

Sample Farms

Business Plan

Farm and Vineyards:

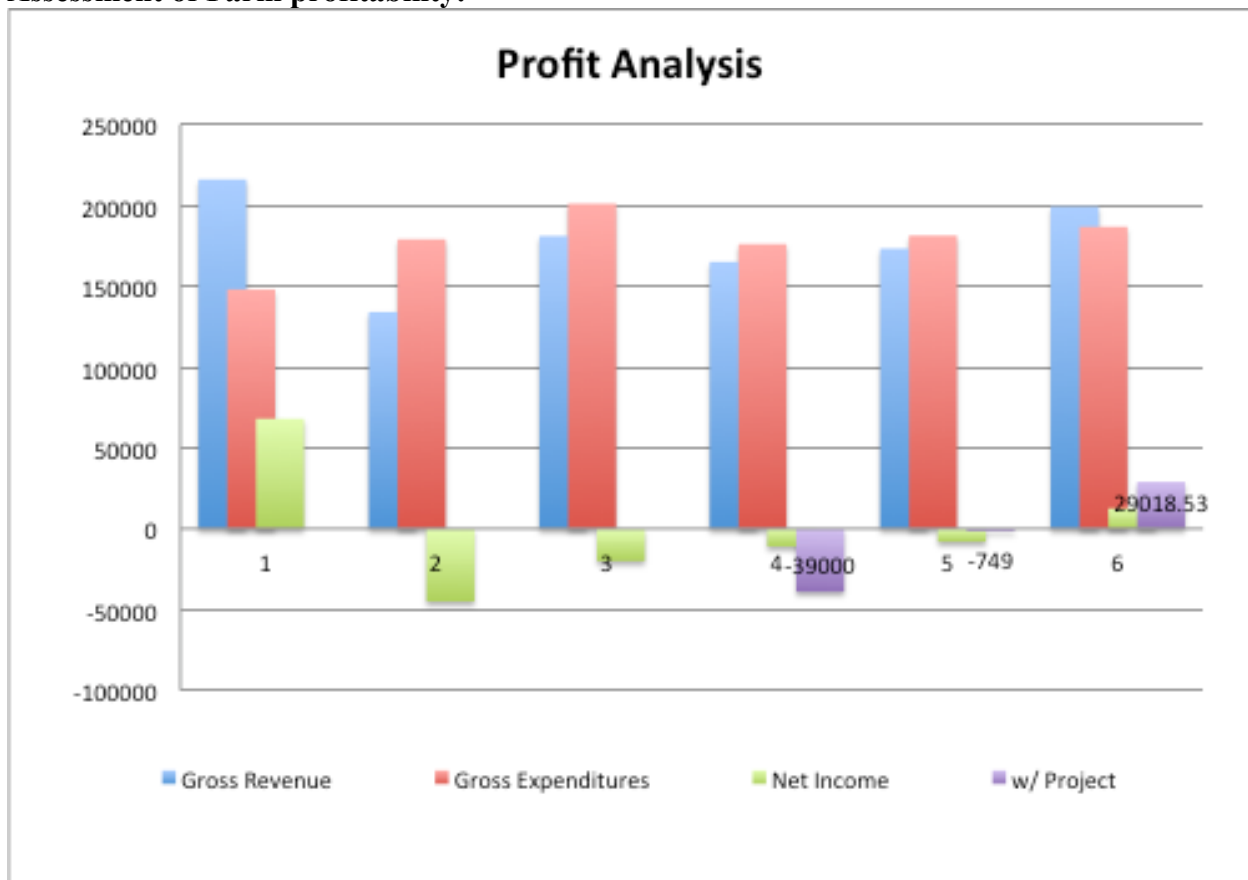
Statement of Purpose:

- The fundamental purpose of Sample Farms is to:
 - 1. Maintain and increase marketing contracts to local processors by building trust and networking
 - 2. Continue on a path of sustainable business growth to allow the farm to provide enhanced income throughout “retirement” of the vineyard owner.

Description:

- Sample Farms consists of 98 acres grape acres, primarily Concord.
- Diversified agricultural investments in American hybrids and natives to increase exposure to wine markets.
- Concord rented vineyards of an additional 72 acres of corn used to improve cash flow.

Assessment of Farm profitability:



- Profits have been hurt by low grape prices and a decline in available markets for Concord grapes.

- New markets with delayed payments, Cooperatives, have hurt profits as shown on annual reports. Accrued income is growing but not reflected in actual performance.

Strategies to improve farm profitability:

- Maintain acreage and efficiency through economies of scale.
- Replace and renew depreciated Concord vineyards that do not have a marketing contract
- Diversify toward growing hybrid market
- Decrease costs by improving efficiency of mechanization and reducing labor costs.

Project's impact on profitability:

- Gross revenue of 3 acres of hybrids estimated at \$7,500 per acre per year.
- Operating cost increase estimated at \$650.

Long-term contract increases value of land and vineyard assets.

Project Budget Justification impact on profitability:

- Gross revenue of 3 acres of hybrids estimated at \$7,500 per acre per year, net \$4,500.
- Operating cost increase estimated at \$650 to \$3,000.
- 15 tons x \$500 - 3,000 operating – 2,500 ROI + Interest = \$2,000 Profit increase
- Long-term contract increases value of land and vineyard assets.

Budget Justification

- Labor
 - Removal - \$20 per hour (17.50 + 2.50 fringe) x 8 hours x 3 acres = \$480
 - Install vines - \$20 per hour (17.50 + 2.50 fringe) x 4.8 hours x 3 acres = \$288
 - Install trellis - \$20 per hour (17.50 + 2.50 fringe) x 8 hours x 3 acres = \$480
- Equipment Use
 - Mini Excavator \$45 per hour x 6.4 hours x 3 acres = \$960
 - Tractor and Planter \$40 per hour x 2 hours x 3 acres = \$240
 - Tractor and post pounder \$60 x 1 hour x 3 acres - \$180
- Custom Hire
 - See attached quotes
- Supplies
 - Wire \$.1 per foot x 518 feet x 3 acres = \$1,552
 - Vines \$2.75 * 700 *3 = \$1,925
 - Posts \$5400
 - End post \$10 per post x 36 posts x 3 acres= \$1,080
 - Line post \$6.18 per post x 233 posts x 3 acres = \$4,320
- Benefits and Revenue Increases
 - Building \$23,779
 - Direct Benefits
 - Indirect benefits \$1,288
 - Trellis redesign, vine replanting, and vine rehabilitation \$4812.50
 - Direct benefits
 - Indirect benefits \$17 per acre \$170

Summary

- The project is projected to be cash positive by year 4
- The project has an expected net present value of 17,060.

Third Party Certification

Biography:

2-23-19

Date