

# FIRMLY ROOTED FARM PLAN

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## Financial Strategy

Refer to Appendix E: Finances, for Chart of Accounts, Revenue, Expense, and Cash- Flow Projections.

### *Budget Overview*

Brian and Tamara will be financing the business start up with personal savings. Below is a summary of their current financial position:

Type	Brian	Tamara
Liquid Assets	\$7,500	\$2,000
Credit Card	\$1,000	\$1,500
Line of Credit	\$5,000	\$0
Other	Truck and trailer	Commuter vehicle

Current financial projections are based on gross revenue of \$35,000. Total expenses are shown as \$22,019.02; this includes a personal draw of \$2,070.00, and a contingency of \$2,001.73. Projected net profits are \$12,980.98. Based on current budgets Brian and Tamara will be able to operate the farm without requiring the use of Brian’s line of credit. If the couple are unable to secure pilot CSA shares (projected total of \$4,200) they will utilize the line of credit for the months of April, May and June, getting back into the black in July when other revenues increase.

Brian and Tamara’s personal expenses are extremely manageable largely because they own a tiny house on wheels and pay no rent or utilities. Additionally, food is currently the couple’s largest expense and the farm will provide for this. Projected farm incomes could cover their annual expenses; however both farmers will seek off farm winter income and maintain 8 hours weekly off farm work throughout the growing season.

Gross market sale projections total \$58,000; this does not include crops being grown on a trial basis, or in very small quantities including beans, collards, melons, stevia and peppers, nor does it include winter wreath sales. Certain contingencies are included in this total: it assumes that 25% of transplants will fail, and is calculated with low yield per row foot values. It does not consider major crop failure, and produce that cannot be sold due to spoilage, personal consumption or lack of market. It also does not include discounts provided to chefs, caterers, CSA customers or market clients through mix and match pricing. The gross revenue projection of \$35,000 can be achieved if a maximum 40% of all crops within our crop plan are not sold, or are sold at a discount (Refer to Appendix D: Sales, for detailed Market Sales projections).

### *Future Financial Strategy:*

Once they are fully established Brian and Tamara would like to gross \$80,000- \$95,000, paying themselves an annual salary of \$20,000- \$25,000 each. They plan to save for retirement and put aside “dream farm” funds that could be used to purchase land or infrastructure.

### *Financial Management:*

Tamara plans to do all bookkeeping and as much accounting for the business as possible. Her past experience assisting in the financial management for a company with a \$600,000 annual budget puts her in a good position to do so. She will be purchasing QuickBooks in the next few weeks to allow her to familiarize herself with the

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software and start to track expenditures. She has created a chart of accounts with categories that correspond with CRA's small business reporting requirements.

Tamara intends to input financial data on a weekly basis and to review financial information on a monthly basis. This schedule will help to identify and rectify issues in a timely manner. She feels that it is very important, especially in year one, to have a good handle on the farms financial position. At the end of the season an in depth evaluation will produce recommendations and strategies for the 2014 season.

Brian and Tamara will consult with either an accountant or financial advisor to review their chart of accounts, book keeping strategies and to provide tax recommendations.

### ***Purchasing Decisions***

In general we will purchase high quality, moveable infrastructure and tools that will increase efficiency, remove or mitigate limiting factors and lead to an increased profit margin. We will strive to think of both long term goals and short term cash flow when making purchases.

For large future purchase decisions we will try to employ a decision making process similar to one that Angie Koch employs at her farm, Fertile Ground:

*Do I really need it? Do I need it now? Can I barter or share it? Wait a season, see if I can find a work around and if I still need it then I'll make a decision.*