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# Terp Farm Incubator (TFI)

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Business Plan



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# Background

Agriculture in the United States was once run by a large number of family operated farms, who passed their trade from generation to generation. As agriculture constricts due to the emergence of larger companies that are controlling larger portions of the market share, this trend has slowed and farmer's children are choosing to leave agriculture to seek out new opportunities. This has lead to a lack of new young farmers who are ready to run farm businesses.

The average age of primary farm operators is above 55, with trends indicating that the age will continue to grow. As the age of US farmers has continues to increase, the number of farms and number of new/beginning farmers has declined steadily. The USDA estimates that about 70% of farmland will change hands over the next two decades. As we enter this period of transition, training the next generation new of farmers to be successful is a serious problem that we would like address.

In order develop a program to help new and beginning farmers we must first define what they are and who they are. The definition we have been using is the USDA's definition for new and beginning farmers which is, "any operator with 10 or less years of experience." Based on research we have done, we have found that most new and beginning farmers are ages 35-55 and that new farmers under the age of 35 make up the smallest segment of new farmers. Given the wide range in ages, we can assume that the different age cohorts will likely have different needs. The older cohort is more likely own land and capital equipment compared to the younger cohort. This means that the services we offer will have to vary depending on the type of client we work with.

In order to promote the next generation of new and beginning farmers, our team believes that we should develop an agricultural incubator that has both property based component as well as virtual component. An incubator is a company that help develops start up companies by providing technical and professional services to their clients. A property based incubator, is one that gives its clients a physical space to conduct business. This component is necessary for working their younger clients as they will likely need a space to start up. The virtual incubator, provides clients with access to the technical support and specialized information without a physical location. As previously stated, the older new and beginning farmers are more likely to own land for production and will not need a space. By having an incubator that has both components, we can address the needs of both groups simultaneously.

## Organizational Summary

Terp Farm Incubator (TFI) is an agricultural business development service that provides both property and virtual incubation services to clients the DMV metropolitan area. To ensure sustainability TFI, will engage in three main ag-ventures: beef backgrounding, Raised Beds Production and Pollinators. TFI aspires to create a smooth transition for new and beginning farmers, promote synergy amongst all ag stakeholders, highlight ag-business as a viable business option and facilitate the transition of farmers and farmlands from the elderly generation to the younger generation of farmers.

## Mission

The Terp Farm Incubator contributes to the growth and success of emerging and transitional full-time farmers by leveraging existing support programs and providing best in class business incubation services through farm-based and virtual programs

## Vision

The Terp Farm Incubator supports a stronger, more sustainable, agricultural presence in Maryland that contributes to a healthy local food system through economic viability as well as environmental and social sustainability farming.

## Organizational Structure

The goal of the TFI is to become incorporated within an existing (GSE). The primary reason for this is to eliminate most of the impediments faced while prospecting, applying and receiving grant funding. Becoming incorporated as 501C3 or 501C4/5 with a subsidiary LLC will be time consuming and will cause hundreds of thousands of dollars to reach completion. This time and resources could be put to better use if it were invested into the TFI programs and services. Given the competitive nature of grants and our heavy reliance on these grants for seed funding, we hope to minimize grant competition so as to focus more on the incubator program services.

We plan to be incorporated within The Prince George's County Economic Development Corporation GSE whose mission is to, "provide business services that help attract, retain, and expand businesses, create high-quality jobs, and expand Prince George's County's commercial tax base." There is a perfect alignment between this GSE and TFI whose mission includes creating sustainable agricultural businesses in the DMV area which includes PG county.

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## Services and Programs

### Facility based incubator

- a. Professional training (Beef Backgrounding, Horticulture Production, Pollination services)
- b. Mentor-Protégé Relationship
- c. Market establishment

## Incubator Without Walls

- a. Intellectual 'Know How' network
- b. Business Evaluation
- c. Spot Assistance

## Incubator Farm Operations

- a. Raised bed production
- b. Pollinator services/ Honey production
- c. Hydroponic Greenhouse production
- d. Beef backgrounding and finishing services

## Facility Based Incubator

The farm is projected to be cash flow positive in year six. This is when the incubator will begin the process of taking on clients for the incubator. (Refer to operations for application process). These on-site clients will undergo a thorough screening process put into place to ensure the best chance for the success of the client's new agricultural enterprise. Clients will be coming into the incubator with a preliminary business plan, which will be fine-tuned throughout the incubation process. Upon admittance clients will have express their interest in one of the programs TFI has to offer (Raised beds, Beef backgrounding/finishing, greenhouse production). Pollinator information/training will be available for everyone and all clients will be encouraged to participate.

## Professional Training

Because of the nature of the incubator, making curriculum spanning to cover each client verbatim would be extremely difficult. So, because of this the training/education will be dynamic, adapted specifically for each client in an on-going manner, with goals to be set and reached within a reasonable timeframe.

## Needs assessment

Upon intake to the incubator the client's business plan will be gone over in an individual meeting with the general manager. Performance expectations, scheduling requirements, and preliminary budgeting will be outlined for both parties involved; both client and incubator.

## Learning objective

For each client a list of objectives will be created on as a part of a specialized and intensified plan to help ensure steady progress towards graduating the incubator as a successful and profitable business.

## Content monitoring and Development

Clients will be responsible for letting the staff know what areas of knowledge they know they are lacking in while staff will do their part in providing relevant information and training in the client's area of study. Early on, regular meetings of the management team will accomplish this with clients, daily/weekly, to make sure everyone is working towards the same goals efficiently. This system of constant communication provides a solid support system for new and emerging businesses housed within TFI.

## Mentor-Protégé Relationship

The mentor protégé program will be a part of the incubator where clients can draw support from a third party agricultural entrepreneur who has similar experience and success in the client's area of business (Beef backgrounding/finishing, horticultural/raised bed production). Clients will rely heavily upon the incubator staff as they are available but there will be situations where outside insight to their problem will benefit the client more. The third-party professional is more likely to give them relevant information to allow the client to solve the problem for themselves rather than simply solving the problem for them. In the first 5 years of operation TFI will be establishing connections and a network of agricultural professionals to use and share their knowledge. Hopefully TFI will gain favor in the local agricultural community and be an asset to the both the community and the entrepreneurs. The potential mentors will be willing, successful, entrepreneurs in the DMV area available for spot assistance of the clients on an as-needed basis. The pool of mentors will be ever expanding as the program progresses as graduated clients will likely be willing to provide assistance to newer clients when called upon.

## Farm Link

Due to a lack capacity of land on incubator property, property based livestock incubation will have to occur on private farm in the surrounding area. TFI will set up the terms and conditions of the contract with the private owner and the client as well as manage the professional relationship to ensure both parties are fulfilling their responsibilities. Given the screening process and the affiliation to an incubator, private owners are more likely to contract with incubator clients than private individuals looking for opportunities in that field.

## Market Establishment

As a part of AFI, the clients will have to think about where their product is going to be sold. AFI will facilitate clients laying the groundwork for the structure of their business. Information will be given on where to find resources for website planning, social networking, outside training/networking events, CSA

market entrance, wholesaling strategies, as well as information how to navigate government assistance programs. This is all an extension of the 'Know How' network.

## Incubator Without Walls

### Intellectual 'Know How' Network

The incubator will connect the clients to industry professionals for specific needs. This will include network building between farmers as well as professionals (veterinarians, butchers, soil testers, accountants, etc.).

Networking between farmers will involve connecting farmers with a mix of established and other beginning farmers in their area. We will connect them to farmers who face similar challenges as them as well as have similar interests in growing and other farm processes beyond the soil and livestock. After helping to establish a network for them the farmers will begin to develop their own relationships with growers in their area.

When the client enters the incubator, we will provide them with a general list of trusted professionals in their area. These professionals will be individuals and businesses that have prior high reputations and prior relationships with incubator staff. In situations where there is a fee for services we will split the cost with the client up to \$2,500.

## Business Planning

In this sector of the incubator we will work with clients to further develop their plans. Clients will have already created approved business plans for acceptance into the virtual incubator, but this will work with them on advanced topics in business planning.

### Debt

The incubator will work with the clients to increase their understanding of their debt and plan for their future. We will discuss how their debt affects their long-term business plan and what it means for their profitability year-to-year. In addition, we will help them to plan their future debt structure in a way that allows flexibility while allowing them to meet their long-term goals. As needed, we will help them explore options concerning obtaining capital additional to the service assistance provided by the IWW.

### Scale

The IWW will advise the clients on when and how to acquire additional land and capital goods. This would include helping to evaluate land as a financial asset and mapping out a plan for the additional

space. For capital, we would identify what they need for their long-term goals, then help them choose equipment and labor based on those needs.

## Recordkeeping

We would ensure that they understand the fundamentals of recordkeeping to ensure that their accounts are clear for their annual taxes and audits of their farm.

## Review

The General Manager will conduct semi-annual reviews of their budget and programs to ensure they are meeting their short-term and long-term goals.

## Spot Assistance Program

The incubator would also offer certain of the previously mentioned services for one-time contracts for a set fee. Clients in the Spot Assistance Program would not officially be members of TFI and thus would not be subject to the rigorous application process. The General Manager would assist them with concrete projects such as GAP planning, professional referrals, budget balancing, etc.

## Incubator Farm Operations

### Raised Bed Production

Raised bed production will begin in the first year of incubator operation. The incubator will operate two of the 10 available acres to generate income, as well as, create a demonstration for education purposes. The incubator will operate the two acres until incubator clients need room for expansion. For the first year of operation, the incubator will grow a wide variety of fruits and vegetables (reference Appendix Fig. 3). The remaining 8 one-acre lots will be rented to incubator clients to each work their own acre as a production model for their business provided that it is non-competitive with other incubator clients. Though the acreage is partitioned to allow one-acre sections, clients will be able to rent more than one plot depending on their needs. Clients will pay for the acreage rentals based on their businesses ability to pay and section of land at a rate of \$325 acre/ yr.

(Ref. Fig. 3 Appendix)

### Pollinators & Honey Production

During the startup phase, TFI will start a small-scale honey production business with around ten hives, which is committed to producing honey, raising bees for pollination for the benefit of our incubator clients. A small-scale honey production business is easy to start with a relatively low capital budget and a



high rate of return. The labor requirements are low and require roughly two hours per week and will be handled by the produce manager and the clients.

The hives will be located on both facilities. Most of the hives will be located on the Brandywine location, but at least 1 hive is needed for greenhouse production. The number of recommended hives per acre depends on many factors such as the attractiveness of the crop to bees, number of wild bees and number of competing weeds. As a starting point, we put one hive per acre.

Once the hives will become a teaching component for each of the clients in the incubator and will also be available as an open workshop to the public. As a model for potential business; information could be given on how a pollination operation could be managed with techniques learned on farm. Excess honey produced will be sold on farm direct to consumer. Additionally, they will provide pollination for all the horticultural operations on farm.

(Ref. fig. 4 Appendix)

## Hydroponic Greenhouse production

The greenhouse facility located on the existing Terp Farm will an 8448 sqft. facility that will produce a variety of hydroponic flowers, fruits and vegetables. The exact mix of flowers and produce for production will be determined the produce manager. During the startup period the produce manager will operate the full facility. During winter months of operation, the primary product will be a variety of flowers that will be sold through the existing flower CSA. This will help reduce the loss of CSA members as we can produce year-round.

Our current budget does not account for an evaporative cooler, which is necessary for most plant production during the summer months as the heat and fluctuations inside the can be significant. Only specific types of produce like tomatillos can be produced in such environment.

Beginning in stage 2, the produce manager will shift from full production, to producing 2 bays worth of produce. The third bay will be rented out at \$1.10 per sqft per year.

(Ref. Fig. 2. Appendix)

## Beef backgrounding and finishing services

The backgrounding and finishing services will be operated remaining 35 acres of available land in Brandywine, MD. The bulk of the cash flow will come from these beef sales so delivering the highest quality product possible is the main goal of the beef operation. Optimizing the marketing plan will be necessary prior to embarking on bovine purchases, we will need to know the specifics about where the entire lifespan of the cattle will be prior to purchase. The animals will all need to receive proper supplements, vaccinations (IBR, BVD, P13, BRSV 7 Clostridial strains), deworming, implant growth

promotants, proper identification (RFID or Ear Tag). The animals will have to be preconditioned prior to purchase at around 500 pounds. With the entirety of the property, short of 10 acres, being used for the backgrounding venture rotational grazing and pasture management plans will need to be put in place to ensure sustainability and health of the land. It will also be critical for facilities and equipment insurance, Multi-Peril crop insurance, NAP (non-insured assistance program thru USDA farm agency) all to be purchased to ensure risk is managed properly.

## Pasture management

To ensure quality of feed perennial grasses will be added to the property. A mixture of ryegrass, alfalfa, orchard grass, and various clover varieties will ensure pasture health as well as optimum feed quality for the animals. The 35 acres will be divided into 7 paddocks of 5 acres each. The animals will graze for 3-4 days in each paddock before moving to the next allowing optimum rest time for each paddock of 18-24 days for the beginning of the season (March through June). As summer goes on and the animals grow larger and require more feed supplemental grass feed will accompany the cows on the paddock they reside.

## Genetics

There is no perfect breed for grass fed beef, but the ideal genus candidate's most important attribute is most definitely longevity followed by adaptability. Generally, the best breeds for grass fed operations are British breeds, and breeds crossed with British breeds such as red Devon as well as milking Devon.

## Harvest Age

To ensure proper marbling of meat and to make sure meat does not become tough and undesirably fatty; cattle should be processed between 16-22 months of age with the deciding factor being weight.

## Product Differentiation

The flavor of grass fed beef is distinguishable to the trained pallet. Our product will deliver a taste that is wholesome, consistent and savory. The variability in both taste and quality is what regular beef is known for. Our business will be charging a premium for the premium quality product we will deliver consistently.

## Sales

By delivering our product direct to market we will be able to fetch a higher price for our product. The animals will be split into quarters, prepped, and packaged and sold to the consumer on farm. The beef will be sold at roughly \$6-\$7 per pound, which is the roughly price the owner of the Brandywine property sold his beef for before he changed careers.

(Ref. fig. 1 Appendix)

# Marketing and Outreach

## Target Customer

In deciding to develop a farm incubator project and throughout the strategic planning process, the consideration of target consumer is central to our discussion. In other words, who are we gonna serve. Our facility based incubator program is targeted at beginning and transitional farmers under the age of 50 (which consist 63% of the beginning farmer according to data collected in 2011), including farmers who are interesting in embarking a vegetable production, cut flower business and cattle operations.

The following section is to introduce who our target consumer is and what characteristic our target customer have.

### Younger new and beginning farmers: (35 & Younger)

- Less than 35 year old
- Operate a farm for 10 years or less (USDA definition)
- Lack of funding and property generally
  - Higher incidence to apply for property-based incubator
- low turnover rate of land

### Older/ Transitional Farmers:

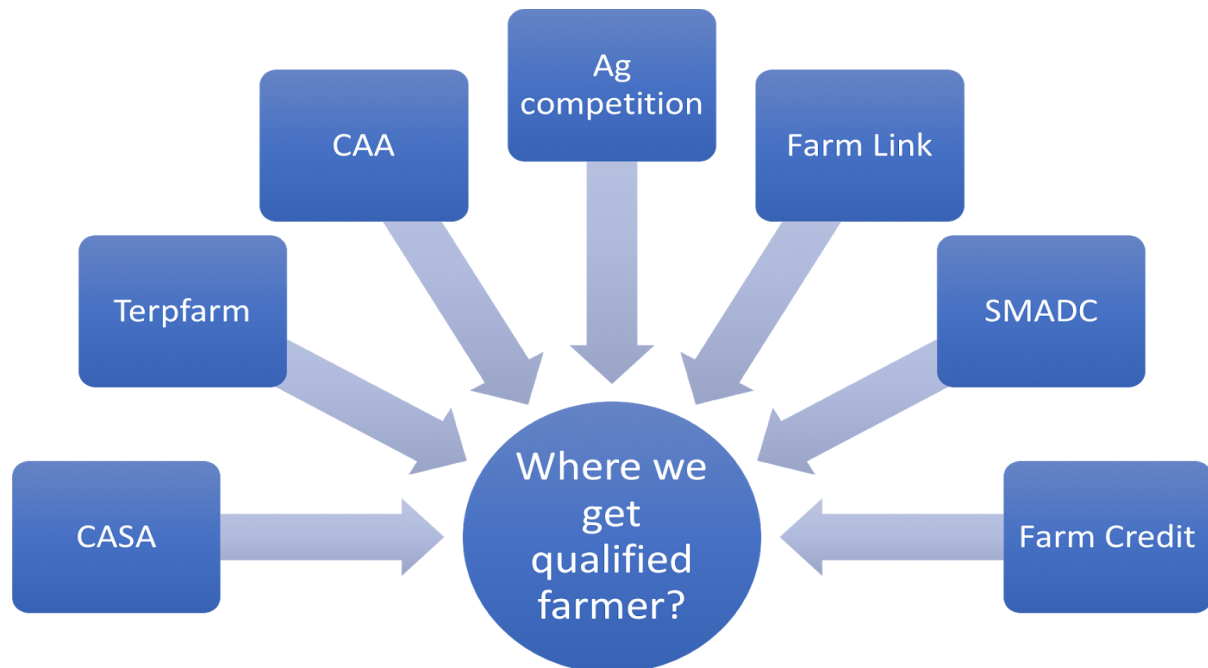
- Between 35-55
- Are more likely to use the virtual incubators services.
- Are more likely to own land and equipment needed for production.
- Lack some technical or professional skills that the incubator services/ programs provide.

Since beginning farmers and transitional farmers have distinct needs from incubator, our project have two different segments, virtual and property-based incubators. This design is tailored for these two different groups.

## Advertising and outreach

We will be recruiting graduates of advanced programs with whom we have partnered such as Terp Farm and Future Harvest CASA level 2&3 farming programs. This ensures that applicants have some significant understanding of the field, which we can build upon.

The following graph clearly explains the question about where we could get potential clients



- Social Media: Social Media is going to be a major tool for our outreach because we will be dealing with the younger generation most of these participants will not use direct mail.
  - Facebook & Instagram : First we will need to locate right target group by observing same program follower, then we create our own pages to targeting potential participants.
  - We will engage UMD student who are influencers. This include student that have a following 10,000 or more.
  - We will be releasing schedule postings once every other day.
  - TFI will follow other Ag social networks so as to increase our outreach.
- E-newsletter: In partnership with AGNR TFI will utilize the department's weekly newsletter publication as a channel to highlight our work
- Incubator website will contain information programming and events. All applications will be done online through the website.
  - Information: First, it will provide some basic information about TFI and process of how to apply. Then, listing all the services and courses we can help them to accomplish online.
  - Programming: Combination of online programs and directory. Providing valuable financial practices.
  - Events: Inviting professional guest speaker to host a event is a great strategy to attract participants. The website will offer the location, speaker, topics.....

- Host special events: Putting into consideration the needs immediate needs of farmers in the DMV, TFI will organize events that focus on the urgent concerns faced by local farmers. This will be an essential tool to reach out to the farming community to and offer our incubator services. (Ref. Fig 5. Appendix)
- Ag competitions: TFI will organize and participated in Ag ideation competition to recruit new tenants into the incubator program.
  - TFI hoost a competition which participants will have the chance to win \$5,000 by competing in the Ag Competition. But there is one condition that winner must join the TFI and contribute at least one year as participants. It will keeping bringing new high quality human resource to enhance the consistency.
- Contractual programs: TFI will act as a continuation program for other young and beginner farmer programs like Future Harvest CASA make contractual arrangements with another beginner farmer program to share resource and service with each other.

## Joint Venture and Partnership

Forge partnerships with other incubator programs like future Harvest CASA, Southern Maryland Agricultural Development Commission, Farm Bureau to reach more potential applicants.

## Application and Screening Process

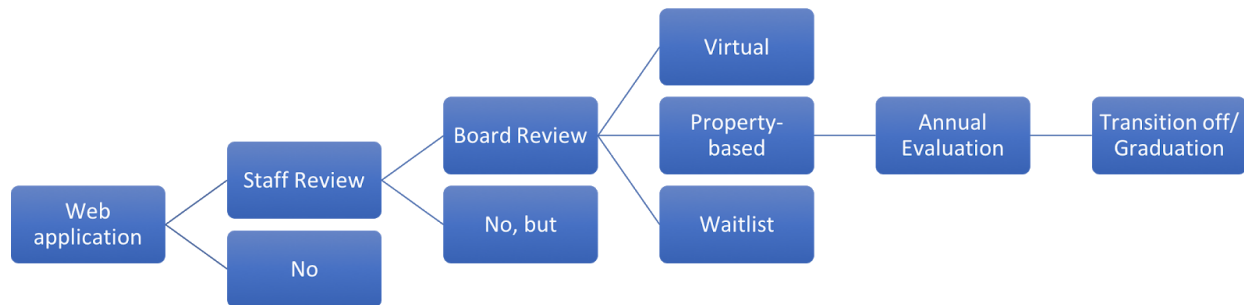
Not everyone who is interested in becoming a farmer has all the information and skills they need at first to jump right in. Incubator projects generally have limited capacity and want to set up new farmers to be successful. Thus, it is so important to find candidates who will be a good fit for the program in terms of motivation, experience, dedication, and capacity. And the finding qualified participants would significantly improve our success probability in the future.

In the application and screening process, the staff should ask many different questions to determine whether the potential participants are a good match for the farm incubator project, such as previous experience and learning and business goals. Applicants are required to submit their business plan or logic model.

Given that the incubator project has a limited capacity and resources, the incubator program must limit how many people are admitted in. The incubator has only 10 acres for lease, so that this process would only admit 10 applicants eventually. The admission rate should be around 0.1 to 0.2. Thus, we expect that the number of possible applicants would span from 50 to 100.

The following graph is to visualize the incubator's application and screening process:

(The following is to explain the above graph with detail)



### Web Application:

- The goal is to create a website to collect applicants' information and screen out some people in the beginning.
- This website should clearly identify program services and skill requirements. To achieve this, the website could provide pictures of the work they would do. Besides, the website should come with a requirement checklist.
- Secondly, to screen out some unserious people, the incubator should charge the application fee of \$50.
- Web application phase will screen out some people who the incubator staff members are 100 percent sure that they don't want such a person in.

### Staff Review:

- This phase would require a general manager
- The general manager should be present at this phase to screen applicants.
- At this phase, the general manager is required to make sure that the applicants who will enter the board interview must meet all the basic requirements. This phase would serve as a simple and basic interview before the board interview where board members would make the final decision.

- Skill Assessment should be done in this phase. Skill assessment is to know their skill levels. Besides, baseline skill assessments should cover some questions, like previous experience, type of enterprise they did before and self-assessment.
- “No, but” means that the interviewer would recommend that some people who are not qualified for our incubator program go to other programs to learn basic knowledge and accumulate farming experience, like CASA or Terp Farm. After that, if these people want, they could reapply this incubator project.

### Board Review:

- The applicants who passed the staff review should be assigned to the board review.
- Accepted applicants will be put into either the virtual incubator or the property-based incubator based on their needs. The general manager will handle the contracting and processing.
- “Waitlist” means that although you are qualified to some degree, you are not so competitive compared with admitted applicants due to the limited capacity. So, if these applicants are willing to wait in the waitlist, it is likely to have the applicant in if some participants failed in the future.

### Annual Evaluation:

- Annual Evaluations will be conducted to assess the applicant progression inside the incubator.

### Transition off/ Graduation:

- Graduation from the program is dependent to the growth rate of the incubator clients.

### Partnerships

The development of meaningful working partnerships will be essential to not only business incubator but also agricultural incubator. First, Strategic business partnerships allow the small business the opportunity to grow their customer base and improve their business. Second, we should know that the main objective of partnership is the true synergy of one plus one equals five instead of two. Creation of a partnership plan to engage only those willing to offer a synergistic relationship should be considered. The following table highlights such relationships.

Organizations	Program Support Area
CASA	<ol style="list-style-type: none"> <li>1. Training</li> <li>2. Curriculum building</li> <li>3. Incubator expansion</li> <li>4. Marketing support</li> </ol>

Terp Farm	<ol style="list-style-type: none"> <li>1. Training</li> <li>2. Recruiting</li> <li>3. Financial support</li> <li>4. Sustainable Agriculture Programming</li> <li>5. Field Service</li> </ol>
Farm Bureau	<ol style="list-style-type: none"> <li>1. Funding</li> <li>2. Advertising</li> <li>3. Farm education</li> <li>4. Link people to farm</li> </ol>
Farm Link	<ol style="list-style-type: none"> <li>1. New farmer training</li> <li>2. Mentorship program</li> </ol>
Southern Maryland Agricultural Development Commission	<ol style="list-style-type: none"> <li>1. Farmer Training</li> <li>2. Marketing</li> <li>3. Farm Link</li> <li>4. Funding</li> </ol>

## Staffing Composition (Incubator)

Hiring well-qualified candidates is key to ensure Terp Farm Incubator success. We will have three employees managing incubator operations. The exact timing of hires depends on funding, workload, and availability of candidates and seasons. These three hires will participate in planning and development, as well as stages 1 and 2 of incubation.

Our first hire will be a Director of Farm Operations who will oversee various duties, our second hire a Produce Manager, and a Beef Backgrounding Manager will be active in operations occurring on the farm.

In the beginning phase, Terp Farm Incubator will directly work with an active Board of Directors. It will consist of seven volunteer members who are knowledgeable about agriculture and have a desire to make the incubator a reality. Due to concerns of liability, the board is not directly connected to the Incubator. Board members will receive some compensation for their time, such as paying them salary.

## Staffing Requirements:

### General Manager/Director of Farm Operations

Position requirements: Full-Time



Responsibilities include:

- Overseeing the development of the incubator program
- Managing internships
- Long-term grant acquisition
- Hiring process
- Promoting incubator program to the public
- Overseeing the training and virtual courses
- Providing business, economic, and educational connections with other developed incubator programs

## Produce Manager

Position Requirements: Full-Time

Responsibilities Include:

- Marketing and monitoring the daily operation of vegetable production and greenhouse operation during startup and operational phases of TFI.
- Operating managing two acres of raised beds in the first year of incubator operation
- Hands on teaching for raised bed and greenhouse production

## Beef Backgrounding Manager

Position requirements: Part-Time

Responsibilities Include:

- Manages cattle for backgrounding operations.
- Is responsible for arranging the processing of beef for our whole, half, and quarter sales.
- At the end of the season, the background manager sells beef produced on farm at a farmers market.
- Hands on teaching for cattle production.

## Facilities

The Terp Farm incubator will have facilities in two locations, on the existing Terp Farm and a property located in Brandywine, MD that has roughly 45 acres of land that can be used. The Brandywine location is a placeholder property that may not house the incubator facilities in the future. This property will have 10 acres dedicated to raised bed diversified horticultural production. The remaining 35 acres will be dedicated to livestock, beef cattle, providing beef backgrounding services as well as finishing cattle for

quarter, half, and whole cattle direct market pasture-raised beef sales. Ten beehives will be located on farm to produce honey for direct market sales.

Brandywine location site layout:

The hydroponic greenhouse will be housed on the existing Terp Farm location. The physical location of the facility on site will be determined during the planning stages of development with the approval of the current operators.

## TFI Project Staging

### Planning and Development

This stage of development involves acquiring enough capital to hire a general manager for the incubator and for required equipment for production in stage 1. The board of directors will identify and apply for grants that are intended for the promotion of agriculture and development of the next generation of farmers.

### Stage 1: Enterprise Start Up

During this period, all incubator staff have been hired and are starting to operate the beef background and finishing, hydroponic greenhouse, and honey production enterprise to cover the costs equipment and machinery. The general manager and the board of directors will develop the “know how” network as well as establish connections with existing programs. This phase is expected to become profitable in three to six years, which will lead to stage 2.

### Stage 2: Incubator Operations

The final stage of production marks the beginning of both virtual and property based incubation services. All capital expenses have been paid for and the general manager and board of directors have succeeded in acquiring long term loans to support incubator operations. Farm operations will continue to operate as they have been in the startup phase except for greenhouse production. Greenhouse production will shift from 3-bays of production down to 2-bays in order to accommodate incubator clients production. The produce manager start production on two acres of raised beds, during the first year of this stage to raise additional revenue for TFI’s incubation services. Production of raised beds will conclude by year two of stage 2 as we anticipate client expansion.

# Financial Performance

## Start Up Budget

The financial requirement for the startup phase fall into three major categories

1. Creation and staffing of a government supported enterprise.
2. Fundraising
  - a. To finance the capital equipment, incubator staff and board members will need to acquire significant grant funding to cover the large expense for machinery and equipment for the enterprises that will be created in the beginning of stage 1.
3. Capital improvement and base equipment for TFI Farm operations.

## Cash Operating Budget

The cash-operating budget is an estimation of revenue and expenses based off the startup project (Ref. Fig. 11 Appendix).

## Fundraising Opportunities

The following table contains the list of grants and funding sources that TFI will attempt to secure in the planning and development stage of the incubator.

## Capital Budget

The capital budget represents the costs for the necessary equipment to run the various enterprises we hope to establish to cover the help cover the costs of the incubator. The budget is based on the full purchase requirements for each enterprise. The budget costs are contingent on-site location. Considerations for requirements were based on the Brandywine location and other site locations may have different required capital needs.

(Budget is found on next page)

## Capital Payment Plan

To finance the capital expenses, the incubator will need to take out two loans. The first is for Equipment and Machinery required to operate at the beginning of stage 1. The majority of grant funding that is acquired in the planning and development will go to. The purchase of equipment should be for beef background, greenhouse, and honey production only as they are the enterprises that will operate during the startup period.

In the first year of stage 1 construction of the green house will need to take place. The incubator will require another loan for the construction of the green house. Construction should ideally take place during the summer when the heat is too high within the greenhouse for production allowing the facility to be operational during fall and winter months.

Both loans in (Figures 7 & 8 Appendix) assume a 40% down payment and the residual being paid off in 5 years.