with a median of 2,730 square feet. The height of freezer and cooler space averaged 13 feet with a median of 10 feet.

The volume of the freezer and cooler space was calculated by multiplying area by height. The average freezer and cooler volume was 143,239 cubic feet. Median freezer and cooler volume was 32,000 cubic feet. Volume was less than 6,400 cubic feet for 25.4 percent of the respondents, between 6,400 and 32,000 cubic feet for 25.4 percent, between 32,000 and 128,000 cubic feet for 25.4 percent, and greater than 128,000 cubic feet for 23.8 percent.

Table 10. **DIMENSIONS OF BUSINESS FACILITIES**

Item	N	Average	Median
Area of On-Site Buildings (ft^2)	66	28,844	9,850
Area of Freezers and Cooler Space (ft^2)	66	7,261	2,730
Height of Freezers and Cooler Space (ft)	63	13	10
Volume of Freezers and Cooler Space (ft^3)	63	143,239	32,000

EMPLOYMENT

Respondents included in the financial analysis provided estimates of two types of employees: full-time employees and part-time or seasonal employees. The average number of full-time workers was 40.5, nearly five times the median of 8.5 full-time workers (Table 11). One-sixth had two full-time employees or fewer. Fifteen percent had between three and five full-time employees, and 18.2 percent had between six and eight. About one-quarter, 25.8 percent, had between nine and 40 full-time workers, one-sixth had between 41 and 80 employees, and 7.6 percent had more than 80 full-time employees.

Table 11. **NUMBER OF EMPLOYEES**

Item	N	Average	Median
Full-Time Workers	66	40.5	8.5
Part-Time or Seasonal Workers	66	35.4	12.0
Total Number of Workers	**66**	**75.9**	**54.0**

The average number of part-time or seasonal workers was 35.4, approximately three times the median number of part-time or seasonal employees. Nearly one-quarter (24.2 percent) had no part-time or seasonal employees, and nearly one-fifth (19.7 percent) had one to six. About nine percent had seven to twelve part-time employees. Thirty percent had between 13 and 50 part-time seasonal workers and one-sixth had more than 50.

The average total number of employees, the sum of full-time and part-time or seasonal employees, was 75.9 workers, and the median was 54 employees. Eighteen percent had ten or fewer employees, 13.6 percent had between 11 and 20 employees, nine percent between 21 and 40 employees, 15.2 percent between 41 and 55 employees, and 19.7 percent between 56 and 75 employees. Approximately one-quarter (24.2 percent) had more than 75 employees.

MARKET VALUE OF SEAFOOD PROCESSING FACILITIES

Respondents provided estimates of the market value of their facilities in response to a question soliciting the dollar amount they thought their business could sell for if it were placed on the market. Among those providing complete surveys, average market value was $5,812,530 (Table 12). The median market value was one-quarter as large, or $1,275,000. About one-quarter (24.2 percent) reported a market value of $300,000 or less, and about one-quarter (25.8 percent) had a market value of $300,001 to $1,275,000. Twenty-nine percent had a market value between $1,275,001 and $5,000,000. Twenty-one percent had a market value of more than $5 million.

Table 12. **ESTIMATED CURRENT MARKET VALUE[3]**

Item	N	Average	Median
Current Market Value of Facility (Including Land)	66	$5,812,530	$1,275,000
Market Value of Land	66	$1,893,608	$106,600
Current Market Value of Facility Structures and Equipment (Excluding Land)	66	$3,918,923	$900,000
Replacement Value of Facility (Excluding Land)	64	$4,655,859	$1,100,000

An estimated value of the facilities and plants (excluding land) was generated by subtracting land values from total market value. The average facilities and plant value was $3,918,923, and the median was $900,000.

In another measure of value, respondents were asked to estimate the replacement cost of their facilities, including building materials, equipment, and labor but excluding land. Among the 64 respondents who provided a replacement value estimate, the average replacement value was $4,655,859. The median replacement value was $1,100,000. A direct comparison between the estimated facility market value and replacement value was made by subtracting replacement value from current market value. The average difference between market value and replacement value for those who provided estimates for both variables was $634,314. Thus, the average market value of a seafood processing facility was approximately half a million dollars less than the value of the materials and equipment needed to rebuild or replace it.

[3] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

The estimated market value for facilities, excluding the land, was less than the replacement value for 60.9 percent of respondents who provided estimates for both. The market value for facilities, excluding the land, was greater than the replacement value for 32.8 percent, and it was roughly equal to the replacement costs for 6.3 percent.

INSURED VALUE OF PROCESSING FACILITIES

Among the respondents who provided complete questionnaires, the average insured value of the facility and inventory was $4,088,106, and the median insured value was $1,050,024 (Table 13). Excluding those who did not carry insurance, the average insured value was $4,651,983, and the median insured value was $1,575,036.

Table 13. **INSURANCE VALUE**

Item	N	Average	Median
Insurance Value of Facility and Inventory (All Respondents)	66	$4,088,106	$1,050,024
Insurance Value of Facility and Inventory (Insured Respondents Only)	58	$4,651,983	$1,575,036

Approximately eighty-eight percent of the respondents carried insurance for the baseline year of 2009 (Figure 22). Insurance coverage was less than the market value of the facility for 45 percent of the respondents, roughly equal to market value for five percent, and greater than market value for 50 percent.

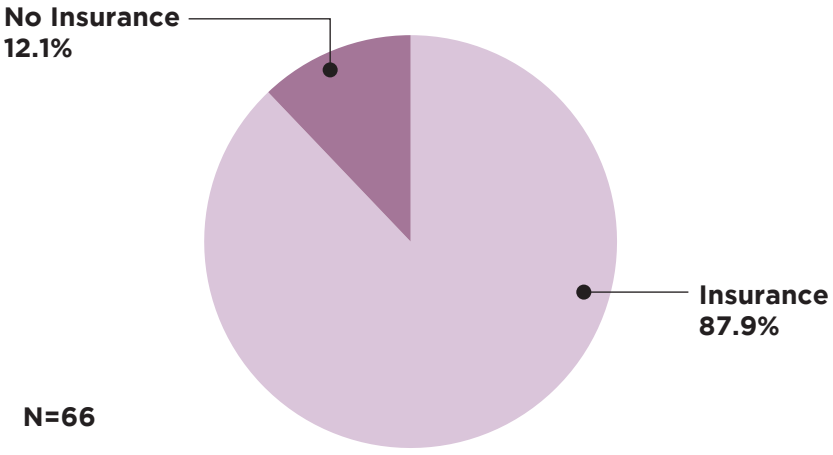


Figure 22. **PERCENTAGE OF PROCESSOR RESPONDENTS WITH INSURANCE**

DEBT: OUTSTANDING LOANS

The total amount of all outstanding loans at the end of the baseline year of 2009 was solicited as a measure of respondents' indebtedness. The average amount of outstanding loans was $1,331,622, and the median was $44,626 (Table 14). Among those who carried at least some debt, the average outstanding loan balance was $2,312,817, and the median balance was $640,515.

Table 14. **OUTSTANDING LOANS**

Item	N	Average	Median
Amount of Outstanding Loans (All Respondents)	66	$1,331,622	$44,626
Amount of Outstanding Loans (Only among Respondents with Loans)	38	$2,312,817	$640,515

About two-fifths (42.4 percent) had no debt, or an outstanding loan balance of $0 (Figure 23). About one-third (34.8 percent) had debt of one to one million dollars, and 22.7 percent had debt of more than one million dollars.

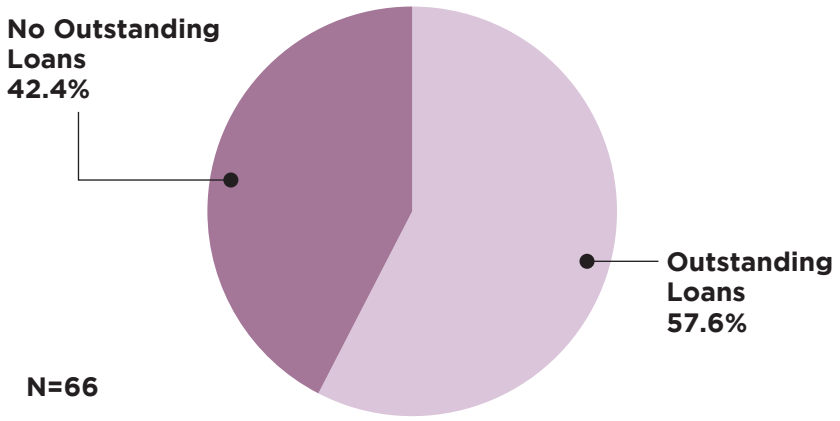


Figure 23. **PERCENTAGE OF RESPONDENTS WITH OUTSTANDING LOANS**

BALANCE SHEET

The balance sheet describes the relationship between a firm's debts and asset value at a particular point in time. It compares the businesses assets and its liabilities, or the financial claims against the assets. The firm's equity or net worth is the difference between asset value and the amount of debt. For the analysis herein, asset value is equal to the current market value of the processing business, and debt is equal to the amount of outstanding loans.

Among the 66 respondents who provided complete surveys, average asset value was $5,812,530, average debt was $1,331,622, and average equity was $4,480,908 (Table 15). Median equity was $816,516. Nine percent had equity of $0 or less, forty-five percent had equity of one dollar to $1,000,000, and 13.6 percent had equity of $1,000,001 and $2,000,000. About nine percent had equity between $2,000,001 and $4,000,000, and 23 percent had equity of more than $4,000,000.

Table 15. **BALANCE SHEET**

Item (N = 66)	Average	Median
Assets (Market Value)	$5,812,530	$1,275,000
Debt	$1,331,622	$44,626
Equity	**$4,480,908**	**$816,516**

EXPENDITURES

The survey solicited estimates of total expenditures for the baseline year of 2009 and separate estimates for 12 different items. Each individual respondent could elect to provide a dollar estimate of total expenditures or identify the appropriate dollar range from a list of 18 different expenditure categories ranging from "less than $50,000" to "greater than 25,000,000." There were five expenditure ranges below the one million dollar level ("less than $50,000," "$50,001-$100,000," "$100,001-$200,000," "$200,001-$500,000," and "$500,001-$1,000,000") and 12 expenditure ranges in two million dollar increments from "1,000,001-$3,000,000" through "23,000,001-$25,000,000." Of the 66 respondents included in the analysis, 47 provided dollar estimates of total expenditures, and 19 provided dollar ranges for expenditures during the 2009 baseline year. For those that provided dollar ranges, a midpoint value was assigned as an estimate of total expenditures.

TOTAL EXPENDITURES

Average total expenditures were $12,600,547, and median total expenditures were about one-quarter as large, or $3,311,251 (Table 16). Almost one-third (31.8 percent) reported expenditures of one million dollars or less. Fifteen percent had expenditures between $1,000,001 and $3,000,000, another 15 percent had expenditures between $3,000,001 and $6,000,000, 13.6 percent had expenditures between $6,000,001 and $12,000,000, and 13.6 percent had expenditures between $12,000,001 and $24,000,000. Approximately 10.6 percent reported expenditures of more than $24,000,000.

Table 16. **TOTAL AND ITEMIZED EXPENDITURE CATEGORIES**

Item (N = 66)	Average	Median
Total Expenditures	**$12,600,547**	**$3,311,251**
Costs of Purchasing Seafood	$9,136,101	$1,814,251
Labor Costs	$1,236,401	$455,065
Utility Costs	$281,370	$65,267
Freight or Shipping Costs	$247,993	$16,275
Repair & Maintenance	$187,825	$52,310
Capital Purchases	$165,574	$5,317
Principal Paid on Loans	$66,801	$0
Interest Paid on Loans	$86,144	$242
Rental or Lease Payments	$85,339	$2,100
Property Tax	$45,346	$3,150
Insurance Costs	$158,984	$52,330
Other Costs	$902,669	$114,452

ITEMIZED EXPENDITURES

Respondents were asked to provide estimates for 12 individual expenditure items for the baseline year of 2009. Five were primarily variable cost items: labor, cost of seafood purchased, freight costs, utility costs, and repair and maintenance costs. Six items were primarily considered fixed cost items: loan principal payments, loan interest payments, rental or lease payments, property tax, insurance cost, and capital purchases of buildings, machinery, and equipment. A twelfth category solicited "other costs" that respondents might have incurred. Respondents were given a choice to identify itemized dollar expenditures as dollar estimates or as percentages of the total annual expenditures.

The cost of seafood purchased was the single largest itemized expenditure category. The cumulative cost of seafood purchased was 72.5 percent of the cumulative total expenditures across all respondents (Figure 24). The average cost of seafood purchased was $9,136,101. The median for the category was $1,814,251. Two-thirds (66.7 percent) reported seafood expenditures of three million dollars or less, 7.6 percent reported seafood costs between $3,000,001 and $6,000,000, 9.1 percent had seafood expenditures from $6,000,001 to $12,000,000, and 16.7 percent had seafood expenditures of more than twelve million dollars.

The cost of labor was the second largest itemized expenditure category, representing 9.8 percent of cumulative total expenditures. Average labor costs were $1,236,401, and median labor costs were $455,065.

Utility costs and freight or shipping costs, each accounting for about two percent of cumulative total expenditures, averaged $281,370 and $247,993, respectively. Repair and maintenance costs represented 1.5 percent of cumulative total expenditures and averaged $187,825.

The average cost of capital purchases for buildings, machinery, and equipment was $165,574. Median expenditures for capital purchases was $5,317. Approximately 47 percent of respondents reported no expenditures for this category.

The cost of debt service (loan principal and interest payments) accounted for 1.2 percent of cumulative total expenditures. Average principal payments and average interest payments were, respectively, $66,801 and $86,144. Median principal and interest payments were far lower. Approximately 55 percent of respondents paid $0 in principal payments, and half (50 percent) paid $0 in interest payments.

Insurance costs, which averaged $158,984, accounted for 1.3 percent of total annual expenditures. Median insurance costs were $52,330. The average annual insurance expenditures among those who paid insurance was $180,912.

Rental and lease payments and property tax costs each represented less than one percent of cumulative total expenditures. Average rental and lease payments were $85,339, and average property tax costs were $45,346. Median expenditures for these items were far lower: $2,100 for rental and lease expenditures, and $3,150 for property tax expenditures. Approximately 47 percent of respondents reported paying $0 in rental and lease expenditures, and 21 percent reported paying $0 in property tax expenditures.

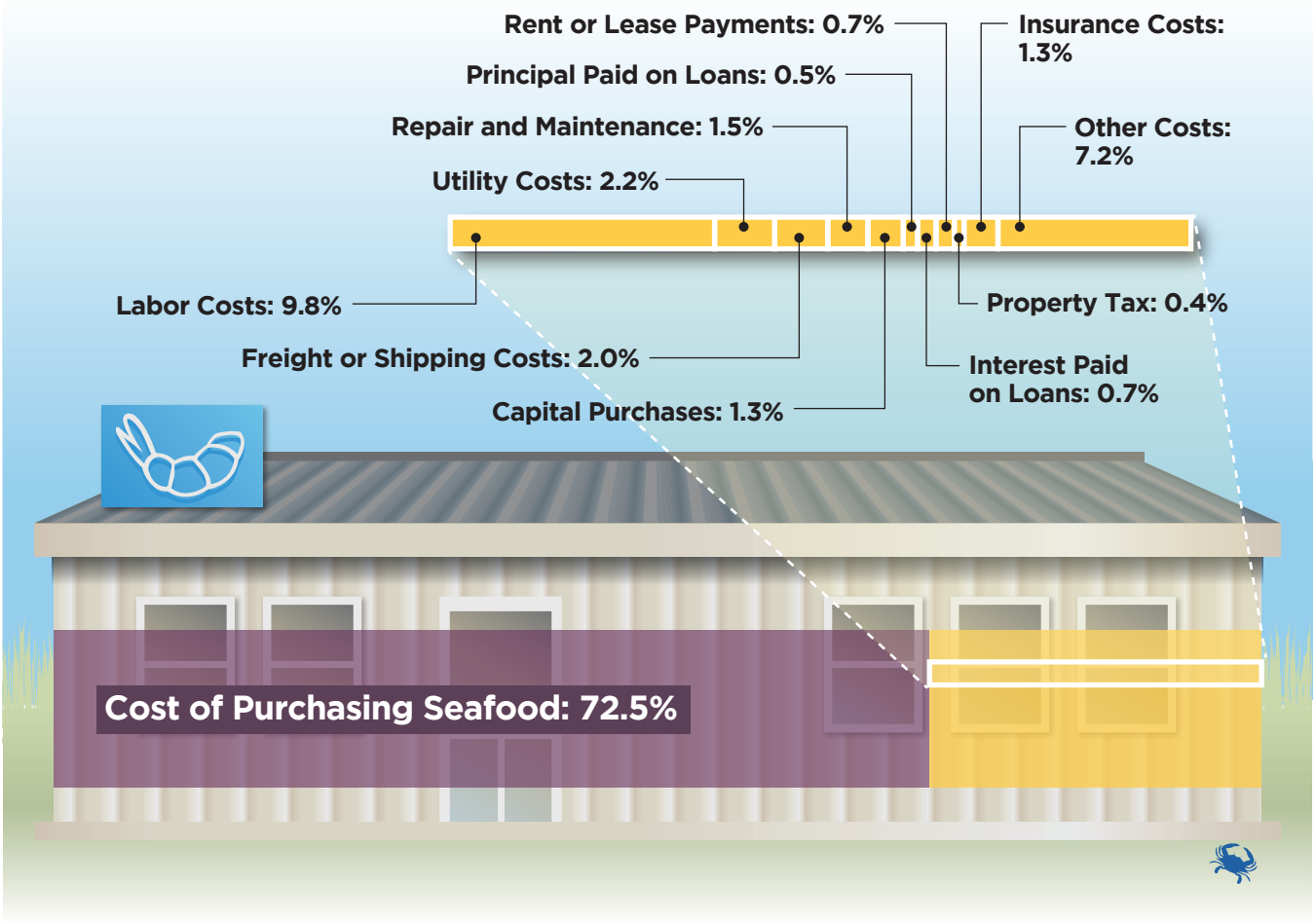


Figure 24. **PERCENTAGE OF TOTAL EXPENDITURES BY EXPENDITURE CATEGORY**

REVENUE FROM SALES OF SEAFOOD

Respondents were asked to estimate total gross sales related to seafood for the baseline year of 2009. Each respondent had the choice to provide a dollar estimate or identify the appropriate sales dollar range from a list of 18 different gross sales categories, ranging from "less than $50,000" to "more than $25,000,000." The ranges were identical to the ranges available for total expenditures. Fifty-eight respondents

provided dollar estimates, and eight respondents identified gross sales categories. For those who utilized the gross sales categories, sales were estimated as a midpoint value.

Average gross sales of seafood were $12,643,649, and median gross sales were $2,646,518 (Table 17). One-third of respondents had gross seafood sales of one million dollars or less, and one-fifth (19.7 percent) had gross seafood sales of $1,000,001 to $3,000,000. About twelve percent (12.1 percent) had gross seafood sales between $3,000,001 and $6,000,000, and 10.6 percent reported gross sales between $6,000,001 and $12,000,000. Another 15.1 percent reported gross sales between $12,000,001 and $24,000,000, and 9.1 percent had gross seafood sales of more than $24 million.

REVENUE FROM SALES OF PRODUCTS OTHER THAN SEAFOOD

Respondents were also asked to estimate gross sales of seafood products other than seafood, such as poultry and vegetables. Respondents were given an alternative means to respond by either providing a dollar estimate or identifying the appropriate gross sales range among the 18 provided. The ranges were identical to the ranges available as responses for total expenditures and gross sales of seafood.

Average gross sales of products other than seafood were $513,753 (Table 17). Because only 14 respondents reported having any sales of products other than seafood, the median was $0. Among the 14 respondents that reported selling products other than seafood, average gross sales of products other than seafood were $2,421,976. Their median gross sales of products other than seafood were $179,554. For all but one respondent, gross seafood sales were greater than gross sales of products other than seafood.

Table 17. **REVENUES FROM SALES OF SEAFOOD AND OTHER PRODUCTS**

Item (N = 66)	Average	Median
Revenues from the Sales of Seafood	$12,643,649	$2,646,518
Revenues from the Sales of Other Products	$513,753	$0
Total Revenues	**$13,157,402**	**$2,797,485**

TOTAL REVENUES

Total revenues were estimated by adding together revenues from the sales of seafood products and revenues from the sales of products other than seafood. Average total revenues were $13,157,402, and median total revenues were $2,797,485 (Table 17). Cumulative revenues from the sales of seafood products accounted for 96 percent of cumulative total revenues.

One-third of respondents reported total revenues of less than one million dollars, 18.2 percent reported total gross sales of $1,000,001 to $3,000,000, and 13.6 percent reported total gross sales of $3,000,001 to $6,000,000. About eleven percent (10.6 percent) had total gross sales of $6,000,001 to $12,000,000, 15.1 percent had total gross sales of $12,000,001 to $24,000,000, and 9.1 percent had more than $24 million in total gross sales.

GOVERNMENT PAYMENTS RELATED TO SEAFOOD BUSINESSES

Respondents were asked to estimate total payments that they received from the state and federal government for the baseline year of 2009. These included tariff moneys, grants, and disaster assistance, etc. Average government payments among all respondents was $116,624 (Table 18).

Table 18. **GOVERNMENT PAYMENTS RELATED TO SEAFOOD BUSINESSES**

Item	N	Average	Median
Government Payments (All respondents)	66	$116,624	$0
Government Payments (Among respondents that received payments)	24	$320,716	$73,502

Since only 36.4 percent of the respondents claimed to have received any government payments for the baseline year of 2009 (Figure 25), the median government payment was $0. Among the 24 respondents that received them, average government payments were $320,716, while the median government payments were $73,502.

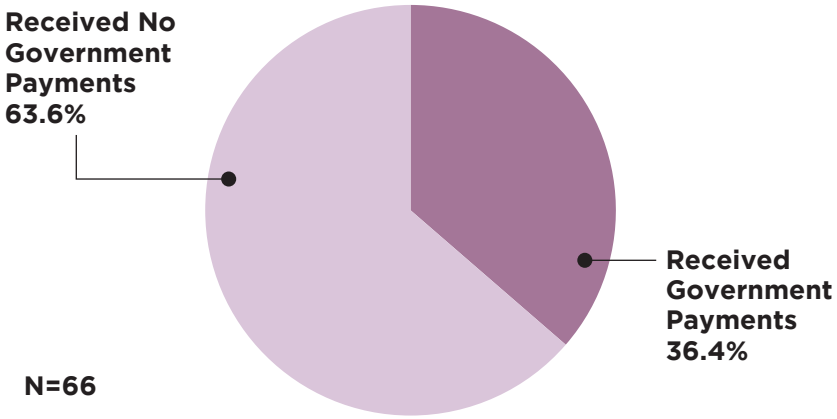


Figure 25. **PERCENTAGE OF PROCESSOR RESPONDENTS WHO RECEIVED GOVERNMENT PAYMENTS**

CASH FLOW STATEMENT

The cash flow statement is a financial statement that shows the flow of money into and out of a company over a period of time. Money accruing to the company is called cash inflow. Money leaving the company is called cash outflow, which includes the various costs of owning and operating the business. Transactions that do not directly create cash receipts and payments are excluded. The difference between inflow and outflow—net cash flow—reflects the business's liquidity or solvency and is useful in determining the short-term viability of a company.

CASH INFLOW

Cash inflow was calculated as the sum of revenues from the sales of seafood products, revenues from the sales of products other than seafood, and government payments related to the seafood business. Average cash inflows were $13,274,026 (Table 19). Median total cash inflows were $2,797,485.

Table 19. **CASH FLOW STATEMENT**

Item (N = 66)	Average	Median
Cash Inflow	**$13,274,026**	**$2,797,485**
Revenues from Sales of Seafood	$12,643,649	$2,646,518
Revenues from Sales of Products Other than Seafood	$513,753	$0
Government Payments	$116,624	$0
Cash Outflow	**$12,600,547**	**$3,311,251**
Costs of Purchasing Seafood	$9,136,101	$1,814,251
Labor Costs	$1,236,401	$455,065
Miscellaneous Expenditures	$2,228,045	$617,694
Net Cash Flow	**$673,479**	**$6,381**

Cash inflows were less than one million dollars for 31.8 percent of the respondents (Figure 26). Total cash inflows were between $1,000,001 and $2,000,000 for 9.1 percent of the respondents, and between $2,000,001 and $6,000,000 for 24.3 percent. About ten percent (10.6 percent) had total cash inflows between $6,000,001 and $12,000,000, 15.1 percent had total cash inflows between $12,000,001 and $28,000,000, and 9.1 percent had cash inflows that were more than $28 million.

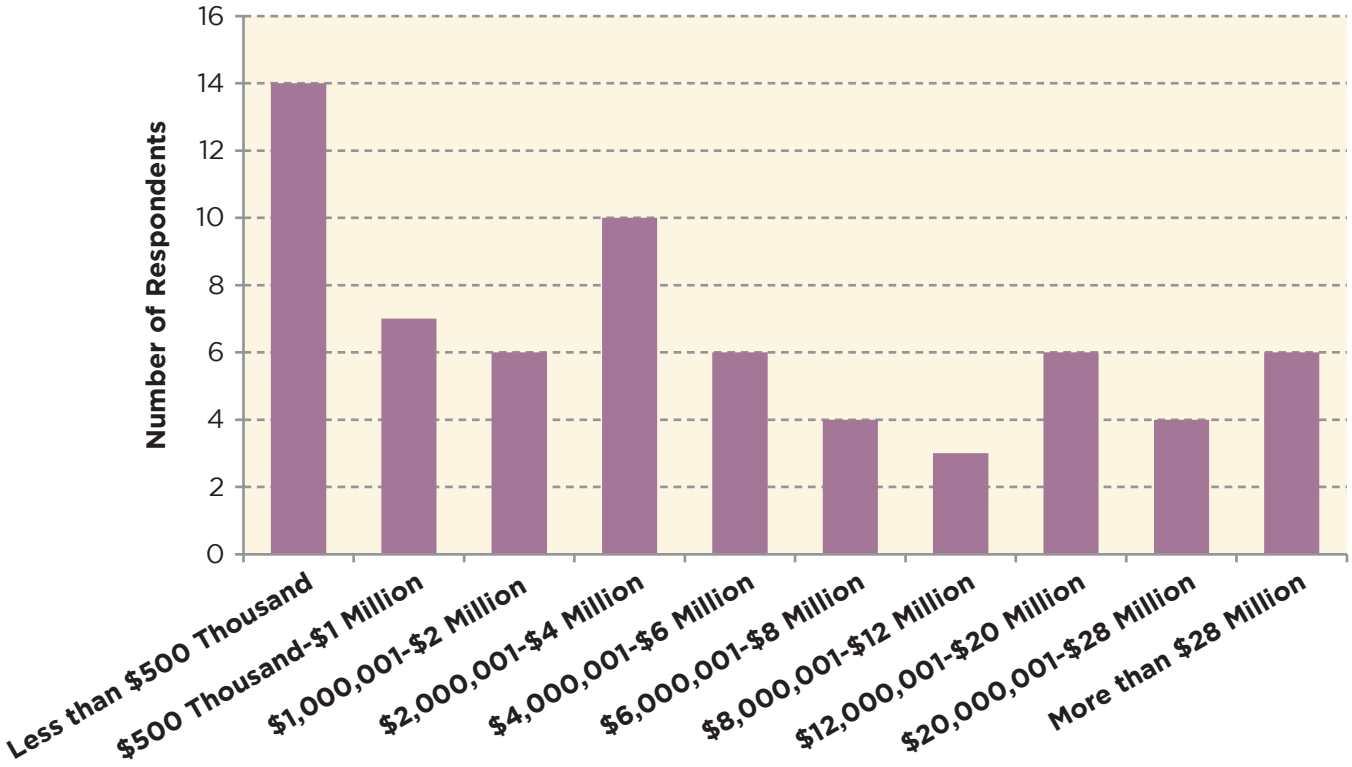


Figure 26. **DISTRIBUTION OF CASH INFLOWS**

CASH OUTFLOW

Cash outflows were equivalent to total expenditures. Average cash outflows were $12,600,547, and median cash outflows were $3,311,251 (Table 19). For 31.8 percent of the respondents, cash outflows were one million dollars or less. Cash outflows were between $1,000,001 and $2,000,000 for 6.1 percent of the respondents and between $2,000,001 and $6,000,000 dollars for 25.8 percent (Figure 27). Outflows were between $6,000,001 and $12,000,000 for 10.6 percent of respondents, between $12,000,001 and $28,000,000 for 16.7 percent, and more than $28,000,000 for 9.1 percent.

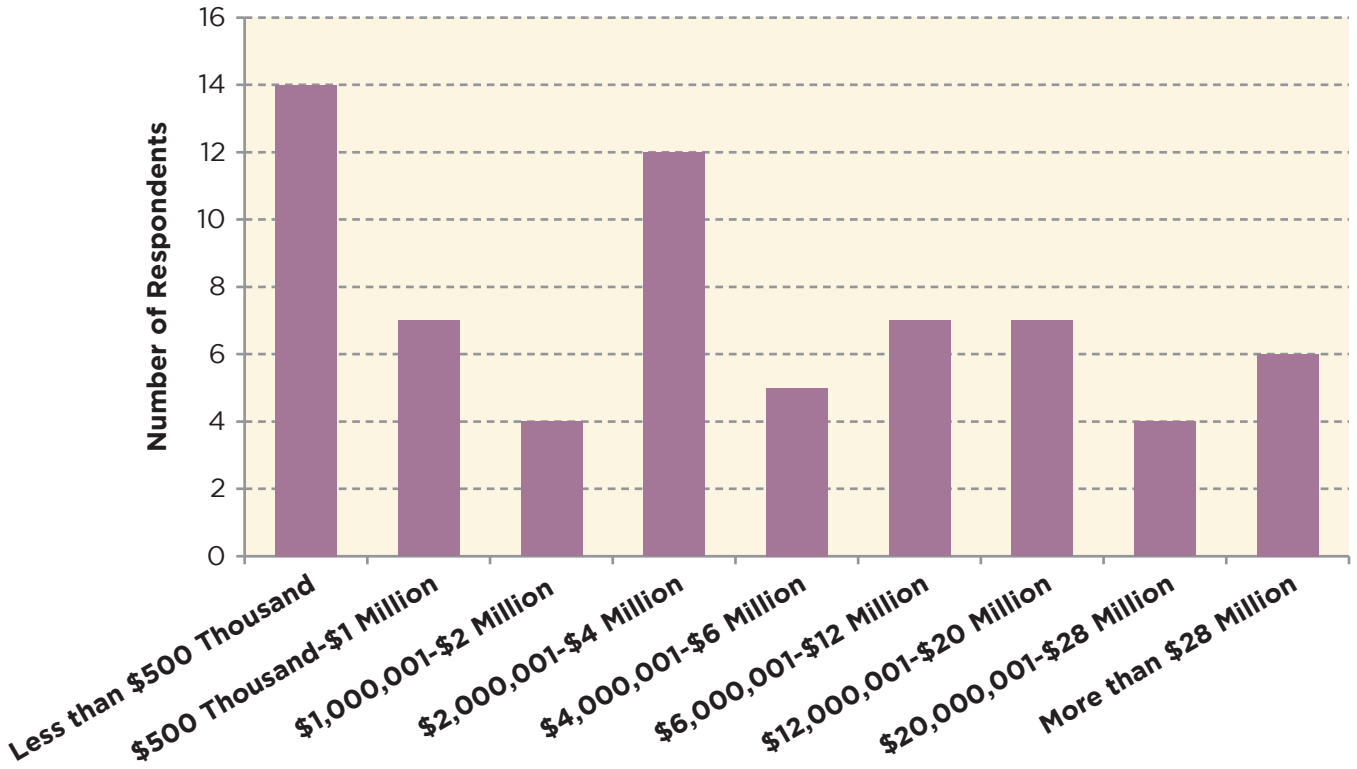


Figure 27. **DISTRIBUTION OF CASH OUTFLOWS**

NET CASH FLOW

Net cash flow is the difference of cash inflows minus cash outflows. Average net cash flows were $673,479, and median net cash flows were $6,381 (Table 19). About 55 percent of the respondents had positive net cash flows. Approximately 12 percent had net cash flows of less than -$1,000,000. Almost thirty-two percent had net cash flows between -$1,000,000 and -$1. About 38 percent had net cash flows of $0 to $1,000,000, and 18.2 percent had net cash flows of more than $1,000,000 (Figure 28).

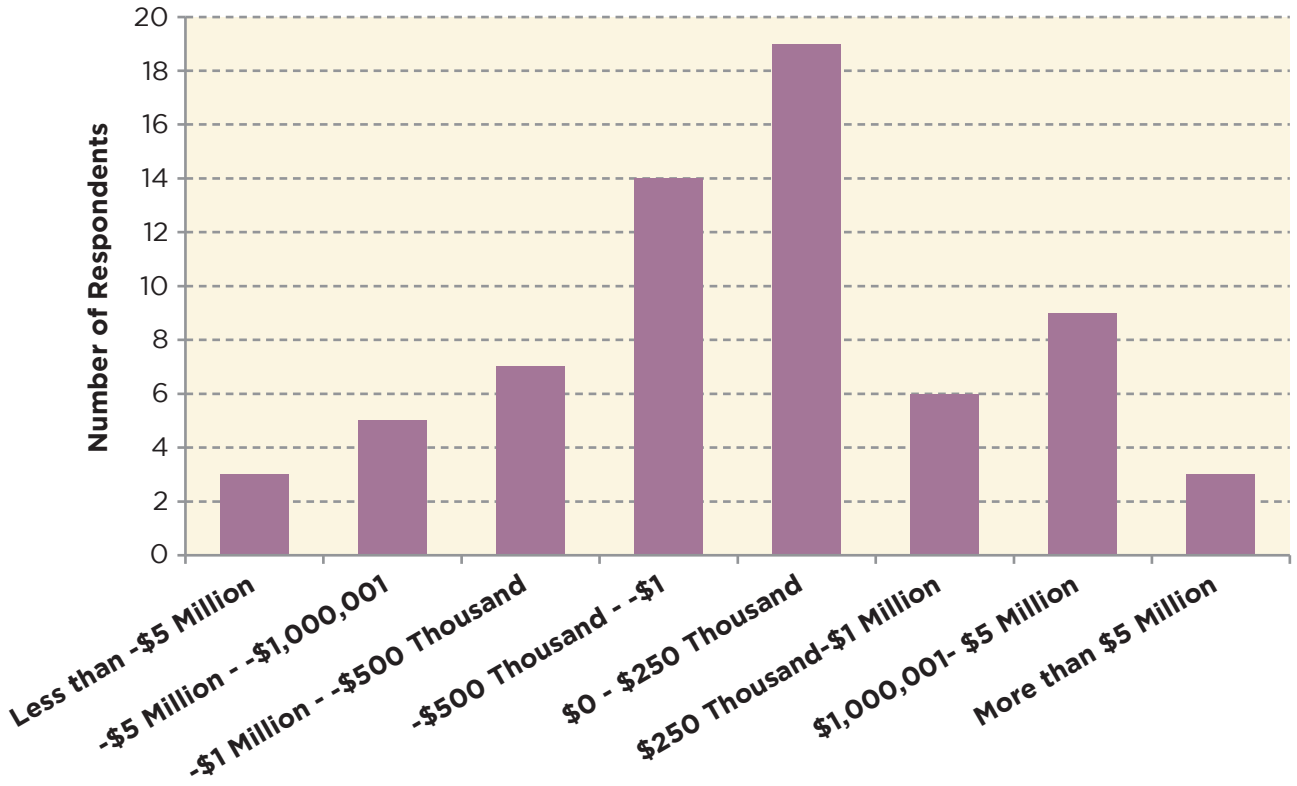


Figure 28. **DISTRIBUTION OF NET CASH FLOWS**

INCOME STATEMENT

The income statement allows for a different presentation of profitability than the cash flow statement. The income statement includes revenue payments associated with production activity in the production year, cash expenses incurred in that year, and non-cash expenses, such as depreciation. The income statement includes loan interest payments but excludes capital purchases and loan principal payments.

The income statement in Table 20 begins with revenue from the sales of seafood and subsequently subtracts the cost of seafood sold to estimate the gross margin from seafood. It then combines revenue from seafood sales with revenue from the sales of products other than seafood to compute total revenue. Operating and depreciation expenses are then subtracted from total revenue to estimate net income from operations. It then considers interest expenses and government payments to calculate net income before taxes.

Table 20. **INCOME STATEMENT**[4]

Item (N = 66)	Average	Median
Revenue from Seafood Sales	**$12,643,649**	**$2,646,518**
Cost of Seafood Sold	**$9,136,101**	**$1,814,251**
Gross Margin from Seafood	**$3,507,548**	**$883,359**
Gross Margin/Seafood Sales	27.7%	
Revenue from Non-Seafood Products	**$513,753**	**$0**
Total Revenue	**$13,157,401**	**$2,797,485**
Operating Expenses	**$3,145,928**	**$1,028,899**
Wages and Salaries	$1,236,401	$455,065
Utility Costs	$281,370	$65,267
Freight or Shipping Costs	$247,993	$16,275
Repair and Maintenance	$187,825	$52,310
Rent or Lease Payments	$85,339	$2,100
Property Tax	$45,346	$3,150
Insurance Costs	$158,984	$52,330
Other Costs	$902,669	$114,452
Depreciation	**$221,147**	**$54,575**
Capital Acquisitions	$23,677	$760
Facility Structures & Equipment	$197,469	$46,827
Net Income from Operations	**$654,227**	**$7,534**
Interest Paid on Loans	**$86,144**	**$241**
Government Payments	**$116,624**	**$0**
Net Income before Taxes	**$684,707**	**$27,976**
Net Income/Sales	5.2%	

[4] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

Gross margin is a measure of the difference between revenue from the sales of seafood minus the cost of seafood purchased before other expenses are paid. Average gross margin from seafood sales was $3,507,548, and median gross margin was $883,359. More than one-third (37.9 percent) had gross margins of less than $500 thousand, and one-sixth (16.7 percent) had gross margins between 500 thousand and one million dollars (Figure 29). One-sixth had gross margins between one million and two million dollars, one-sixth had gross margins between two and six million dollars, 4.5 percent had gross margins between six million and eight million dollars, and 7.6 percent had gross margins greater than eight million dollars.

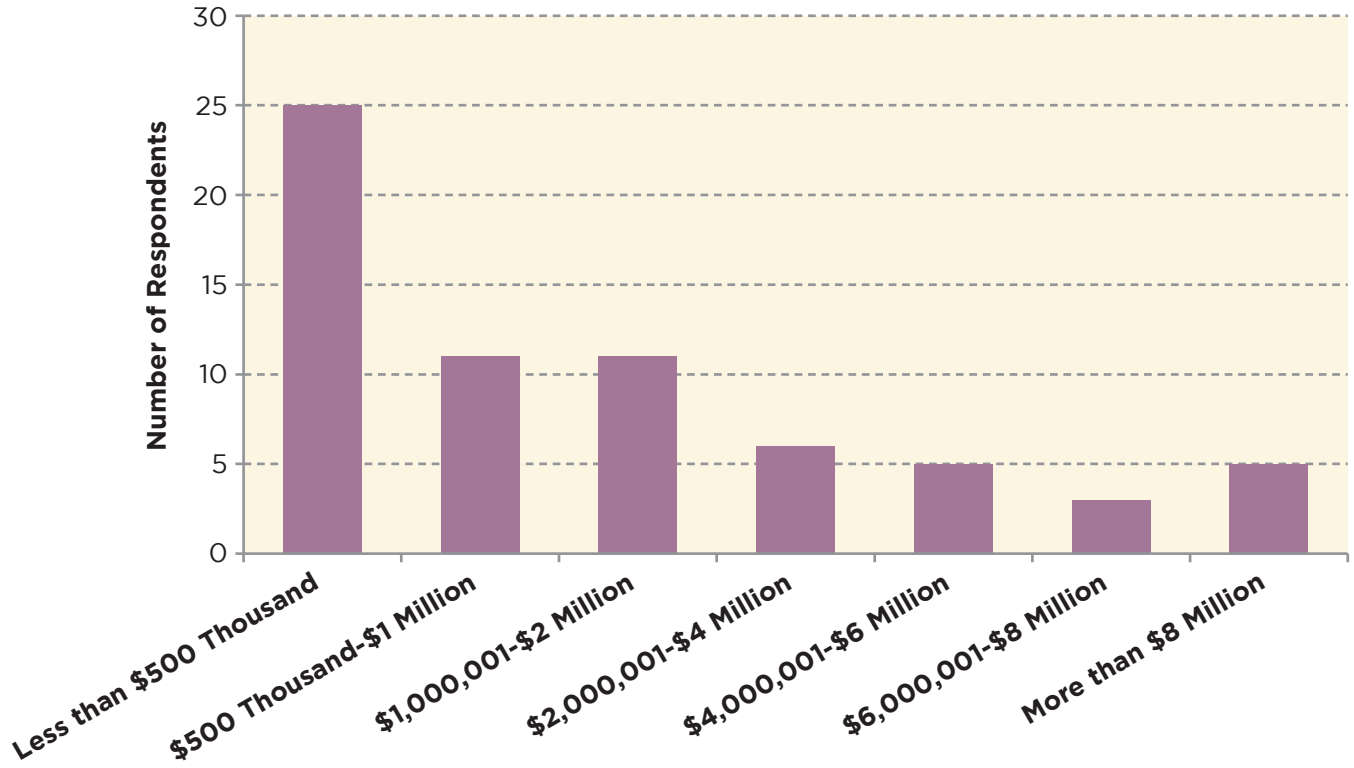


Figure 29. **DISTRIBUTION OF GROSS MARGINS**

Total revenues were estimated as the sum of revenues from the sales of seafood plus revenues from the sales of products other than seafood. As presented heretofore, average total revenues were $13,157,401.

Operating expenses were estimated as the sum of wages and salaries, utility costs, freight and shipping costs, repairs and maintenance costs, rental and lease payments, property taxes, insurance costs, and other cash expenditures. Average operating expenses were $3,145,928, and median operating expenses were $1,028,899.

According to *Barron's Dictionary of Finance and Investment Terms*, depreciation is a measure of the "consumption of capital during production" and is used in place of capital purchases and payments on principal made during the production year.

This research did not solicit estimates of depreciation from the survey population during the interview process given the difficulties associated with individuals having to estimate, calculate, or provide accurate measures of depreciation. The analysis herein includes depreciation estimates for two different types of capital assets: capital purchases acquired during the production year and the firm's other facility structures and equipment assets.

The capital purchases made during the production year were assumed to depreciate over seven years, following the U.S. Internal Revenue Service's depreciation schedule for fish processing equipment, using a straight-line depreciation rate of 0.143. Average depreciation of capital assets purchased in the study year was $23,677, and median capital-purchase depreciation was $760 (Table 20).

Given that firms possessed depreciable assets obtained in years prior to the study year, these assets were likely to consist of a varied lot, consisting of vehicles, equipment, electronics, and non-residential real estate structures. This research did not solicit the identification of different types of depreciable facility assets or an enumeration of their value.

The value for this diverse array of assets was estimated as the difference between the value of the firms' facility structures and equipment minus capital purchases made during the study year. These assets were depreciated over 20 years using a straight-line depreciation rate of 0.05. Depreciation expenses for facility structures and equipment averaged $197,469 (Table 20).

Total depreciation expenses consisted of the sum of the depreciation of facility structures and equipment and the depreciation of capital acquisition for the baseline study year. Average total depreciation expenses[5] were $221,147, and median total depreciation was $54,575.

Net income from operations was estimated as the difference between total revenue minus operating expenses and depreciation expenses. Average net income from operations was $654,227, and median net income from operations was $7,534.

Net income before taxes is a measure of the return to the processors' management. Net income before taxes is the sum of net income from operations minus interest expenses plus government payments related to the seafood business. Average net income before taxes was $684,707, and median net income before taxes was $27,976.

[5] In addition to the depreciation rate of 0.05 for the facility structures and equipment, this research performed sensitivity analysis that employed two alternative depreciation rates: a 14-year rate and a 39-year rate. Depreciation estimates for the facility structures and equipment varied slightly under these alternatives and as a result the 0.05 20-year rate was used.

Net income was positive for 58 percent of the respondents. Net income before taxes was less than negative one million dollars for 15.2 percent of the respondents and between negative one million dollars and negative one dollar for 25.7 percent (Figure 30). Net income before taxes was between $0 and $500 thousand for 36.4 percent of the respondents, between 500 thousand and one million dollars for 7.6 percent, and greater than one million dollars for 15.2 percent.

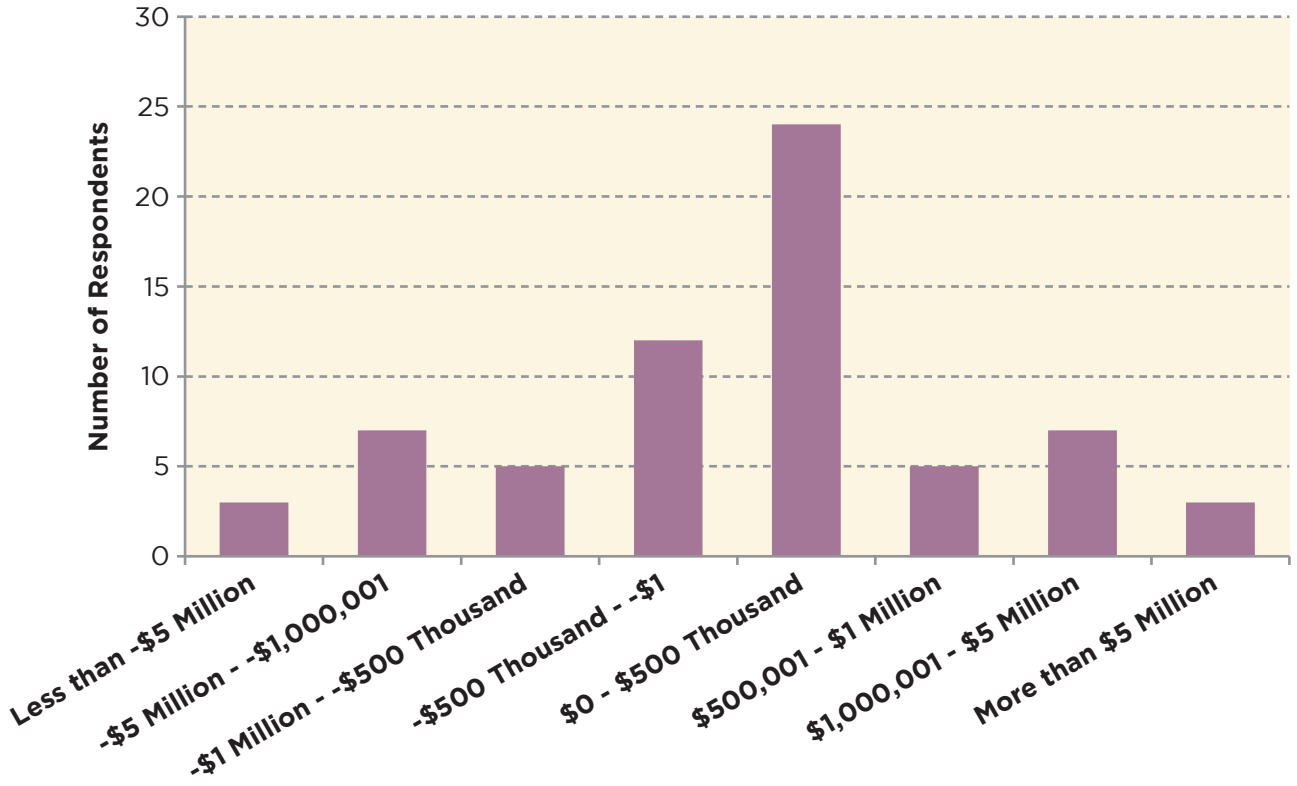


Figure 30. **DISTRIBUTION OF NET INCOME BEFORE TAXES**

OPPORTUNITY COST

Opportunity cost is treated conceptually as income forgone as a result of maintaining the capital invested in the seafood processing firm instead of an alternative income-earning investment. In practice, it can be difficult to measure opportunity cost because an estimate of the income that is not realized as a result of not pursuing alternative enterprises can be difficult to assess. Though all measures of opportunity cost are open to debate and interpretation, an estimation of opportunity cost may be informative of the return from seafood processing activities relative to other investment opportunities.

Following the example of economic research regarding seafood processors conducted by the NMFS's Northwest Fisheries Science Center, this research obtained an estimate of opportunity cost by multiplying the market value of each firm times the yield on Moody's BAA-rated seasoned corporate bond rates (all industries) for the baseline year of 2009 (7.29 percent). By this measure, average opportunity cost was $444,930, and median opportunity cost was $97,598 (Table 21).

Table 21. **OPPORTUNITY COST**

Item (N = 66)	Average	Median
Opportunity Cost	$444,930	$97,598
Net Income before Taxes – Opportunity Cost	$239,777	-$18,106

The difference of net income before taxes minus opportunity cost (Table 21) provides an estimate of the firms' economic profitability relative to the return on alternative investment opportunities. If the estimate of opportunity cost presented here is accepted, average net income minus opportunity cost is $239,777. Median net income minus opportunity cost is less than zero (-$18,106). Based on this measure of opportunity cost, net income before taxes is greater than opportunity cost for 42 percent of the respondents and less than opportunity cost for 58 percent.

IV. ECONOMIC PERFORMANCE OF RESPONDENTS BY MARKET VALUE DIVISIONS

The previous section presented a characterization of the Gulf seafood processing sector using two measures of central tendency, average and median, for various parameters and measures of economic performance. These statistics, while informative and succinct, may nevertheless present an oversimplification of the complex and diverse population of businesses that range from those with annual sales of less than $100 thousand to those with annual sales of multiple hundreds of millions of dollars.

This section contains analysis that encompasses some of the diversity of the seafood processor sector by presenting descriptive statistics of processors within four divisions defined by the respondents' self-described estimated current market value. The "micro" division includes all respondents with an estimated market value of less than $1,000,000, the "small" division includes all respondents with a market value of $1,000,001 to $5,000,000; the "medium" division includes all respondents with a market value of $5,000,001 to 20,000,000; and the "large" division includes all respondents with a market value of over $20,000,000 (Table 22).

Table 22. **DELINEATION OF MARKET VALUE DIVISIONS**

Division	Market Value	N	Cumulative Estimated Market Value	Cumulative Seafood Purchases	Cumulative Seafood Sales
Micro	Less than $1 Million	28	$10,927,000	$25,586,087	$42,475,942
Small	$1 to $5 Million	21	$46,150,000	$122,425,043	$182,740,633
Medium	$5 to $20 Million	11	$91,416,667	$131,896,537	$168,892,529
Large	More than $20 Million	6	$235,133,333	$323,074,992	$440,371,746

Respondents in the micro division represented 42.4 percent of the sample but had a cumulative market value of 2.8 percent of the combined market value across all respondents. They purchased 4.2 percent of the dollar value of seafood purchased by all respondents and sold 5.2 percent of the value of the sample's total seafood sales. The small division, 31.8 percent of the sample, accounted for 12.0 percent of the combined market value of the processors' sample, 20.3 percent of the dollar value of all seafood purchased, and 21.9 percent of the combined sample's seafood sales. The medium division of respondents represented only 16.7 percent of the sample, 23.8 percent of the sample's combined market value, 21.9 percent of the combined sample's seafood purchases, and 20.2 percent of the combined sample's seafood sales. The large division of respondents represented only 9.1 percent of the sample, and had a cumulative market value of 61.3 percent of the sample's combined market value. Their seafood purchases comprised 53.6 percent of the combined seafood purchases and had seafood sales that comprised 52.6 percent of the sample's combined seafood sales.

Respondents in all size divisions reported obtaining seafood from a variety of sources. Those in the micro, small, and medium divisions acquired most of their seafood from domestic sources (Table 23). Among the respondents in the micro division, 47.0 percent was purchased from domestic seafood dealers and distributors, about 15 percent directly from commercial fishermen, and 14.6 percent from other domestic seafood processors. Among respondents in the small division, about one third was acquired from domestic dealers and distributors, and another third was acquired directly from commercial fishermen. In the medium division, two-thirds of the seafood was purchased from seafood dealers and distributors, and one-fifth was bought directly from commercial fishermen. Respondents in the large division are distinguished by obtaining relatively little seafood from domestic sources and a large share (86.3 percent) directly from imported sources. Over 95 percent of the seafood obtained by all respondents directly from imported sources was purchased by the respondents in the large division.

Table 23. **PERCENTAGE OF SEAFOOD OBTAINED FROM THE FOLLOWING SOURCES–IN TERMS OF COSTS–BY MARKET VALUE DIVISIONS**

Item	All	Micro	Small	Medium	Large
Vessels Owned by Respondents	1.5%	4.5%	2.5%	3.3%	0.0%
Independent Commercial Harvesters	15.3%	15.1%	34.1%	21.0%	5.2%
Domestic Seafood Dealers & Distributors	30.6%	47.0%	30.4%	65.8%	7.5%
Domestic Seafood Processors	3.5%	14.6%	1.0%	9.1%	1.0%
Imported Seafood	42.7%	0.8%	3.9%	0.7%	86.3%
Other	6.4%	18.1%	28.1%	0.0%	0.0%

There was little difference across size divisions in terms of the average age of the firm's main buildings (30 to 37.5 years old) or the average business establishment year (1980 – 1987) (Table 24).

Table 24. **AGE OF THE MAIN BUILDING AND THE YEAR THE BUSINESS STARTED AT THE CURRENT LOCATION BY MARKET VALUE DIVISIONS**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Age of Main Building (Years)	31.9	30.0	32.5	32.5	37.5
Year Business Started at Current Location	1984	1987	1980	1985	1985

There was a great range of difference in the average square footage of on-site buildings and freezer and cooler volume among micro division respondents (18,040 ft^2, 15,965 ft^3), small division respondents (23,584 ft^2, 109,582 ft^3), medium division respondents (32,104 ft^2, 176,485 ft^3), and large division respondents (91,696 ft^2, 757,149 ft^3) (Table 25).

Table 25. **SQUARE FOOTAGE OF ON-SITE BUILDINGS, FREEZER & COOLER SQUARE FOOTAGE, AND FREEZER AND COOLER VOLUME BY MARKET VALUE DIVISIONS**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Area of On-Site Buildings (ft^2)	28,844	18,040	23,584	32,104	91,696
Freezers & Cooler Area (ft^2)	7,261	1,459	4,722	9,938	38,315
Freezers & Cooler Volume (ft^3)	143,239	15,965	109,582	176,485	757,149

Of the combined number of employees hired by all respondents, 20.7 percent were employed by micro division respondents, 25 percent by small division respondents, 20 percent by medium division respondents, and 34.3 percent by large division respondents. The average number of employees rose consistently across the size divisions from 37 employees (7.2 full-time, 29.8 part-time) in the micro division to 59.5 employees (38.8 full-time, 20.7 part-time) for the small division to 90.8 (37.7 full-time, 53.1 part-time) in the medium division, to 287 employees (206.5 full-time, 80.5 part-time) for the large division (Table 26).

Table 26. **NUMBER OF FULL-TIME AND PART-TIME WORKERS BY MARKET VALUE DIVISIONS**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Full-Time Workers	40.5	7.2	38.8	37.7	206.5
Part-Time or Seasonal Workers	35.4	29.8	20.7	53.1	80.5
Total Number of Workers	**75.9**	**37.0**	**59.5**	**90.8**	**287.0**

The current market value of respondents' assets varied substantially across size divisions. The average estimated current market value of the respondents' facilities was $390 thousand dollars in the micro division, $2.2 million in the small division, $8.3 million in the medium division, and $39.2 million in the large division (Table 27). The market value of land comprised 16.1 percent of total asset value in the micro division, 28.5 percent of total asset value in the small division, 27 percent of total asset value in the medium division, and 36.3 percent of total asset value in the large division.

Table 27. **CURRENT MARKET VALUE BY MARKET VALUE DIVISIONS[6]**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Current Market Value of Facility (Including Land)	5,812,530	390,250	2,197,619	8,310,606	39,188,889
Market Value of Land	1,893,608	62,679	626,661	2,240,909	14,235,533
Current Market Value of Facility (Excluding Land)	3,918,923	327,571	1,570,958	6,069,697	24,953,356

BALANCE SHEET

Given the summary balance sheet in Table 28, the average asset value was equivalent to the average estimated current market value of the seafood processors' businesses, the parameter that defined the size divisions. As a result, the average market or asset value increased in conjunction with the size divisions from $390,250 for the micro division to $2,197,619 for the small division, to $8,310,606 for the medium division, to $39,188,889 for the large division. Within each size division, average facility structures and equipment values comprised the majority of average current market value.

[6] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

Table 28. **BALANCE SHEET BY MARKET VALUE DIVISIONS[7]**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Assets	5,812,530	390,250	2,197,619	8,310,606	39,188,889
Debt	1,331,622	238,621	582,374	1,136,453	9,412,471
Equity	**4,480,908**	**151,629**	**1,615,245**	**7,174,154**	**29,776,418**

Average debt also increased steadily across size divisions from $238,621 for the micro division, to $582,374 for the small division, to $1,136,453 for the medium division, to $9,412,471 for the large division. About 53.6 percent of respondents in the micro division, 52.4 percent of respondents in the small division, 72.7 percent of respondents in the medium division, and 66.7 percent in the large division carried outstanding debt.

Equity or net worth displayed a pattern similar to the assets and debt. Equity was $151,629 in the micro division, $1,615,245 in the small division, $7,174,154 in the medium division, and $29,776,418 in the large division.

INSURED VALUE

The average insured value of the respondents' seafood businesses (including facility value and inventory) was $800,006 in the micro division, $2,280,992 in the small division, $5,556,440 in the medium division, and $23,065,528 in the large division (Table 29). A large majority of respondents in each division reported carrying insurance.

Table 29. **INSURED VALUE BY MARKET VALUE DIVISIONS**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Insured Value (Facility & Inventory)	4,088,106	800,006	2,280,992	5,556,440	23,065,528
Percent with Insurance	87.9%	78.6%	100%	90.9%	83.3%

[7] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

CASH FLOW STATEMENT

The cash flow statement, represented by net cash flows, is the difference between cash inflows and cash outflows. For two size divisions, average cash outflows were larger than average cash inflows, and consequently, net cash outflows were negative among respondents in the micro division (-$63,142) and the small division (-$457,201) (Table 30). These negative average estimates are the result of a minority of respondents that encountered relatively large negative net cash flows. In contrast to the negative averages, a majority of respondents in the micro division (53.6 percent) and the small division (54.6 percent) had positive estimated net cash flows. Average net cash flows were $204,352 in the medium division and $8,928,490 in the large division. A majority of respondents in both the medium division and large division had positive net cash flows.

Table 30. **CASH FLOW STATEMENT BY MARKET VALUE DIVISIONS[8]**

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Cash Inflow	**13,274,026**	**1,579,600**	**9,055,565**	**15,816,952**	**77,950,594**
Revenues from Sales of Seafood	12,643,649	1,516,998	8,701,935	15,353,866	73,395,291
Revenues from Sales of Other Products	513,753	42,385	228,381	56,749	4,550,104
Government Payments	116,624	20,217	125,248	406,337	5,198
Cash Outflow	**12,600,547**	**1,642,743**	**9,512,766**	**15,612,600**	**69,022,103**
Costs of Purchasing Seafood	9,136,101	913,789	5,829,764	11,990,594	53,845,832
Labor Costs	1,236,401	335,712	1,106,164	1,396,214	5,602,460
Miscellaneous Expenditures	2,228,045	393,241	2,576,837	2,225,790	9,573,811
Net Cash Flow	**673,479**	**-63,142**	**-457,201**	**204,352**	**8,928,490**

[8] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

CASH INFLOWS

Cash inflows were estimated as the sum of total revenues plus government payments related to each respondent's seafood business. Average cash inflows were $1,579,600 in the micro division, $9,055,565 in the small division, $15,816,952 in the medium division, to $77,950,594 in the large division.

TOTAL REVENUE

Average revenues from sales of seafood ranged from $1,516,998 in the micro division and $8,701,395 in the small division to $15,353,866 in the medium division and $73,395,291 in the large division (Table 30). Average revenue from the sales of products other than seafood varied from $42,385 in the micro division, to $228,381 in the small division, to $56,749 in the medium division, to $4,550,104 in the large division. About 14.4 percent of respondents in the micro division, 23.8 percent of those in the small division, and 36.4 percent in the medium division reported sales of products other than seafood. Only a minority of respondents in the large division sold products other than seafood.

Total revenue, the sum of revenue from the sales of seafood and the sales of products other than seafood, increased consistently across size divisions. Average total revenues rose from $1,559,383 in the micro division to $8,930,316 in the small division, to $15,410,615 in the medium division, to $77,945,395 in the large division.

GOVERNMENT PAYMENTS

Average government payments related to the seafood processing businesses rose from $20,217 in the micro division, to $125,248 in the small division, to $406,337 in the medium division, and decreased to $5,198 in the large division. About 28.6 percent of the respondents in the micro division, 38.1 percent of those in the small division, and 63.6 percent of those in the medium division reported receiving government payments for the baseline study year. Only a minority of respondents in the large division reported receiving government payments.

CASH OUTFLOWS

Cash outflows are equivalent to total expenditures. Cash outflows were $1,642,743 in the micro division, $9,512,766 in the small division, $15,612,600 in the medium division, and $69,022,103 in the large division.

TOTAL EXPENDITURES

Total expenditures included the sum of the cost of seafood purchased plus labor costs and miscellaneous expenditures. Miscellaneous expenditures are the sum of utilities, freight and shipping, repairs and maintenance costs, rental and lease payments, property tax, payments on loan principal and interest, capital purchases, insurance, and other costs.

For respondents in the micro division, the average cost of seafood purchased ($913,789) was 55.6 percent of average total expenditures ($1,642,743) and average labor costs ($335,712) were 20.4 percent (Table 31). Among respondents in the small division, average total expenditures were $9,512,766. Given total expenditures, the average cost of seafood purchased ($5,829,764) represented 61.3 percent, and average labor costs ($1,106,164) were 11.6 percent.

The average cost of seafood purchased was $11,990,594 among respondents in the medium division, which was 76.8 percent of the division's cash outflows ($15,612,600). Average labor costs, $1,396,214, comprised 8.9 percent of average cash outflows for this division of respondents. Among the respondents in the large division, the average cost of seafood purchased was $53,845,832, and average labor costs were $5,602,460. For respondents in the large division, average seafood costs were 78 percent, and average labor costs were about 8.1 percent of average cash outflows ($69,022,103).

Table 31. **TOTAL EXPENDITURES AND ITEMIZED EXPENDITURE CATEGORIES BY MARKET VALUE DIVISIONS[9]**

	All	Micro	Small	Medium	Large
	AVERAGES				
Total Expenditures	**12,600,547**	**1,642,743**	**9,512,766**	**15,612,600**	**69,022,103**
Costs of Purchasing Seafood	9,136,101	913,789	5,829,764	11,990,594	53,845,832
Labor Costs	1,236,401	335,712	1,106,164	1,396,214	5,602,460
Misc. Expenditures	2,228,045	393,241	2,576,837	2,225,790	9,573,811

[9] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

INCOME STATEMENT

The income statement, which takes into account non-cash expenses such as depreciation, evaluates the true economic performance of a business for a period of time. For the various market value divisions of seafood processors evaluated herein, the income statement included gross margins from the sales of seafood, operating expenses, depreciation expenses, and calculated net income from operations and net income before taxes.

GROSS MARGINS FROM THE SALES OF SEAFOOD

Gross margins from the sales of seafood, the difference of revenues from the sales of seafood minus the costs of seafood purchased, increased in dollar terms across the market value divisions (Table 32). Average gross margin was $603,209 in the micro division, $2,872,171 in the small division, and $3,363,272 in the medium division. In the large division, average gross margin was $19,549,459. The ratio of average gross margin over average seafood revenue was 39.8 percent in the micro division, 33.0 percent in the small division, 21.6 percent in the medium division, and 26.6 percent in the large division.

Table 32. **INCOME STATEMENT BY MARKET VALUE DIVISIONS**[10]

Item	All	Micro	Small	Medium	Large
	AVERAGES				
Revenue from Seafood Sales	**12,643,649**	**1,516,998**	**8,701,935**	**15,353,866**	**73,395,291**
Cost of Seafood Sold	**9,136,101**	**913,789**	**5,829,764**	**11,990,594**	**53,845,832**
Gross Margin from Seafood	**3,507,548**	**603,209**	**2,872,171**	**3,363,272**	**19,549,459**
Gross Margin/ Seafood Sales	27.7%	39.8%	33.0%	21.6%	26.6%
Revenue from Other Products	**513,753**	**42,385**	**228,381**	**56,749**	**4,550,104**
Total Revenue	**13,157,401**	**1,559,383**	**8,930,316**	**15,410,615**	**77,945,395**
Operating Expenses	**3,145,928**	**661,248**	**3,330,952**	**3,166,420**	**14,055,940**
Wages and Salaries	1,236,401	335,712	1,106,164	1,396,214	5,602,460
Other Operating Expenses	1,909,526	325,535	2,224,787	1,770,204	8,453,479
Depreciation	**221,147**	**20,759**	**96,991**	**341,703**	**1,369,812**
Net Income from Operations	**654,227**	**-36,412**	**-327,391**	**-88,102**	**8,673,811**
Interest Paid on Loans	**86,144**	**16,254**	**95,406**	**94,635**	**364,314**
Government Payments Received	**116,624**	**20,217**	**125,248**	**406,337**	**5,198**
Net Income before Taxes	**684,707**	**-32,449**	**-297,549**	**223,600**	**8,314,696**
Net Income/ Sales	5.2%	-2.1%	-3.3%	1.5%	10.7%

[10] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

OPERATING EXPENSES

Operating expenses are the sum of wages and salaries, utility costs, freight and shipping costs, repairs and maintenance costs, rental and lease payments, property taxes, insurance costs, and other costs. Average operating expenses ranged from $661,248 in the micro division to $3,330,952 in the small division, $3,166,420 in the medium division, and $14,055,940 in the large division (Table 32).

DEPRECIATION EXPENSES

Average total depreciation expenses varied from $20,759 in the micro division, to $96,991 in the small division, to $341,703 in the medium division, to $1,369,812 in the large division (Table 32).

NET INCOME FROM OPERATIONS

Net income from operations is estimated as the difference of total revenues minus the costs of seafood purchased, operating expenses, and depreciation expenses. For three divisions, the summation of average seafood costs, operating expenses, and average depreciation exceeded average total revenue, and consequently, average net income from operations was negative. Net income from operations was -$36,412 in the micro division, -$327,391 in the small division, and -$88,102 in the medium division. In the large division, average net income from operations was $8,673,811 (Table 32).

NET INCOME BEFORE TAXES

Net income before taxes is estimated by subtracting interest payments from, and adding government payments to, net income from operations. In the micro division, average net income before taxes was -$32,449, and 64.3 percent had positive net income before taxes. In the small division, average net income before taxes was -$297,549, and 61.9 percent had an estimated net income before taxes that was greater than zero. Average net income before taxes was $223,600 among respondents in the medium division, of which 55 percent had a positive net income before taxes, and $8,314,696 among respondents in the large division, where a majority had positive net income before taxes. The ratio of average net income before taxes over average total revenue ranged from -2.1 percent in the micro division, to -3.3 percent in the small division, to 1.5 percent in the medium division, to 10.7 percent in the large division (Table 32).

V. CONCLUSION

According to the baseline year of 2009, most firms in the Gulf seafood processing sector demonstrated positive net worth and achieved positive net cash flow and positive net income. The average value of the processors' assets, measured by the respondents' assessments of the firms' market values, was $5.8 million. Average debt was $1.3 million, and average net worth was $4.5 million. About 40 percent reported carrying no debt. Among the 60 percent that had debt in any amount, average debt was $2.3 million.

Respondents' average total cash inflows were $13.2 million. Seafood sales, which averaged $12.6 million, constituted the majority of total sales. Most respondents obtained all their revenues from seafood sales. Only 21 percent reported sales revenue from any products other than seafood.

Expenditure patterns reveal that purchases of seafood were the largest single expenditure category, representing about 70 percent of total cash outflows. The majority obtained seafood from domestic dealers or distributors and independent domestic commercial seafood harvesters. Only one-sixth reported buying any seafood directly from imported sources.

The second largest single expenditure category was salaries and wages. These labor costs constituted about nine to ten percent of total cash outflows. Most respondents employed 54 or fewer part-time and full-time workers.

Estimated net cash flow and net income before taxes were positive for a majority of respondents for the baseline year. Average net cash flow was $673 thousand.

One must keep in mind that it is difficult to speak of a typical "seafood processor." The title applies to a diverse array of businesses, varying in the type of seafood handled, the product forms produced, and business size.

About 40 percent of the respondents claimed that their firm's market value was less than $1 million. About 30 percent reported a firm market value of $1 million to $5 million, about 16 percent reported a market value of $5 million to $20 million, and nine percent reported a market value of more than $20 million.

Average net cash flows among respondents with less than $5 million of market value were negative. For firms with a market value between $5 million and $20 million, estimated net cash flow was $204 thousand while estimated net cash flow for firms with estimated market values greater than $20 million was $8.9 million. This analysis demonstrated that while many firms in the seafood processing sector enjoyed positive net cash flows and net incomes, there are also many who have experienced economic difficulties.

Processors in the Gulf produced products made from shrimp, oyster, crab, finfish, crawfish, lobster, and other seafood types. Shrimp was the most commonly processed seafood type, followed by crab and oyster.

A certain degree of specialization is apparent among Gulf seafood processors. The majority (59.2 percent) processed only one type of seafood. About 18 percent processed two types of seafood. Less than one quarter processed three or more types of seafood.

Most processors reported selling seafood products to dealers or distributors and retailers. The majority of shrimp and finfish sales were sold to purchasers in states outside the Gulf. The majority of crabs, oysters, and crawfish were sold to customers in states within the Gulf. This regional distribution of seafood sales sheds some light on the marketing of processed output, but it does not necessarily reveal much about the distribution of Gulf seafood products at the retail level. The majority of Gulf seafood processors' sales were made to distributors and dealers that may have eventually sold seafood processed in the Gulf to other customers outside the region. Further research regarding seafood distributors' operations may be needed to determine the geographical distribution of Gulf seafood in stages of the marketing value chain beyond the processor level.

Though this research examined the financial performance of the seafood processing sector in the Gulf, it was unable to fully address the nature, scope, and origin of the economic opportunities and challenges facing the industry. Further research on specific economic and marketing issues affecting the seafood processing sector, such as seafood imports, fluctuating operating costs, and shifting market preferences for seafood products, may prove necessary.

Appendix 1. TABLES WITH 2009 FINANCIAL AND ECONOMIC RESULTS (AVERAGES)[11]

(In 2012 USD unless otherwise stated)	Total Sample	MARKET VALUE DIVISIONS			
		Micro	Small	Medium	Large
Number of Observations	66	28	21	11	6
BUSINESS CHARACTERISTICS					
Age of Main Building (Years)	31.9	30	32.5	32.5	37.5
Year Business Started at Current Location	1984	1987	1980	1985	1985
Area of On-Site Buildings (ft^2)	28,844	18,040	23,584	32,104	91,696
Freezers & Cooler Space Area (ft^2)	7,261	1,459	4,722	9,938	38,315
Freezer & Cooler Volume (ft^3)	143,239	15,965	109,582	176,485	757,149
Full-time Workers	40.5	7.2	38.8	37.7	206.5
Part-time or Seasonal Workers	35.4	29.8	20.7	53.1	80.5
Total Number of Workers	75.9	37	59.5	90.8	287

Appendix 1 continued on next page

[11] Numbers may not necessarily calculate or sum perfectly as a result of rounding.

Appendix 1 Cont'd. **TABLES WITH 2009 FINANCIAL AND ECONOMIC RESULTS (AVERAGES)**

(In 2012 USD unless otherwise stated)	Total Sample	MARKET VALUE DIVISIONS			
		Micro	Small	Medium	Large
Number of Observations	66	28	21	11	6
BALANCE SHEET					
Total Assets	**5,812,530**	**390,250**	**2,197,619**	**8,310,606**	**39,188,889**
Market Value of Land	1,893,608	62,679	626,661	2,240,909	14,235,533
Market Value of Facilities	3,918,923	327,571	1,570,958	6,069,697	24,953,356
Liabilities	**1,331,622**	**238,621**	**582,374**	**1,136,453**	**9,412,471**
Percentage with Outstanding Loans	57.6%	53.6%	52.4%	72.7%	66.7%
Equity	**4,480,908**	**151,629**	**1,615,245**	**7,174,154**	**29,776,418**
Percentage with Insurance	87.9%	78.6%	100.0%	90.9%	83.3%
Insurance Coverage (Percentage of Assets)	70.3%	205.0%	103.8%	66.9%	58.9%

Appendix 1 continued on next page

Appendix 1 Cont'd. TABLES WITH 2009 FINANCIAL AND ECONOMIC RESULTS (AVERAGES)

(In 2012 USD unless otherwise stated)	Total Sample	MARKET VALUE DIVISIONS			
		Micro	Small	Medium	Large
Number of Observations	66	28	21	11	6
CASH FLOW					
Inflow	**13,274,026**	**1,579,600**	**9,055,565**	**15,816,952**	**77,950,594**
Seafood Sales	12,643,649	1,516,998	8,701,935	15,353,866	73,395,291
Sales of Products other than Seafood	513,753	42,385	228,381	56,749	4,550,104
Government Payments	116,624	20,217	125,248	406,337	5,198
Outflow	**12,600,547**	**1,642,743**	**9,512,766**	**15,612,600**	**69,022,103**
Purchases of Seafood	9,136,101	913,789	5,829,764	11,990,594	53,845,832
Wages and Salaries	1,236,401	335,712	1,106,164	1,396,214	5,602,460
Utility Costs	281,370	73,900	226,130	307,455	1,395,080
Freight or Shipping Costs	247,993	37,042	144,393	163,893	1,749,206
Repairs & Maintenance	187,825	54,778	135,797	235,274	903,820
Capital Purchases	165,574	38,292	156,062	247,710	642,265
Principal Paid on Loans	66,801	13,160	100,582	113,241	113,753
Interest Paid on Loans	86,144	16,254	95,406	94,635	364,314
Rental or Lease Payments	85,339	7,379	52,606	113,450	512,176
Property Tax	45,346	4,016	19,006	33,977	351,257
Insurance	158,984	48,587	205,008	207,412	424,297
Other Costs	902,669	99,833	1,441,847	708,743	3,117,643
Net Cash Flow	**673,479**	**-63,142**	**-457,201**	**204,352**	**8,928,490**

Appendix 1 continued on next page

Appendix 1 Cont'd. **TABLES WITH 2009 FINANCIAL AND ECONOMIC RESULTS (AVERAGES)**

(In 2012 USD unless otherwise stated)	Total Sample	MARKET VALUE DIVISIONS			
		Micro	Small	Medium	Large
Number of Observations	66	28	21	11	6
INCOME STATEMENT					
Revenue from Seafood Sales	**12,643,649**	**1,516,998**	**8,701,935**	**15,353,866**	**73,395,291**
Cost of Seafood Sales	**9,136,101**	**913,789**	**5,829,764**	**11,990,594**	**53,845,832**
Gross Margin from Seafood	**3,507,548**	**603,209**	**2,872,171**	**3,363,272**	**19,549,459**
Gross Margin/ Seafood Sales	27.7%	39.8%	33.0%	21.6%	26.6%
Revenue from Sales of Other Products	**513,753**	**42,385**	**228,381**	**56,749**	**4,550,104**
Total Revenue	**13,157,401**	**1,559,383**	**8,930,316**	**15,410,615**	**77,945,395**
Operating Expenses	**3,145,928**	**661,248**	**3,330,952**	**3,166,420**	**14,055,940**
Wages and Salaries	39.3%	50.8%	33.2%	44.1%	39.9%
Utility Costs	8.9%	11.2%	6.8%	9.7%	9.9%
Freight or Shipping Costs	7.9%	5.6%	4.3%	5.2%	12.4%
Repairs & Maintenance	6.0%	8.3%	4.1%	7.4%	6.4%
Rent or Lease Payments	2.7%	1.1%	1.6%	3.6%	3.6%
Property Tax	1.4%	0.6%	0.6%	1.1%	2.5%
Insurance Costs	5.1%	7.3%	6.2%	6.6%	3.0%
Other Costs	28.7%	15.1%	43.3%	22.4%	22.2%

Appendix 1 continued on next page

Appendix 1 Cont'd. **TABLES WITH 2009 FINANCIAL AND ECONOMIC RESULTS (AVERAGES)**

(In 2012 USD unless otherwise stated)	Total Sample	MARKET VALUE DIVISIONS Micro	Small	Medium	Large
Number of Observations	66	28	21	11	6
INCOME STATEMENT CONT'D.					
Depreciation	**221,147**	**20,759**	**96,991**	**341,703**	**1,369,812**
Capital Acquisitions	23,677	5,476	22,317	35,423	91,844
Facility Structures & Equipment	197,469	15,283	74,674	306,281	1,277,968
Net Income from Operations	**654,227**	**-36,412**	**-327,391**	**-88,102**	**8,673,811**
Interest Paid on Loans	**86,144**	**16,254**	**95,406**	**94,635**	**364,314**
Government Payments	**116,624**	**20,217**	**125,248**	**406,337**	**5,198**
Net Income before Taxes	**684,707**	**-32,449**	**-297,549**	**223,600**	**8,314,696**
Net Income/ Sales	5.2%	-2.1%	-3.3%	1.5%	10.7%

Date: _____

GULF STATES SEAFOOD PROCESSOR AND DEALER SURVEY

SECTION A: SEAFOOD PROCESSOR AND DEALER CHARACTERISTICS FOR 2009

For each question, please write the actual number, approximation, or best estimate.
Please do not leave anything blank! Please write "0" if an answer is zero or none!

1. What is the age of the main building of this seafood business[1] at this location since construction?

   A. ☐ yrs

2. What year did this seafood business start handling seafood at this location under current ownership?

   A. ☐

3. How many total square feet do the on-site buildings of this seafood business encompass at this location?

   A. ☐ sq.ft

4. What is the approximate size of the freezer and cooler space at this location for raw and finished product (including refrigerated trucks used for permanent onsite storage)?

   A. ☐ sq.ft ☐ Height (ft) ☐ No space

5. If the facility for this seafood business at this location were sold *today with the land*, how much do you think it would sell for? (This includes buildings, equipment, and land)

   A. Market value of entire facility (including land value) $☐

   B. Market value of land $☐

[1] The seafood business includes any harvester, dealer, processor, or retailer activities associated with the business.

Appendix 2 continued on next page

Date: _____

6. *Not* including the land, what would the replacement cost be *today* for the seafood business facility at this location? (This includes building materials, equipment, and labor to replace)

   A. $☐

7. *Not* including the land, what was the insured value of this facility and inventory at this location in 2009? (This includes buildings, equipment, and inventory)

   A. Insured value for this facility and inventory in 2009 $☐ OR ----> ☐No Insurance in 2009

Range of insured value for this facility and inventory	
1) ☐	Less than $50,000
2) ☐	$50,001 - $100,000
3) ☐	$100,001 - $250,000
4) ☐	$250,001 - $500,000
5) ☐	$500,001 - $1,000,000
6) ☐	$1,000,001 - $3,000,000
7) ☐	$3,000,001 - $5,000,000
8) ☐	$5,000,001 - $10,000,000
9) ☐	$10,000,001 - $15,000,000
10) ☐	$15,000,001 - $20,000,000
11) ☐	Greater than $20,000,000

8. In 2009, approximately how many people were employed by this seafood business at this location over all 12 months? (If the owner works at this seafood business, please include him/her among the total number of workers)

   A. 2009 Full-time (# of workers) (40 or more hours per week) ☐

   B. 2009 Part-time (# of workers) (Less than 40 hours per week) ☐

Appendix 2 continued on next page

Date: _____

9. Please indicate what percent of your seafood business—in terms of costs— was directly involved in each of the following activities in 2009:

	Activity	Percentage of cost
A.	Commercial fishing (operating commercial fishing vessels to harvest seafood)	☐ %
B.	Dealer / distributor activities (buying and reselling seafood)	☐ %
C.	Processor activities (transformation of seafood into new products and reselling the product)	☐ %
D.	Retailer activities (the sale of seafood products directly to the consumer)	☐ %
E.	Other: (specify)_____	☐ %
	Total	100 %

SECTION B: SEAFOOD PROCESSOR AND DEALER COSTS FOR 2009

For each question, please write the actual number, approximation, or best estimate.
Please do not leave anything blank! Please write "0" if an answer is zero or none!

1. At the end of 2009, what was the total amount of all outstanding loans for your seafood business at this location (land, buildings, equipment, boats, vehicles, etc)?

A. $ ☐

2. What were your **total 2009 expenses** as they directly related to **your seafood business activities** at this location? (For example: buying seafood, labor, supplies, utilities, transportation, storage, packaging, etc.) ?

A. Total 2009 expenses for this business $ ☐

OR

B. Range of total 2009 expenses for this business (check one)

1) ☐ Less than $50,000	6) ☐ $1,000,001 - $3,000,000	11) ☐ $11,000,001 - $13,000,000	16) ☐ $21,000,001 - $23,000,000
2) ☐ $50,001 - $100,000	7) ☐ $3,000,001 - $5,000,000	12) ☐ $13,000,001 - $15,000,000	17) ☐ $23,000,001 - $25,000,000
3) ☐ $100,001 - $200,000	8) ☐ $5,000,001 - $7,000,000	13) ☐ $15,000,001 - $17,000,000	18) ☐ Greater than $25,000,000
4) ☐ $200,001 - $500,000	9) ☐ $7,000,001 - $9,000,000	14) ☐ $17,000,001 - $19,000,000	
5) ☐ $500,001 - $1,000,000	10) ☐ $9,000,001 - $11,000,000	15) ☐ $19,000,001 - $21,000,000	

Appendix 2 continued on next page

Date: _____

3. * Please itemize your **2009 expenses** for the following categories.
   * Please allocate your expenses as they directly related to **your seafood business** in 2009 at this location**.**
   * If you are **more comfortable** providing percentages, please record the **percent (%) of total 2009 expenses** as specified in **question 2A** above.

	Total 2009 Expense		**% of Total 2009 Expense**
A. Wages, bonuses, benefits, payroll taxes (FICA, etc.), and unemployment insurance	$	OR	%
B. Total cost of seafood purchased	$	OR	%
C. Utility costs for electricity, natural gas, propane gas, water, sewer, waste disposal, etc.	$	OR	%
D. Freight costs for UPS, FedEx, and shipping services	$	OR	%
E. Repair and maintenance costs on buildings, equipment, trucks, boats, etc.	$	OR	%
F. Capital purchases of buildings, new and used machinery, equipment, and boats, etc.	$	OR	%
G. Principal paid on loans	$	OR	%
H. Interest paid on loans	$	OR	%
I. Rental or lease payments for buildings, freezing & storage space, job-site trailers, land, machinery, equipment, etc.	$	OR	%
J. Property tax	$	OR	%
K. Insurance costs for buildings, equipment, vehicles, boats, workers compensation, etc.	$	OR	%
L. Other costs for production supplies, packing materials, fuel, professional services, cookbooks, seasonings, etc.	$	OR	%
M. **Total 2009 Expenses**	$		**100** **%**

4. Did your seafood business take a loan out for *any* of the **capital purchases** reported in **Row F** above? ☐ YES ☐NO | ☐ No Capital Purchases

A. If yes, what amount of the capital purchases reported above, in dollars ($) or (%), had a loan? $ _____ OR _____ %

B. If no, please continue to the next question.

Appendix 2 continued on next page

Date: _____

SECTION C: SEAFOOD RELATED CHARACTERISTICS FOR 2009

For each question, please write the actual number, approximation, or best estimate.
Please do not leave anything blank! Please write "0" if an answer is zero or none!

1. For each type of seafood, how many **GROSS** pounds, bushels, or sacks of seafood did your business at this location **BUY** in total in 2009, and, on average, what was the total **GROSS COST**[1] to buy?

[1]Please do not double count the cost to acquire seafood for your business. For example: if you harvest seafood for your business using your own vessels and have included the vessel maintenance and fuel cost in question B3 above, please do not double count and also include that cost here.

Type	Total GROSS QUANTITY Purchased in 2009	Check one	Total GROSS COST ($) in 2009
A. Shrimp		☐ pounds I ☐bushels I ☐sacks	$
B. Crab		☐ pounds I ☐bushels I ☐sacks	$
C. Oyster		☐ pounds I ☐bushels I ☐sacks	$
D. Finfish		☐ pounds I ☐bushels I ☐sacks	$
E. Crawfish		☐ pounds I ☐bushels I ☐sacks	$
F. Lobster		☐ pounds I ☐bushels I ☐sacks	$
G. Other 1: _____		☐ pounds I ☐bushels I ☐sacks	$
H. Other 2: _____		☐ pounds I ☐bushels I ☐sacks	$

2. What percentage (%) of all seafood purchased or obtained by this seafood business at this location --in terms of total cost-- came from the following sources?

	Source of Seafood for Your Facility	(%) of Cost
A.	U.S. based captains or harvesters who operate vessels owned by this business (Including yourself)	%
B.	U.S. based harvesters who operate their own vessels	%
C.	U.S. based seafood dealers / distributors	%
D.	U.S. based seafood processors	%
E.	Outside the United States	%
F.	Others (specify _____)	%
	Total Should Equal	**100%**

Appendix 2 continued on next page

Date: _____

3. For each type of seafood, how many total **GROSS** pounds, bushels, or sacks of seafood were **SOLD** by your business at this location in total in 2009, and what were the total **GROSS SALES** for each seafood type in 2009?

Type	Total GROSS QUANTITY SOLD in 2009	Check one	Total GROSS SALES ($) in 2009
A. Shrimp		☐ pounds I ☐bushels I ☐sacks	$
B. Crab		☐ pounds I ☐bushels I ☐sacks	$
C. Oyster		☐ pounds I ☐bushels I ☐sacks	$
D. Finfish		☐ pounds I ☐bushels I ☐sacks	$
E. Crawfish		☐ pounds I ☐bushels I ☐sacks	$
F. Lobster		☐ pounds I ☐bushels I ☐sacks	$
G. Other 1:_____		☐ pounds I ☐bushels I ☐sacks	$
H. Other 2:_____		☐ pounds I ☐bushels I ☐sacks	$

Appendix 2 continued on next page

Appendix 2 Cont'd. **SEAFOOD PROCESSOR SURVEY INSTRUMENT**

Date: _____

4. The following table lists different product forms for each seafood type. For each seafood type, please indicate the share of each product form as a percentage of your 2009 **GROSS SALES, in terms of dollars,** for your seafood business at this location.

   For example: If your business sold $100,000 of breaded shrimp in 2009, and that amount accounted for 10% of all shrimp sales in 2009 (in terms of dollars), you would record 10% in the breaded shrimp box below.

Product Form Sales in Terms of Dollars in 2009

A. Shrimp	*Headless*	*Head-on*	*Peeled &/or deveined*	*Breaded*	*Other**_____	*Other**_____	Total
	%	%	%	%	%	%	100%
B. Crab	*Live /Jimmy*	*Cooked*	*Softshell*	*Breaded*	*Other**_____	*Other**_____	
	%	%	%	%	%	%	100%
C. Oyster	*Fresh Whole*	*Shucked*	*Frozen*	*Breaded*	*Other**_____	*Other**_____	
	%	%	%	%	%	%	100%
D. Finfish	*Whole*	*Gutted &/or headed*	*Fileted*	*Steaked*	*Roe*	*Other**_____	
	%	%	%	%	%	%	100%
E. Crawfish	*Live*	*Peeled*	*Frozen*	*Cooked*	*Other**_____	*Other**_____	
	%	%	%	%	%	%	100%
F. Lobster	*Live*	*Cooked*	*Other**_____	*Other**_____	*Other**_____	*Other**_____	
	%	%	%	%	%	%	100%
G. Other 1*	_____	_____	_____	_____	_____	_____	
	%	%	%	%	%	%	100%
H. Other 2*	_____	_____	_____	_____	_____	_____	
	%	%	%	%	%	%	100%

**Please feel free to write in other types of seafood and product forms where appropriate*

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Appendix 2 continued on next page

Date: _____

5. In 2009, what were the total **GROSS SALES** of seafood (from saltwater) and non-seafood **GROSS SALES** for your business at this location? Please feel free to report these sales as a range (Part B).

A.

Total GROSS **SEAFOOD Related** Sales in 2009:		Total GROSS **NON-SEAFOOD Related** Sales in 2009 (Specify:_____) For example: poultry / vegetables / catfish		Total of **ALL GROSS Sales** in 2009
$ _____	+	$ _____	=	$ _____
OR		OR		OR

B.

Range of GROSS **SEAFOOD Related** Sales in 2009: Check one	Range of GROSS **NON-SEAFOOD Related** Sales in 2009 Check one	Range of **ALL GROSS Sales** in 2009 Check one
1) ☐ Less than $50,000	1) ☐ Less than $50,000	1) ☐ Less than $100,000
2) ☐ $50,001 - $100,000	2) ☐ $50,001 - $100,000	2) ☐ $100,001 - $200,000
3) ☐ $100,001 - $200,000	3) ☐ $100,001 - $200,000	3) ☐ $200,001 - $400,000
4) ☐ $200,001 - $500,000	4) ☐ $200,001 - $500,000	4) ☐ $400,001 - $1,000,000
5) ☐ $500,001 - $1,000,000	5) ☐ $500,001 - $1,000,000	5) ☐ $1,000,001 - $2,000,000
6) ☐ $1,000,001 - $3,000,000	6) ☐ $1,000,001 - $3,000,000	6) ☐ $2,000,001 - $6,000,000
7) ☐ $3,000,001 - $5,000,000	7) ☐ $3,000,001 - $5,000,000	7) ☐ $6,000,001 - $10,000,000
8) ☐ $5,000,001 - $7,000,000	8) ☐ $5,000,001 - $7,000,000	8) ☐ $10,000,001 - $14,000,000
9) ☐ $7,000,001 - $9,000,000	9) ☐ $7,000,001 - $9,000,000	9) ☐ $14,000,001 - $18,000,000
10) ☐ $9,000,001 - $11,000,000	10) ☐ $9,000,001 - $11,000,000	10) ☐ $18,000,001 - $22,000,000
11) ☐ $11,000,001 - $13,000,000	11) ☐ $11,000,001 - $13,000,000	11) ☐ $22,000,001 - $26,000,000
12) ☐ $13,000,001 - $15,000,000	12) ☐ $13,000,001 - $15,000,000	12) ☐ $26,000,001 - $30,000,000
13) ☐ $15,000,001 - $17,000,000	13) ☐ $15,000,001 - $17,000,000	13) ☐ $30,000,001 - $34,000,000
14) ☐ $17,000,001 - $19,000,000	14) ☐ $17,000,001 - $19,000,000	14) ☐ $34,000,001 - $38,000,000
15) ☐ $19,000,001 - $21,000,000	15) ☐ $19,000,001 - $21,000,000	15) ☐ $38,000,001 - $42,000,000
16) ☐ $21,000,001 - $23,000,000	16) ☐ $21,000,001 - $23,000,000	16) ☐ $42,000,001 - $46,000,000
17) ☐ $23,000,001 - $25,000,000	17) ☐ $23,000,001 - $25,000,000	17) ☐ $46,000,001 - $50,000,000
18) ☐ Greater than $25,000,000	18) ☐ Greater than $25,000,000	18) ☐ Greater than $50,000,000

Appendix 2 continued on next page

Date: _____

6. In 2009, in terms of dollars, where did you directly sell and/or ship seafood from your seafood business at this location?

For example, if you sold $100,000 of shrimp in 2009 and $10,000 of shrimp was directly sold to other states outside the Gulf of Mexico region, you would record 10% in the "other states outside the GOM" category below for shrimp.

Percentage of Seafood Sales (In Terms of Dollars) Sold Directly to the Following Locations in 2009

A.	**Shrimp**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	Total
		%	%	%	%	100%
B.	**Crab**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%
C.	**Oyster**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%
D.	**Finfish**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%
E.	**Crawfish**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%
F.	**Lobster**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%
G.	**Other 1**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%
H.	**Other 2**	In-state	Other states in the GOM region*	Other states outside the GOM	Exported (outside the U.S.)	
		%	%	%	%	100%

*Gulf of Mexico (GOM) region = TX, LA, MS, AL, FL

Appendix 2 continued on next page

Date: _____

7. In 2009, what percentage of your **GROSS seafood sales** at this location (in terms of dollars) was sold and/or shipped to the following entities?

Destination of Seafood Sales	Percentage of Seafood Sales in **Terms of Dollars**
A. Dealers / Distributors (buying and/or reselling seafood)	____ %
B. Processors (transformation of seafood into new products and/or reselling the product)	____ %
C. Retailers (restaurants, grocery stores, seafood shops, etc)	____ %
D. The Public	____ %
E. Other: (specify)_____	____ %
Total	100 %

8. In 2009, what were the total government (state and federal) payments received as they related to your seafood business at this location? (For example: tariff money, grant money, disaster assistance, etc)

A. Total government (State and Federal) payments received in 2009 $ ____

SECTION D: COMMENTS AND NOTES FOR 2009

1. Please feel free to leave any comments or concerns you feel are relevant to your seafood business and the industry in 2009.

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