

Fall River Floral Farms



Farm Business Plan

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*Disclaimer: The information contained in this case study is to be used only as a case study example for teaching purposes. The information in the case study is both factual and fictional. Opinions formulated by the author are intended for educational purposes.

Mission:

The Mission of Fall River Floral Farms is to produce high quality cut flowers to our community, and to those across the state. We also offer farm tours during the spring, summer, and fall months for those interested in starting their own cut flower business, for those interested in production agriculture, or for those who just want to see what the business is all about.

Goals:

- Produce a vast array of high quality monocot and dicot flowers to those across the state, and to sell at a wholesale rate for flower shops across the country.
- To maintain production methods that is economically sustainable and exceeds the expectations of our patrons
- Begin an agro-tourism component that can also be added to the business. We want to use the tourism component as additional funds to help support the farm during the off season. This component can include production techniques and the various types of flowers our farm grows.
- Continually increase flower sales and/or quantity ordered over the lifetime of the business.

Background Information:**Business Name & Address:**

John & Jane Doe
Fall River Floral Farms
100 Magnolia Farm Lane
Gaithersburg MD 20878

Email Address: fallriverfloral@myfarm.com

Website: fallriverfloral.myfarm.com

Telephone:

Work: (410) 300-9000

Home: (410) 777-2314

Fax: (410) 100-2000

Fax: (410) 888-3210

Type of Ownership: Partnership

Business Advisors:

Accounting:

Accounting For You
Paul Banks
101 Business Drive
Gaithersburg MD 20878
(410) 888-9671

Attorney:

Attorneys on Demand
Bob Cash
700 Business Drive
Gaithersburg MD 20878
410-888-9674

Bank:

Farmers Bank
Dave Farmer
101 Main Street
Silver Spring MD 20905
410-888-9777

Other:

Insurance Agent:

Farmers Insurance
Robert Doe
170 3rd Street
Rockville MD 20850
(410) 898-8897

Who is Involved in the Operation:

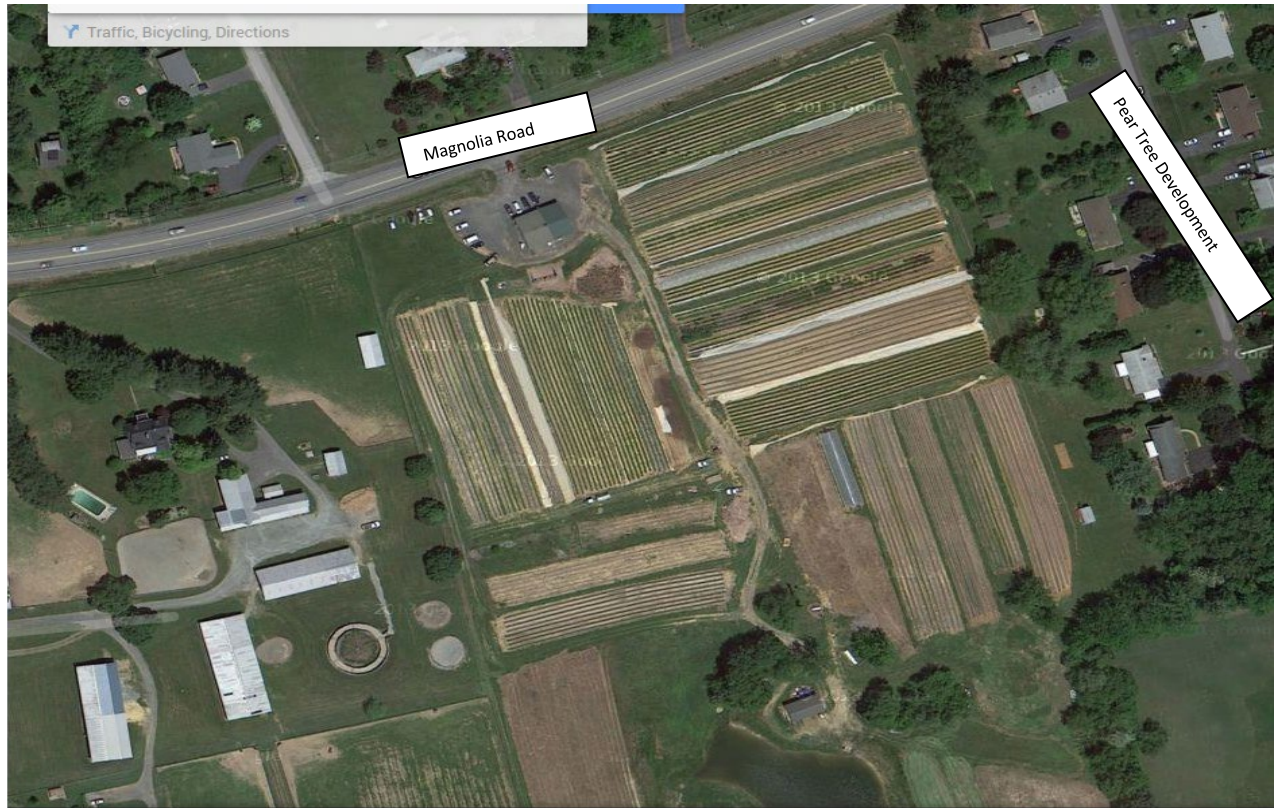
Name: John & Jane Doe	Position: Owners
Name: Ann Doe	Position: Daughter and Harvest/Production Supervisor
Name: Peter Doe	Position: Son and Field Cultivator/Planter, Shipping & Deliveries
Name: Seasonal Help	Position: As Needed

Background Information:

I, John Doe currently work full time at Fall River Floral Farms, while my wife Jane works full-time as a program assistant for our county government office. We have two children Ann (18 years old) and Peter (22 years old). As a family we invested in 45 acres of land in 2018 after showing an interest in starting a farm operation. It has been our dream to share our quality home grown cut flowers with the community. We purchased the land to provide income but do not expect the farm to pay the whole amount of the mortgage at first.

All sheds and barns were built prior to our purchase. Jane and I plan to retire in 15 years and at that time turn the farming operation over to Peter and/or Ann. We plan to continue to assist them with the operation and aid with labor at necessary times. If they do not want to farm it is located in a prime real estate area and would consider selling all or part of it.

Operation Layout:



The farm is 45 acres purchased in 2018. There are 2 acres zoned residential, leaving 43 for farming and tourism operations.

We continue to research and watch new trends and options for floral output and new options for which flowers do best within our area. We are licensed and monitor the amount of fertilizers, herbicides, and/or pesticides that are used to help prevent issues like run-off. We monitor the floral prices and the supply and demand for home grown cut flowers.

Legal and Contractual Situation

Assets/Contracts: Currently, we hold a 15-year mortgage on the 45 acres of land. The farm income in addition to 1 off-farm employment, pays the entire mortgage. The farm holds no current marketing agreements and no land leases.

Note: See all Asset's listed on the Balance Sheet

Insurance: The farm holds a crop insurance policy, farm structure insurance policy as well as a liability policy. Jane's off the farm employment allows for the family health insurance. All vehicles are insured, including farm vehicles and trailers.

Estate Plan/ Will: We currently hold a written will and estate plan, these are outlined in the fair division of the estate including land, life insurance and assets. Jane and I are currently the owners and operators of Fall River Floral Farms; Ann and Peter have both shown strong interest in taking over the farm and will each collect compensation for their positions on the farm until the farm is turned over to them.

Retirement: Jane holds a 401K at her current employment and John's past job have allowed a 401K to have been established. Additional funding is placed in to Jane's 401K each year. Retirement will be in an estimated 15 to 20 years at which time Ann and Peter will take over the farm.

Conservation/Environmental: The farm has a soil conservation plan that has been established though the local Soil Conservation District CREP Program. We also have a Nutrient Management Plant that was written by the University of Maryland Extension Office. We are dedicated to environmentally sustainable management practices.

Other:

Seasonal Help: At times additional help is needed for planting, harvesting, selling the flowers, and providing tours of the farm.

Production Situation:

See Product Plan in the Appendix.

Formulating a Farm Strategy:

Step 1: Information Gathering and Market Research:

Marketing Research Tools:

Demographic information from the United States Census and observation of local and state Extension Publication's.

Results of Marketing Research:

- There is an increased and growing population of nearly 2,861 people over the course of 2 years within a 10 mile radius of the farm.
- The average family size is 3 and median household income is \$81,178.
- 52.3% hold a bachelor's degree.
- 50.8% are white, 16.3% are African American and 32.9% are other races.
- There is an average of 5,875.2 people per square mile.

Key Industry Trends:

- Seeking of locally grown products; fresh, locally grown flowers and herbs
- Desire for luxury goods including flowers
- Desire to visit farms, learn more about the land and day trips
- The increased gas prices limits the distance traveled for delivering flowers.

Step 2: S.W.O.T Analysis

Strengths and Weaknesses- Evaluation of Internal Environment

Internal Strengths of the Farm Business:

- Devotion of our farm business
- 1 off the farm income
- Reputation for high quality flowers within the community
- Reputation for great tours of the farm with community members
- Committed to quality and success
- Customers first
- Land acres and capacity with good soils
- Attends trainings and workshops for management and production

Internal Weaknesses of the Farm Business

- The 1 off the farm employment takes precedence
- Time and labor become an issue at peak production times
- Money involved in transportation and delivery of flowers to flower shops
- New producers marketing the same products/services
- More producers increasing flower amounts and production
- Maintaining the facility for those touring it

Threats and Opportunities – Evaluation of the External Environment

Competitor Analysis:

Competitor #1:

Name: Lupine Farms

Product Offered: Cut Flower Crop

Promotional Activities: advertising in papers and on the farm

Location of Company: 20 miles away

Competitive Advantage: Location is closer to the city, allowing greater access to a larger clientele base

% Market Share: 10%

Competitor #2:

Name: Rose's Acres

Product Offered: Cut Flower Crop

Promotional Activities: on the farm and wholesale

Location of Company: 12 miles away

Competitive Advantage: Sells very high quality roses at wholesale

% Market Share: 20%

Competitor #3:

Name: Lilly's Acres

Product Offered: Tours of Flower Crop & on-site Flower Shop

Promotional Activities: Store on Farm

Location of Company: 27 miles away

Competitive Advantage: Bigger facility & sells high quality arranged flowers

% Market Share: 15%

External Threats of the Farm Business:

- Local producers are competitors
- High need for great quality flowers
- Distribution costs

External Opportunities of the Farm Business:

- New flower shops starting up—can sell more flowers at a wholesale rate
- An increased interest in buying local

S.W.O.T Analysis Summary

Internal Strengths	Internal Weaknesses
<ul style="list-style-type: none"> • Devotion to the farm • Reputation of farm and production • Commitment to quality and success • Off the farm employment (income) • Land area and good soil • Training and workshops 	<ul style="list-style-type: none"> • Off the farm employment takes precedence • Time and labor at peak time • Transportation and delivery to flower shops • New producers marketing the same products/services • More producers increasing flower amounts and production • Maintaining the facility for those touring it
External Opportunities	External Threats
<ul style="list-style-type: none"> • New flower shops starting up—can sell more flowers at a wholesale rate • An increased interest in buying local 	<ul style="list-style-type: none"> • Local producers are competitors • High need for great quality flowers • Distribution costs

**Step 3: Creating alternative plans of action and identifying areas of competitive advantage.
Plan of Action-Internal Strengths and External Opportunities:**

- Pick your own flowers and package. We sell various types of flowers in different quantities based on what you need.
- Wholesale- buy a large amount (in bulk) and receive a discount (wholesale priced)
- Auctions- sell any excess at the auctions.
- Farmers Market- more money and little prep work, additional marketing
- Disadvantage of Farmers Market: competition and costs to join

Things to Think About:

The Farm's Competitive Advantage:

Fall River Floral Farms' plan of action will be to select the highest quality seeds to plant with the intention that our flowers will provide a unique product to local consumers and flower shops. We will plan planting so that flowers are available at all times. This will be done by constantly rotating our flower crops and being sure that something is growing, being sold, or services will be provided during all four seasons. Our flowers are of higher quality, locally grown and fresher than other distributors and grocery stores. They also offer unique varieties that are not easily found or shipped from other countries. Our tourism component is the best around since customers will get a firsthand experience in the different aspects that are associated with the farm. We will be sure to capture this through various tutorials and activities. We also will be able to form marketing relationships with flower purchases, our customers, and will be named an official tourism site according to the tourism office. All products will be locally grown on a family farm.

Why Other Businesses are Not Copying the Products:

Farm offers specialized flower products and a tourism aspect that other producers may not specialize in. The market trend is to produce high quality flowers at a large rate in the quickest time. The crops are harvested at a peak time and with extremely high standards. Our marketing relationship that we create with every purchase or visit to the farm could not easily be copied. The farm strives to provide excellent customer services and excellent products.

Customers Value our Products Because:

Customers will come to value the quality and freshness of our home grown flowers and the quality of our family farm in which they can tour. We offer convenient delivery, ease of ordering and uniqueness in every flower order. We will continue to strive to have our flower crop or the tourism component available year long.

Step 4: Selecting the best plan that fits your overall farm mission.

My Overall Farm Strategy:

Overall the farm strives to produce high quality products that will become known for their freshness and quality. We strive to keep up to date with all industry trend and new varieties of flower & herb seeds. We offer niche products that are capitalizing on the local movement and interest in cut flowers.

We are committed to the farm business and quality of products. Delivery schedule needs to be planned well due to fuel costs and coolers. We provide the majority of our own marketing, to minimize cost. We plan to spend 10-15% of the budget on marketing for at least the first two years. Once established, will cut back to 5-7%.

Thankfully, the current market is interested in locally raised cut flowers. There is a lack of high quality products in the area and we hope to capitalize on the market.

Marketing Situation:

Marketing Research and Target Markets:

Target Market: Families and flower shops within the Gaithersburg area who are interested in our fresh cut flowers or in touring our farm. Most of our main purchasers will be 30-80 years of age, they tend to be well educated, desire local products and live in town.

Reach Target Market By:

Flower purchases and opportunities to tour the farm will be reached through local farmers markets and direct farm advertising. Flower shops can be reached through marketing and can have a sample package of flowers to see if such product is desired. Products can be personally delivered to flower shops and will be discussed and displayed.

Marketing Plan:

Product	Fresh Cut Flowers: Specialty, home grown, fresh cut flowers
Price	Fresh cut flowers will be priced 50% above the total cost (growth, maintaining, & harvesting) and 30% for wholesale or restaurants.
Place	Sell at farmers markets, local and high traffic, increase repeat customers, and on site at the farm.
Promotion	Signage at Farmers Market, newspaper advertisement, and advertisement in front of farm, social media

Product	Farm Tours- People can tour the family farm to see the flowers, pick them and participate in activities.
Price	\$5.00 per family or \$2.00 a person
Place	On site
Promotion	Signs at the Farm and Farmers Market

Implementation Strategy:

Production: The farm is following a 3 year production plan which will detail production and marketing details that are stated monthly.

Management: John and Jane are making all of the management decision. Jane focuses primarily on computer related aspects of the farm and dealing with deliveries. John focuses primarily on overseeing the production aspects of the farm. Ann deals with managing and decision making with plant harvesting and helps her father with the production aspects. Peter manages the production and planting of the crops. Promotion and advertising is a team effort and mostly controlled by Ann and Jane.

Marketing: We have detailed a marketing budget. It included signage for the farm, markets and vehicles. We plan to keep all signage locally made. Follow ups will be conducted with restaurants and farmers utilizing our products. Social media and customer databases will also be an important strategy.

Human Resource: The majority of our labor will be provided by the immediate family: John, Jane, Peter and Ann. We will need to seek help from neighborhood youth and adults. We may need to hire part time labor for our business.

Finance/Accounting: A projected cash flow and income statements have been completed; meeting without bank and establishing a separate accounts and credit line for personal and business needs. All farm banking (income and expenses) and accounts are kept on a software program (excel or QuickBooks).

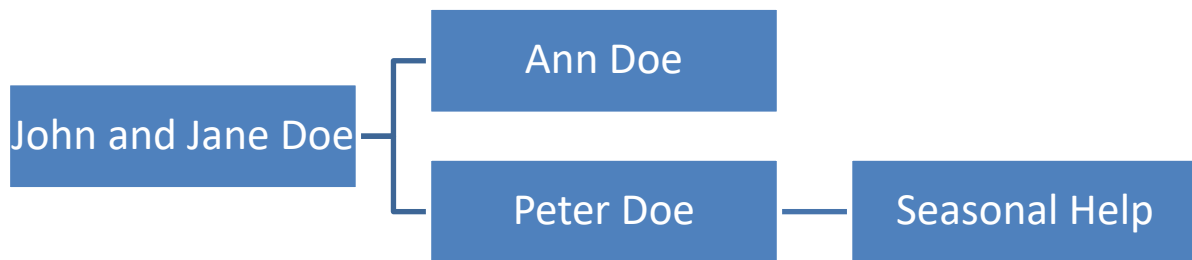
Exit Strategy: John and I wish to retire in 15 years. At this time we plan to turn the farm over to Peter and Ann. After reviewing financials we determined that we cannot put more than \$40,000 of our cash reserves out at any time in our farming business. The main goal for business decisions and employment on the farm is on a family basis and additional aid when needed.

Investment plans are to invest in the business and hope to receive a positive cash flow, within 4-6 years. If this plan fails we will reevaluate our business and make plans as a family unit. This would be the time we determine the future of our operation.

Farm Business Positions and Duties:

Position/ Name	Duties/Responsibilities	Skills/Talents	Salaries/Wages	Work Schedule
John Doe Owner	Day to Day Production Oversee	Production Overseeing- Nutrient Management	Profit Share	Full Time
Jane Doe Owner	Day to Day Production and Marketing, Accounting and Managing Deliveries	Great with people and marketing.	Profit Share	Part Time
Ann Doe Daughter/Employee	Day to day monitoring of the harvest and helping with various production aspects	Going to college majoring in Agriculture & Extension Education	Profit Share; 15% Farmers Markets and Farm Tour Profits	Part Time
Peter Doe Son/Employee	Day to day sales, shipping, deliveries, planting, harvesting	Has degree in plant & soil sciences	Profit Share; 10% of on-site sales & Farm Tour Profits	Full Time
Seasonal Workers	Aid in production or labor	Trustworthy, people friendly	\$7. 50 or minimum wage	Seasonal

Farm Business Organizational Chart:



Skills and Training:

Skill	Training Available	Responsible Party
Computers, Marketing	Training at Extension Office; Classes online, SBA	Jane Doe
Tours & Seasonal Work	Online research, production training, tourism training	Ann Doe
Planting & Harvesting	Training at seed companies, extension offices, equipment dealers	Peter Doe
Production Oversee/ Management/ Planting & Harvesting	Training at seed companies, extension offices, online books and resources. Management Classes	John Doe

Building and Facility Requirements:

Physical Resources	Description of Resources and Use
Land	45 acres of land. 2 acres residential and 43 acres for farm use.
Equipment	Stored in equipment shed. More information found on Equipment Inventory list.
Facilities	Have 1 main building where our tourist meet & flowers are sold, greenhouse, 1 shed for equipment, 2 sheds for additional tools, supplies, fertilizers/herbicides/insecticides.
Transportation	Have 1 pick-up truck and 1 small van used for hauling, farm work and farmers markets.
Expertise	Jane has expertise in computers, marketing & accounting. She follows new trends. John and Peter both specialize in flower production & harvest, while John specializes in the management of the farm.
Other	

Building and Structure Inventory

Building	Purpose	Square Feet	Required Features	Location
Tourist & Flower Sales Building	Provide a place for flowers to be sold and where those interested in a farm tour can meet up	36 X, 15H, 80L	10 Vertical Steal Supports ; Roofing Supports, Concrete Floor, Sliding Style Doors	Located close to the house.
Greenhouse (2)	Provides shelter and a place for plants to get started	20W, 10H, 60L	Metal, 4 Vertical Steal Supports, Roofing Supports, No Floor, No Door	Behind Tourist & Flower Sales Building
2 Sheds	To shelter and keep tools, supplies, and chemicals dry	30W, 17H, 80L	8 Vertical Steal Supports; Roofing Supports, Concrete Floor. No Doors, Closed Width sides	Located next to the equipment shed and past the house
Equipment Shed	Shelter for equipment	30W, 17H, 80L	8 Vertical Steal Supports; Roofing Supports, Concrete Floor. No Doors, Closed Width sides	Located next to the sheds, past the house
Walkin Storage Cooler	Storage refrigeration for flowers	Dimensions 11'-9 ½ " x 17' 8 3/8 Capacity 1500 cubic feet	<ul style="list-style-type: none"> • White galvanized .26 gauge leather grain. • Gentle high humidity "Surround Air" two way air discharge evaporator coil. • Ethylene Gas Purifier. • 4" CFC free solid foamed polystyrene insulation. • 10 year insulated panel warranty. 	Located in the sales building

Equipment Inventory – see worksheets

My Contact List:

Name	Address	Phone
Paul Banks	101 Business Dr. Gaithersburg MD 20878	410-888-9671
Dave Farmer	101 Main St. Silver Spring MD 20905	410-888-9777
Bob Cash	700 Business Dr. Gaithersburg MD 20878	410-888-9674
Robert Doe	170 3 rd St. Rockville MD 20850	410-898-8897

Fall River Florals

BUSINESS PLAN

WORKSHEETS

1. Marketing Plan
2. Production Plan
3. Balance Sheet
4. Equipment Inventory
5. Projected Equipment Purchasing Schedule
6. Inventory Adjusted Income Statement
7. Cash Flow
8. Fixed Cost Spreadsheet
9. Enterprise Budget: Flowers, Outside
10. Enterprise Budget: Flowers, Indoors
11. Enterprise Budget: Tourism

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Marketing Budget				
Category	Quantity	Cost	Total	Notes
Research				
Attending Floral Design Workshop	0	\$55.00	\$55.00	Printed Materials
Production/Marketing Publications purchased	4	\$85.00	\$85.00	
Research Costs Total			\$140.00	
Communications				
Promotional Brochures	1,000	\$0.33	\$330.00	Print ourselves; 3 of paper and 2 black and 4 color ink needed
On-line Sales Platform	1	\$325.00	\$325.00	For on-line orders
Web design/maintenance	2	\$500.00	\$500.00	Jane or Ann; per year email and website
Communication Costs Total			\$1,155.00	
Networking				
Memberships/Affiliations	3	\$200.00	\$200.00	MDCut Flower Growers Assoc., National Cut Flowers Assoc., Farm Bureau
Subscriptions	2	\$165.00	\$165.00	Martha Stewart Magazine , Bridal Publications, Community News
Networking Costs Total			\$365.00	
Promotions				
Product Giveaways at Farmers Market and on-farm sales	1	\$300	\$300.00	Loyalty Program- Buy 5 bouquets and get 6th on free
Discounts to CSA farms that add Flower share to their offering	50	\$5	\$250.00	Discount to farms that also carry Flowers.
Promotional Costs Total			\$550.00	
Advertising				
Logos/Labels/ floral tags	1,000	\$0.60	\$600.00	Farm Label, floral tags
Signage	14	\$45.00	\$630.00	All vehicles, trailers, 4 on farm signs, farmer's market signs. Startup cost
Design logo development, listing in 2 bridal directories, local fair book, farmers market ad	5	\$450.00	\$450.00	Includes stamp, envelope and invoice paper
Social media listing and placement	24	\$10.00	\$240.00	Two per month if needed
Advertising Cost Total			\$1,920.00	
Bouquet and Packing Supplies				
Floral bucket, life preservative, bucket racks for truck	10	\$200.00	\$200.00	10 buckets, two rack stands, raffata wrap, 1 case bouquet paper
Sponsorship	4	\$10.00	\$40.00	Local Fair sponsor floral judging youth projects
Public Relations Costs Total			\$240.00	
Distribution				
Farmers Market Booth Fees, tent tables, Insurance	0	0	\$630.00	24 weeks, 1 tent, 2 tables, liability insurance for business and farmers market
Transportation (Flower Deliveries)	24	24 tanks of fuel	\$600.00	Average- small car for local deliveries, truck for larger deliveries
Distribution Cost Total			\$1,230.00	
Marketing Total			\$5,600.00	

Production Plan			
Month	Production	Marketing	Capital Purchases
2020			
January	Attend conventions and workshops	Printing fliers	Repairs as needed
	Research new growing techniques	Make sure farm signs look good for next season	
	Start preparing greenhouse in order to start seeds	Reach out to new markets	
	Purchase flower seeds/plugs	Create new marketing and promotional materials	
February	Plant flower seeds/plugs in greenhouse		
	Take care of seedlings (water, fertilize, etc.)		
March	Till fields and spread fertilizer	Advertise opening of the market	
	Prepare plants from greenhouse for transplanting		
	Make sure signs at farmer's market are freshly painted		
	Install irrigation systems		
April	Transplant plants from greenhouses into fields	Open facilities for tours starting May 1st.	
	Check plants regularly for insects and diseases		
	Start new seedlings in greenhouses again		
	Start harvesting		
May	Apply shade cloth to greenhouses	Start tours	
	Continue harvesting	Open shop for customers to start buying products	
	Water and fertilize	Start filling/shipping orders as they come in	
	Transplant seedlings from greenhouses into fields		
June	Water and fertilize	Start selling products to local farmer's markets	
	Continue harvesting	Keep doing tours of facilities	
	Start a new group of seeds in greenhouses	Keep filling/shipping orders	
	Spray organic herbicides, fungicides, and pesticides		

Production Plan			
Month	Production	Marketing	Capital Purchases
July			
	Transplant seedlings from greenhouses into fields	Tours of the facilities	
	Water and fertilize	Filling/shipping orders	
	Continue harvesting	Marketing and promoting business at county fair	Repairs to machinery as needed
	Regularly checking plants for insects and diseases		
	Making sure irrigation systems are working right		
	Making sure all equipment is in functional order		
August	Start shutting down greenhouses for the season	Prepare for selling fall plants (mums, asters, etc.)	
	Clean greenhouses from spring/summer		
	Start cleaning up fields		
	Continue watering and fertilizing		
	Continue harvesting		
	Make sure fields are free from weeds/spray herbicides		
September	Water and fertilize	Begin selling fall plants on site and at farmer's market	
	Finish cleaning greenhouses	Continue doing tours until the end of October 31st	
	Continue condensing total amount of crops in field	Fill any remaining orders and have them delivered	
	Harvest late-blooming flowers		
	Water and fertilize as needed		
October	Harvest the remaining crops	Shut down on site shop	
	Till all acreage getting rid of weeds and breaking up the soil	Stop selling goods to farmer's markets	
	Plant cover crops	Finish up any remaining tours	
November	Attend seminars and workshops		Make repairs to buildings or machinery before winter months
December	Attend seminars and workshops	Reach out to new markets	

Production Plan			
Month	Production	Marketing	Capital Purchases
	Start looking at different types of flowers you would be interested in growing next year	Create new marketing and promotional materials	
	Buy seeds and have them started in the greenhouses towards the end of the month		

BALANCE SHEET		Fall River Florals	Date Prepared	01/01/20
ASSETS		LIABILITIES AND NET WORTH		
Current Farm Assets		Value	Current Farm Liabilities	Value
Cash, checking, savings		\$6,000.00	Accounts payable and accrued expenses	
Prepaid expenses & supplies		\$4,000.00	Accrued interest - operating	\$0.00
Accounts receivable		\$1,500.00	Accrued interest - machinery	\$1,100.00
Crops held for sale	Quantity		Accrued interest - mortgage	\$720.00
			Current farm notes payable	
			Intermediate and long-term principal due within 12 months	
			Machinery Loan	\$1,500.00
			Mortgage	\$12,000.00
Other current farm assets			Other current farm Liabilities	
Total current farm assets		\$11,500.00	Total current farm liabilities	\$15,320.00
Intermediate Farm Assets		Intermediate Farm Liabilities		
Greenhouses		\$18,000.00	Tractor/Loader	\$6,000.00
Injectors, Irrigation		\$12,000.00	Van	\$4,800.00
Walk in Cooler		\$6,500.00	Truck	\$12,000.00
Tractor/Loader		\$15,000.00		
Tractor		\$10,000.00		
Bedding Equipment		\$500.00		
Mower		\$250.00		
Utility Vehicle		\$3,500.00		
Van		\$10,000.00		
Truck		\$30,000.00		
Trailer		\$2,500.00		
Total intermediate assets		\$108,250.00	Total intermediate farm liabilities	\$22,800.00
Long-term Farm Assets		Long-term Farm Liabilities		
Home and buildings		\$750,000.00	Mortgage	\$415,000.00
Total long-term farm assets		\$750,000.00	Total long-term farm liabilities	\$415,000.00
Total farm assets		\$869,750.00	Total farm liabilities	\$453,120.00
Nonfarm Assets		\$8,000.00	Nonfarm Liabilities	
Car		\$12,000.00	Car Loan	\$5,000.00
Household items		\$15,000.00		
Cash value of life insurance		\$1,700.00		
Total nonfarm assets		\$36,700.00	Total nonfarm liabilities	\$5,000.00
Total assets		\$906,450.00	Total liabilities	\$458,120.00
			Net Worth	\$448,330.00

Inventory								
Name	Model	Model Year	Year Purchased	Condition	Ownership	Purchase Price	Monthly Payment	Market Value
<u>Buildings and Structure</u>								
Farm Market Building	Barn Style		2010	Good	Payment	\$65,000.00	with mortgage	
Greenhouses - 2	Agratech 30'x24' north slope greenhouse	2011	2011	Good	Paid in Full	\$48,000.00		\$5,000.00
Equipment Shed			2012		Paid in Full	\$6,000.00		\$4,000.00
Sheds - 2	30W, 17H, 80L		2010	Good	Paid in Full	\$5,000.00		\$2,500.00
Injectors, Irrigation			2011	Good	Paid in Full	\$3,000.00		\$1,000.00
Walk in Cooler		2011	2012	Good	Paid in Full	\$9,500.00		\$6,000.00
<u>Field Equipment</u>								
Tractor/Loader	John Deere 2355	2012	2012		Payment	\$21,000.00	\$500.00	\$15,000.00
Tractor		2010	2010		Paid in Full	\$16,000.00		\$10,000.00
Bedding Equipment		2010	2010		Paid in Full	\$2,000.00		\$6,000.00
Mower		2010	2010		Paid in Full	\$400.00		\$200.00
Utility Vehicle		2012	2012		Paid in Full	\$6,000.00		\$3,000.00
<u>Transportation/Storage</u>								
Van	GMC Savana 1500 Cargo Van	2009	2011	Good	Payment	\$18,000.00	\$400.00	\$8,500.00
Truck	Ford Superduty	2012	2013	Good		\$45,000.00	\$1,000.00	\$17,900.00
Trailer					Paid in Full	\$4,000.00		\$2,000.00
TOTAL						\$248,900.00	\$1,900.00	\$81,100.00

Projected Equipment Purchasing Schedule			
Equipment Item		Cash Cost	Purchase Date
Equipment			
Greenhouse		\$ 48,000.00	January-20
Walk in Cooler		\$ 12,000.00	January-21
Irrigation		\$ 3,000.00	January-20
Field Equipment			
Tractor		\$ 16,000.00	January-20
Implements			
Bedding Equipment		\$ 8,600.00	January-20
	Mulch Layer	\$ 1,500.00	Not Scheduled
	Bed Sprayer	\$ 3,400.00	Not Scheduled
	Tiller Tractor	\$ 1,700.00	Not Scheduled
	Air Sprayer	\$ 2,000.00	Not Scheduled
Utility Vehicle		\$ 6,000.00	January-21
Transportation/Storage			
Van		\$ 18,000.00	January-22
Truck			Not Scheduled
Trailer			Not Scheduled
TOTAL		\$120,200.00	

2020	\$	75,600.00
2021	\$	18,000.00
2022	\$	18,000.00

Inventory Adjusted Income Statement			Fall River Floral Farms			
			Period covered January 1 - December 31, 2020			
Cash Farm Income			Cash Farm Expenses			
Crop sales			Crop Expenses			
Cut Flowers - Outdoor		\$54,400.00	Cut Flowers(O): Production Supplies		\$7,838.20	
Cut Flowers - Indoor		\$38,800.00	Cut Flowers(I): Production Supplies		\$7,291.76	
Tourism		\$65,000.00	Tourism: Production Supplies		\$13,618.43	
Other		\$1,500.00	Fuel		\$12,350.00	
			Insurance		\$4,600.00	
			Labor Hired		\$19,040.00	
			Repairs and Maintenance		\$8,000.00	
			Taxes		\$650.00	
			Marketing		\$5,600.00	
			Other misc. farm expenses		\$2,000.00	
Government payments						
Total cash farm income			\$159,700.00	Total cash operating expense		\$80,988.39
			Net cash farm income		\$78,711.61	
Inventory change						
	Crops & feed	Market Livestock	Receivables	Supplies	Payables (beg - end)	
Ending inventory				\$1,500.00		
Beginning inventory				\$1,500.00		
Inventory change	-	-	-	-	-	-
Net operating profit						\$78,711.61
Depreciation and Other Capital Adjustments						
	Breeding Livestock	Machinery Equipment	Buildings Improvements	Other		
Ending inventory		\$103,000.00	\$108,000.00			
Capital sales		\$0.00	\$0.00			
Ending inv & sales		\$103,000.00	\$108,000.00			
Beginning inventory		\$0.00	\$0.00			
Capital Purchases		\$0.00	\$0.00			
Beg inv. & purchases		\$0.00	\$0.00			
Depre. & cap adjust.		\$103,000.00	\$108,000.00			\$211,000.00
Profit or Loss						\$289,711.61

Cash Flow Budget	Name> Fall River Floral Farms					
	Last year	2020	2021	2022	2023	Total
Cash inflow						
1. Beginning cash balance	\$1,100.00	\$79,361.61	\$136,814.45	\$196,192.34	\$240,227.80	\$653,696.20
2. Cut Flowers - Outdoor	\$54,400.00	\$54,400.00	\$55,488.00	\$56,597.76	\$57,729.72	\$278,615.48
3. Cut Flowers - Indoor	\$38,800.00	\$38,800.00	\$39,576.00	\$40,367.52	\$41,174.87	\$198,718.39
3. Tourism	\$65,000.00	\$65,000.00	\$66,300.00	\$67,626.00	\$68,978.52	\$332,904.52
4. Other farm income	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$7,500.00
5. Capital sales	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. Off farm receipts: Off-farm Job	\$34,500.00	\$34,500.00	\$35,000.00	\$36,000.00	\$37,000.00	\$177,000.00
7. Total cash inflow (total 1 to 6)	\$195,300.00	\$273,561.61	\$334,678.45	\$398,283.62	\$446,610.90	#####
Cash outflow						
8. Cut Flowers (O): Production Supplies	\$7,838.20	\$7,994.96	\$8,154.86	\$8,317.96	\$8,484.32	\$40,790.31
9. Cut Flowers (I): Production Supplies	\$7,291.76	\$7,437.59	\$7,586.35	\$7,738.07	\$7,892.84	\$37,946.61
10. Tourism Expenses	\$13,618.43	\$13,890.80	\$14,168.62	\$14,451.99	\$14,741.03	\$70,870.87
11. Fuel	\$12,350.00	\$12,597.00	\$12,848.94	\$13,105.92	\$13,368.04	\$64,269.90
12. Insurance: Farm, Crop and Liability	\$4,600.00	\$4,600.00	\$4,600.00	\$4,600.00	\$4,600.00	\$23,000.00
13. Labor hired: Seasonal	\$19,040.00	\$19,420.80	\$19,809.22	\$20,205.40	\$20,609.51	\$99,084.92
14. Repairs and maintenance	\$8,000.00	\$8,160.00	\$8,323.20	\$8,489.66	\$8,659.46	\$41,632.32
15. Taxes: Business, Property	\$650.00	\$663.00	\$676.26	\$689.79	\$703.58	\$3,382.63
17. Utilities	\$1,050.00	\$1,071.00	\$1,092.42	\$1,114.27	\$1,136.55	\$5,464.24
18. Marketing	\$5,600.00	\$5,712.00	\$5,826.24	\$5,942.76	\$6,061.62	\$29,142.62
19. Other farm expenses	\$2,000.00	\$3,300.00	\$3,500.00	\$3,500.00	\$3,500.00	\$15,800.00
20. Capital purchases	\$12,000.00	\$0.00	\$0.00	\$18,000.00	\$18,000.00	\$48,000.00
21. Family living or withdrawals	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$125,000.00
22. Term loan payments	\$26,900.00	\$26,900.00	\$26,900.00	\$26,900.00	\$26,900.00	\$134,500.00
23. Total cash outflow (total 8 to 23)	\$145,938.39	\$136,747.16	\$138,486.10	\$158,055.83	\$159,656.94	\$738,884.42
Cash flow summary						
24. Inflow minus outflow (lines 7-23)	\$49,361.61	\$136,814.45	\$196,192.34	\$240,227.80	\$286,953.96	\$909,550.16
25. New borrowing:term						
26. New borrowing:credit line	\$15,000.00	\$15,000.00	\$17,000.00	\$15,000.00	\$15,000.00	
27. Credit line payments	\$15,000.00	\$15,000.00	\$17,000.00	\$15,000.00	\$15,000.00	
28. Ending cash balance (24+25+26-27)	\$79,361.61	\$136,814.45	\$196,192.34	\$240,227.80	\$286,953.96	\$909,550.16

Comments:

Capital purchases such as tractor, farm equipment and buildings before 2014 are included in the term loan payment
All production, income and expenses estimates were derived from the enterprise budgets and fixed cost summary

Fixed Cost Spreadsheet

Depreciated Equipment Cost			
Equipment Item	Cost	Expected Life (years)	Per Year Charge
<u>Equipment</u>			
Greenhouse - 2	\$ 42,000.00	10	\$ 4,200.00
Shed - 2	\$ 4,000.00	10	\$ 400.00
Walk in Cooler	\$ 8,000.00	15	\$ 533.33
<u>Field Equipment</u>			
Tractor/Loader	\$ 21,000.00	12	\$ 1,750.00
Tractor	\$ 16,000.00	12	\$ 1,333.33
Bedding Equipment	\$ 8,600.00	18	\$ 477.78
Mower	\$ 400.00	18	\$ 22.22
Utility Vehicle	\$ 4,500.00	12	\$ 375.00
<u>Transportation/Storage</u>			
Van	\$ 16,000.00	12	\$ 1,333.33
Truck	\$ 25,000.00	15	\$ 1,666.67
Trailer	\$ 3,500.00	15	\$ 233.33
<u>Buildings</u>			
Pole Building	\$ 20,000.00	30	\$ 666.67
Market	\$ 42,000.00	30	\$ 1,400.00
Total By Enterprise	\$ 211,000.00		\$ 12,432.67
Total Yearly Equipment	\$ 12,432.67		
Interest			
Interest on Fixed Cost	Total Fixed Cost	Rate	Per Year Charge
	\$ 169,000.00	7.0%	\$ 11,830.00
Total Interest Payment	\$ 11,830.00		
Repairs			
Equipment	\$ 3,000.00		
Greenhouse and Building	\$ 5,000.00		
Total Repairs	\$ 8,000.00		
Taxes			

Taxes, Tags, License Fees	\$	650.00		
Total Taxes	\$	650.00		
Insurance				
Liability Insurance	\$	1,500.00		
Property Insurance	\$	600.00		
Auto Insurance	\$	2,500.00		
Total Insurance	\$	4,600.00		
Total Fixed Cost	\$	37,512.67		

	Percent Allocated to Each Enterprise					
	Cut Flowers - OUT		Cut Flowers - IN		Tourism	
Depreciated Equipment Cost						
Greenhouse	0%	\$ -	100%	\$ 4,200.00	0%	\$ -
Shed - 2	50%	\$ 200.00	25%	\$ 100.00	25%	\$ 100.00
Walk in Cooler						
Tractor/Loader	20%	\$ 350.00	40%	\$ 700.00	40%	\$ 700.00
Tractor	20%	\$ 266.67	40%	\$ 533.33	40%	\$ 533.33
Bedding Equipment	20%	\$ 95.56	40%	\$ 191.11	40%	\$ 191.11
Mower	20%	\$ 4.44	40%	\$ 8.89	40%	\$ 8.89
Utility Vehicle	50%	\$ 187.50	50%	\$ 187.50	0%	\$ -
Van	50%	\$ 666.67	50%	\$ 666.67	0%	\$ -
Truck	33%	\$ 550.00	33%	\$ 550.00	33%	\$ 550.00
Trailer	33%	\$ 77.00	33%	\$ 77.00	33%	\$ 77.00
Pole Building	33%	\$ 220.00	33%	\$ 220.00	33%	\$ 220.00
Market	33%	\$ 462.00	33%	\$ 462.00	33%	\$ 462.00
Total Yearly Equipment		\$ 2,617.83		\$ 7,434.50		\$ 2,380.33
Total Interest Payment	21%	\$ 2,490.94	60%	\$ 7,074.12	19%	\$ 2,264.95
Total Repairs	21%	\$ 1,684.49	60%	\$ 4,783.85	19%	\$ 1,531.66

Total Taxes	21%	\$ 136.86	60%	\$ 388.69	19%	\$ 124.45
Total Insurance	21%	\$ 968.58	60%	\$ 2,750.71	19%	\$ 880.71
Total Fixed Cost		\$ 7,898.70		\$ 22,431.87		\$ 7,182.10

CROP: Cut Flowers - Outside

ITEM	UNIT	QUANTITY	PRICE	TOTAL/AC	FARM
<i>INCOME</i>					
RETAIL	BUNCH	600	\$ 5.50	\$ 3,300.00	\$ 26,400.00
WHOLESALE	BUNCH	1,000	\$ 3.50	\$ 3,500.00	\$ 28,000.00
<i>VARIABLE/OPERATING COSTS</i>					
SEEDS	OUNCES	5	\$ 15.50	\$ 77.50	\$ 620.00
TRANSPLANTS	PLUGS	2,000	\$ 0.15	\$ 300.00	\$ 2,400.00
FERTILIZER					
N	POUNDS	45	\$ 0.48	\$ 21.60	\$ 172.80
P	POUNDS	45	\$ 0.51	\$ 22.95	\$ 183.60
K	POUNDS	45	\$ 0.28	\$ 12.60	\$ 100.80
PESTICIDES	ACRE	1	\$ 28.67	\$ 28.67	\$ 229.36
LIME	TON	1	\$ 17.50	\$ 8.75	\$ 70.00
BLACK PLASTIC	FOOT	250	\$ 0.03	\$ 7.50	\$ 60.00
STAKES	UNIT	100	\$ 0.53	\$ 53.00	\$ 424.00
DRIP LINE	FOOT	500	\$ 0.02	\$ 10.00	\$ 80.00
FUEL	GALLON	250	\$ 3.25	\$ 812.50	\$ 6,500.00
LABOR—WEEDING, HARVESTING & PACKING	HOURS	89	\$ 10.00	\$ 890.00	\$ 7,120.00
FLOWER SLEEVES AND BANDS	UNIT	630	\$ 0.55	\$ 346.50	\$ 2,772.00
INTEREST ON OPERATING CAPITAL	APR	\$ 2,591.57	\$ 0.07	\$ 90.70	\$ 725.64
TOTAL VARIABLE COSTS LISTED ABOVE				\$ 2,682.27	\$ 21,458.20
<i>FIXED/OVERHEAD COSTS (SEE FIXED COST ALLOCATION SUMMARY)</i>					
EQUIPMENT DEPRECIATION	FARM	1.00	\$ 2,617.83		\$ 2,617.83
INTEREST PAYMENT	FARM	1.00	\$ 2,490.94		\$ 2,490.94
REPAIRS	FARM	1.00	\$ 1,684.49		\$ 1,684.49
TAXES	FARM	1.00	\$ 136.86		\$ 136.86
INSURANCE	FARM	1.00	\$ 968.58		\$ 968.58
TOTAL FIXED COST LISTED ABOVE					\$ 7,898.70
TOTAL VARIABLE AND FIXED COST					\$ 29,356.90
NET INCOME OVER VARIABLE & FIXED COSTS					\$ 25,043.10

CROP: Cut Flowers - Inside

ITEM	UNIT	QUANTITY	PRICE	TOTAL	FARM
<i>INCOME</i>					
RETAIL	BUNCH	400	\$ 6.50	\$ 2,600.00	\$ 20,800.00
WHOLESALE	BUNCH	500	\$ 4.50	\$ 2,250.00	\$ 18,000.00
<i>VARIABLE/OPERATING COSTS</i>					
SEEDS	OUNCES	5	\$ 15.50	\$ 77.50	\$ 620.00
TRANSPLANTS	PLUGS	2,000	\$ 0.15	\$ 300.00	\$ 2,400.00
FERTILIZER					
N	POUNDS	45	\$ 0.48	\$ 21.60	\$ 172.80
P	POUNDS	45	\$ 0.51	\$ 22.95	\$ 183.60
K	POUNDS	45	\$ 0.28	\$ 12.60	\$ 100.80
PESTICIDES	ACRE	1	\$ 28.67	\$ 28.67	\$ 229.36
LIME	TON	1	\$ 17.50	\$ 8.75	\$ 70.00
GREENHOUSE FUEL	GALLON	200	\$ 3.25	\$ 650.00	\$ 5,200.00
DRIP LINE	FOOT	500	\$ 0.02	\$ 10.00	\$ 80.00
LABOR—WEEDING, HARVESTING & PACKING	HOURS	89	\$ 10.00	\$ 890.00	\$ 7,120.00
FLOWER SLEEVES AND BANDS	UNIT	630	\$ 0.55	\$ 346.50	\$ 2,772.00
INTEREST ON OPERATING CAPITAL	APR	\$ 2,368.57	\$ 0.07	\$ 82.90	\$ 663.20
TOTAL VARIABLE COSTS LISTED ABOVE				\$ 2,451.47	\$ 19,611.76
<i>FIXED/OVERHEAD COSTS (SEE FIXED COST ALLOCATION SUMMARY)</i>					
EQUIPMENT DEPRECIATION	FARM	1.00	\$ 2,617.83		\$ 2,617.83
INTEREST PAYMENT	FARM	1.00	\$ 2,490.94		\$ 2,490.94
REPAIRS	FARM	1.00	\$ 1,684.49		\$ 1,684.49
TAXES	FARM	1.00	\$ 136.86		\$ 136.86
INSURANCE	FARM	1.00	\$ 968.58		\$ 968.58
TOTAL FIXED COST LISTED ABOVE					\$ 7,898.70
TOTAL VARIABLE AND FIXED COST					\$ 27,510.46
NET INCOME OVER VARIABLE & FIXED COSTS					\$ 11,289.54

CROP: Tourism				
ITEM	UNIT	QUANTITY	PRICE	TOTAL
<i>INCOME</i>				
FAMILY	UNIT	4,000.00	\$15.00	\$60,000.00
PERSON	UNT	1,000.00	\$5.00	\$5,000.00
<i>VARIABLE/OPERATING COSTS</i>				
PLANT	PLANT	5,000.00	\$0.50	\$166.67
SIGNAGE	UNIT	20.00	\$10.00	\$200.00
LABOR	HOURS	480.00	\$10.00	\$4,800.00
FUEL	GALLONS	200.00	\$3.25	\$650.00
PORTABLE TOILETS AND HANDWASHING	WEEK	20.00	\$150.00	\$3,000.00
TOTAL VARIABLE COSTS LISTED ABOVE				\$8,816.67
<i>FIXED/OVERHEAD COSTS (SEE FIXED COST ALLOCATION SUMMARY)</i>				
EQUIPMENT DEPRECIATION	FARM	1.00	\$2,380.33	\$2,380.33
INTEREST PAYMENT	FARM	1.00	\$2,264.95	\$2,264.95
REPAIRS	FARM	1.00	\$1,531.66	\$1,531.66
TAXES	FARM	1.00	\$124.45	\$124.45
INSURANCE	FARM	1.00	\$880.71	\$880.71
LAND CHARGE	FARM	0.00	\$0.00	\$0.00
TOTAL FIXED COST LISTED ABOVE				\$4,801.77
TOTAL VARIABLE AND FIXED COST				\$13,618.43
NET INCOME OVER VARIABLE & FIXED COSTS				\$51,381.57