

CASE STUDY

FARM 1

FARM
VIABILITY
TRAINING
2022

Hands to Earth Farm is a 1st generation farm, in business for 9 years. The owner, 1 year round employee, and 4 seasonal employees farm 15 acres of this 50 acre property. They grew their CSA rapidly, reaching 500 and delivering as far as 2 hours away. Farm products include resale produce and proteins from other farms, farm grown organic (uncertified) produce, and eggs. This farm has strong sales with minimal marketing costs. Wholesale customers have fluctuated and are at a high of 10, mostly smaller restaurants with the total for wholesale sales as a minimal % of total sales. The three farmers markets attended vary in size and distance from the farm; each grossing wide ranges in sales. The land is owned and on the Balance Sheet. There is an extraordinary amount of operating and equipment loan debt, reducing equity potential.

Operational Data

Years in Business:	9
Total Acres:	50
Vegetable Acres Farmed:	15
Number Seasonal Employees:	4
Number Non-Seasonal Employees:	2
Land Owned or Rented?	Owned

Ownership structure: S Corp
Sales Channels/Customers:
200 CSA, 3 Markets, 10 Whls
Initial Financing: FSA Loan
Growth Financing: Family

PROFIT AND LOSS	2018	2017
	Farm 1	Farm 1
Sales	\$ 121,522	\$ 228,945
- COGS	\$ 45,901	\$ 92,498
Gross Profit	\$ 75,621	\$ 136,447
	62%	60%
- Opex	\$ 23,648	\$ 44,856
----Repairs & Maintenance	\$ 12,277	\$ 12,527
- G & A	\$ 9,449	\$ 25,872
----Marketing	\$ 733	\$ 1,935
- Fixed	\$ 23,789	\$ 21,331
- Labor	\$ 8,091	\$ 41,798
- One Time	\$ 5,428	0
Net Profit	\$ 5,216	\$ 2,590
Net Profit as % of Sales	4.3%	1.1%

KEY RATIOS	2018	2017
	Farm 1	Farm 1
Sales per employee	\$ 20,254	\$ 38,158
Sales per total acres	\$ 2,430	\$ 4,579
Sales per acre farmed	\$ 8,101	\$ 15,263
COGS as % of sales	38%	40%
Gross Margin	62%	60%
OpEx as % of sales	19%	20%
Labor as % of sales	7%	18%
Marketing as % of sales	1%	1%
Repair/Maintenance as % of expenses	15%	8%
\$ of Sales per \$1 of Fixed Assets	\$ 6.06	\$ 11.56

BALANCE SHEET	2018	2017
	Farm 1	Farm 1
Total Long Term Debt	\$ 55,110	\$ 36,125
Assets: Long Term (land and buildings)	\$ 15,218	\$ 14,968
Assets: Short Term (equipment, accounting for depreciation)	\$ 4,843	\$ 4,843
A/P	0	0
A/R	\$ 6,052	\$ 1,438
Equity	\$ (111,159)	\$ (89,521)



CASE STUDY FARM 1

FARM
VIABILITY
TRAINING
2022

Internal Group Questions

Has the business gotten more efficient year on year?

Where does the business have the greatest opportunity for improvement?

What's the most important question you would ask an advisor who knows about this business? What other questions need to be asked?

What's the most important metric they need to focus on in the next 12 months?



CASE STUDY

FARM 2

FARM
VIABILITY
TRAINING
2022

Old Oak Grove Farm is 1st generation, certified organic vegetable and berry operation, in business for 5 years. Owner also raises laying hens, and egg sales add significant income to overall sales. Sales are primarily through the 75 member CSA, an on farm stand, and 3 farmers markets. This farm also offers resale products like bread and cheese as add-on CSA shares. Owner is interested in potentially increasing wholesale sales - currently selling to 2-3 restaurants and a small food hub. In the end of 2018, the owner had the opportunity to take over the mortgage on the farm following a split from her partner. Her balance sheet reflects the farm asset and accompanying mortgage liability. This farm has strong marketing and has utilized a VAPG since 2017. The grant amounts were \$65K in 2017 and \$81K in 2018.

Operational Data

Years in Business:	5
Total Acres:	15
Vegetable Acres Farmed:	5
Number Seasonal Employees:	3
Number Non-Seasonal Employees:	1
Land Owned or Rented?	Owned

Ownership structure: Sole Prop
Sales Channels/Customers:
75 CSA, Farm Stand, 3 Markets
Initial Financing: Mortgage
Growth Financing: VAPG

PROFIT AND LOSS	2018	2017
	Farm 2	Farm 2
Sales	\$ 197,537	\$ 167,364
- COGS	\$ 24,464	\$ 10,783
Gross Profit	\$ 173,073	\$ 156,581
	88%	94%
- Opex	\$ 21,040	\$ 33,505
----Repairs & Maintenance	\$ 4,568	\$ 6,290
- G & A	\$ 20,642	\$ 38,640
----Marketing	\$ 8,443	\$ 14,246
- Fixed	\$ 6,750	\$ 12,992
- Labor	\$ 103,596	\$ 42,715
- One Time	\$ 32,659	\$ 5,330
Net Profit	\$ (11,614)	\$ 23,399
Net Profit as % of Sales	-5.9%	14.0%

BALANCE SHEET	2018	2017
	Farm 2	Farm 2
Total Long Term Debt	\$ 309,360	0
Assets: Long Term (land and buildings)	\$ 470,000	0
Assets: Short Term (equipment, accounting for depreciation)	\$ 25,472	\$ 25,472
A/P	0	0
A/R	\$ 1,230	\$ 895
Equity	\$ 182,643	\$ 54,183

KEY RATIOS	2018	2017
	Farm 2	Farm 2
Sales per employee	\$ 49,384	\$ 41,841
Sales per total acres	\$ 13,169	\$ 11,158
Sales per acre farmed	\$ 39,507	\$ 33,473
COGS as % of sales	12%	6%
Gross Margin	88%	94%
OpEx as % of sales	11%	20%
Labor as % of sales	52%	26%
Marketing as % of sales	4%	9%
Repair/Maintenance as % of expenses	2%	4%
\$ of Sales per \$1 of Fixed Assets	\$ 0.40	\$ 6.57



CASE STUDY FARM 2

FARM
VIABILITY
TRAINING
2022

Internal Group Questions

Has the business gotten more efficient year on year?

Where does the business have the greatest opportunity for improvement?

What's the most important question you would ask an advisor who knows about this business? What other questions need to be asked?

What's the most important metric they need to focus on in the next 12 months?



CASE STUDY

FARM 3

**FARM
VIABILITY
TRAINING
2022**

Stone Brook Farm is a 1st generation farm that has been in business for 25 years. With 15 acres in production, the family farm is run by husband and wife ownership team along with up to 20 seasonal workers. The farm began growing produce and selling door to door and slowly grew over time. They now produce veggies and flowers, as well as some eggs and sheep for themselves. In 2017 the farm experienced a major flood and crop loss, but was able to raise most of what was lost on gofundme from their loyal customers. They have a 150 member CSA, a new winter CSA, and an 8-week summer flower CSA. They sell at 3 farmers markets, a farm stand, and to 45 wholesale customers with 6 star customers making half the sales. Farmers markets are strong, but the farm is fairly isolated so expanding into closest urban areas requires a 2 hour drive each way with a lot of competition for markets. The couple has mortgaged the land personally, and it is not reflected on the balance sheet. Their heaviest cost burden is definitely labor with challenges in retention and manager recruiting. Their high desert climate and environmental challenges have kept competition low, and their niche geographic market has served them well so far.

Operational Data

Years in Business:	25
Total Acres:	20
Vegetable Acres Farmed:	15
Number Seasonal Employees:	20
Number Non-Seasonal Employees:	3
Land Owned or Rented?	Owned

Ownership structure: LLC
Sales Channels/Customers:
150 CSA, 3 Markets, 45 Whls
Initial Financing: Self
Growth Financing: Self & Mortgage

PROFIT AND LOSS	2018	2017
	Farm 3	Farm 3
Sales	\$ 612,531	\$ 555,983
- COGS	\$ 63,147	\$ 57,876
Gross Profit	\$ 549,384	\$ 498,107
	90%	90%
- Opex	\$ 87,779	\$ 71,336
----Repairs & Maintenance	\$ 8,975	\$ 10,887
- G & A	\$ 12,270	\$ 25,502
----Marketing	\$ 5,674	\$ 2,434
- Fixed	\$ 16,971	\$ 18,604
- Labor	\$ 252,641	\$ 229,436
- One Time	\$ 30,320	\$ 21,550
Net Profit	\$ 149,403	\$ 131,679
Net Profit as % of Sales	24.4%	23.7%

BALANCE SHEET	2018	2017
	Farm 3	Farm 3
Total Long Term Debt	34,408	15,344
Assets: Long Term (land and buildings)	\$ 147,379	\$ 145,135
Assets: Short Term (equipment, accounting for depreciation)	\$ 39,497	\$ 6,587
A/P	\$ 2,432	\$ 6,188
A/R	\$ 5,800	0
Equity	\$ 155,836	\$ 130,190

KEY RATIOS	2018	2017
	Farm 3	Farm 3
Sales per employee	\$ 26,632	\$ 24,173
Sales per total acres	\$ 30,627	\$ 27,799
Sales per acre farmed	\$ 40,835	\$ 37,066
COGS as % of sales	10%	10%
Gross Margin	90%	90%
OpEx as % of sales	14%	13%
Labor as % of sales	41%	41%
Marketing as % of sales	1%	0.4%
Repair/Maintenance as % of expenses	2%	3%
\$ of Sales per \$1 of Fixed Assets	\$ 3.28	\$ 3.66



CASE STUDY FARM 3

FARM
VIABILITY
TRAINING
2022

Internal Group Questions

Has the business gotten more efficient year on year?

Where does the business have the greatest opportunity for improvement?

What's the most important question you would ask an advisor who knows about this business? What other questions need to be asked?

What's the most important metric they need to focus on in the next 12 months?



CASE STUDY

FARM 4

**FARM
VIABILITY
TRAINING
2022**

East Bend Farm is a 3rd generation land, but 1st generation organic vegetable and berry operation, in business for 10 years. The owner and 4 seasonal employees farm 7 acres and have access to 8 more. Sales channels include a 100 member CSA, 1 farmers market, and wholesale accounts of 1 college, 1 small grocer, and 3 restaurants. The CSA is year round, creating winter cash flow. Farm products include certified organic produce and eggs, along with some resale products included as CSA add-on shares, ranging from coffee to cheese and more. The land is leased, not owned, by the operator. Loans on Balance sheet have been for equipment and general operations / improvements. The CSA has several delivery locations, which has increased the cost of labor for that income stream. Cost of labor in general has also increased due to the owner becoming a mother and reducing her time devoted to production.

Operational Data

Years in Business:	10
Total Acres:	15
Vegetable Acres Farmed:	7
Number Seasonal Employees:	4
Number Non-Seasonal Employees:	1
Land Owned or Rented?	Rented

Ownership structure: LLC
Sales Channels/Customers:
100 CSA, 1 Market, 5 Whls
Initial Financing: Self
Growth Financing: FSA Loans

PROFIT AND LOSS	2018	2017
	Farm 4	Farm 4
Sales	\$ 83,573	\$ 98,105
- COGS	\$ 13,403	\$ 17,004
Gross Profit	\$ 70,170	\$ 81,101
	84%	83%
- Opex	\$ 6,939	\$ 9,658
----Repairs & Maintenance	\$ 2,384	\$ 3,457
- G & A	\$ 14,449	\$ 23,863
----Marketing	\$ 2,748	\$ 7,749
- Fixed	\$ 19,320	\$ 20,383
- Labor	\$ 44,236	\$ 43,679
- One Time	0	0
Net Profit	\$ (14,774)	\$ (16,482)
Net Profit as % of Sales	-17.7%	-16.8%

BALANCE SHEET	2018	2017
	Farm 4	Farm 4
Total Long Term Debt	\$ 54,180	\$ 61,163
Assets: Long Term (land and buildings)	0	0
Assets: Short Term (equipment, accounting for depreciation)	\$ 55,068	\$ 65,169
A/P	\$ 1,166	\$ 560
A/R	\$ 4,269	\$ 2,138
Equity	\$ (7,417)	\$ 3,253

KEY RATIOS	2018	2017
	Farm 4	Farm 4
Sales per employee	\$ 16,715	\$ 19,621
Sales per total acres	\$ 5,572	\$ 6,540
Sales per acre farmed	\$ 11,939	\$ 14,015
COGS as % of sales	16%	17%
Gross Margin	84%	83%
OpEx as % of sales	8%	10%
Labor as % of sales	53%	45%
Marketing as % of sales	3%	8%
Repair/Maintenance as % of expenses	3%	3%
\$ of Sales per \$1 of Fixed Assets	\$ 1.52	\$ 1.51



CASE STUDY FARM 4

FARM
VIABILITY
TRAINING
2022

Internal Group Questions

Has the business gotten more efficient year on year?

Where does the business have the greatest opportunity for improvement?

What's the most important question you would ask an advisor who knows about this business? What other questions need to be asked?

What's the most important metric they need to focus on in the next 12 months?

