

Case study with Maggie Taylor of Delight Flower Farm



—The Land—
CONNECTION

The Farm Business:

Delight Flower Farm is a sustainable flower farm owned by Maggie Taylor and Hollie Curia and operated by Maggie, Hollie, and Liz Faermark. They established their business in 2011 and currently run a seasonal flower CSA, as well as sell to local grocery stores, florists, farmer's markets, and weddings. They grow a variety of flowers, including bells of Ireland, calendula, bachelor's buttons, tulips, zinnias, sunflowers, daisies, lavender, and eucalyptus.

Delight Flower Farm leases $\frac{3}{4}$ acres of land from Prairie Fruits Farm & Creamery in Champaign, IL to grow their flowers. They have been using the CSA model since 2011, when they started with just seven members. When members subscribe to their CSA, they receive weekly flower arrangements during the growing season. This model allows them to use the off-season revenue from the CSA shares for their tools, bulbs, seeds, plants, labor, and other year-round expenses.

Accessing Capital:

Like many small farm operations, accessing the capital to grow their business was a struggle. With no family farm inherited or previous farming experience, it is a challenge for farmers to start and grow a successful business. In order to expand, Delight Flower Farm decided they were going to purchase a Nifty Hoops High Tunnel. A high tunnel would allow them to extend their growing season and protect their plants. The start up cost was high, and they had to look into ways to cover this cost beyond their current revenue.

Some of the common strategies to access capital were not as appealing to them and the status of their business. Traditional bank loans are hard to get for less established businesses, and with less than an acre, this option seemed implausible. They also discussed family loans

or crowd funding, but preferred to grow on their own. When talking about financing options for the hoop house at Nifty House, one of the workers told Maggie about Kiva. In addition to applying for the Environmental Quality Incentives Program (EQIP), they decided to take out a Kiva loan.



Kiva is an international non-profit organization that was founded in 2005 and based out of San Francisco, California. Kiva works as a crowd-funding platform for loans, not donations. In the US, Kiva posts the borrower's loan on their website for lenders to make direct loans in increments of \$25 via paypal. The benefit to the direct loan is there is zero interest. Maggie found the Kiva process to be simple and straightforward. They made an application for their loan, then first had to get 30 people, mostly their friends, family, and local people who know their business, to loan \$25 each. After they obtained 30 people to commit to this loan, it went public on the Kiva website for a short period of time for other lenders to invest in. Delight Flower Farm did not have to do much promotion; Kiva did a good job of that. Once the fundraising is complete and the goals are met, the loan is repaid to the lenders with no interest.



EQIP is a voluntary program run by the Natural Resources Conservation Service (NRCS) that provides financial and technical assistance to agricultural producers to plan and implement conservation practices that improve soil, water, plant, animal, air and related natural resources on agricultural land and non-industrial private forestland. Because Delight Flower Farm invested in a hoop house to grow their plants in the ground, rather than a greenhouse, this project qualified for the program. EQIP payments are made after projects are completed and meet the standards of the contract. Delight Flower Farm applied for the program in October of 2016, and received the funding after completion of the hoop house in May of 2017 in a one time cash award.

Result:

Delight Flower Farm has been able to continue to grow their business by using less conventional strategies to access capital. The Kiva loan and EQIP assistance, along with their CSA model, has allowed the business to invest in the time and equipment they need to expand. Along with Maggie and Holly, they have another full time employee, Liz, who has been with them for four years, and have recently been able to hire four new hourly employees. Moving forward, they expect to grow more and better quality flowers and find a market to sell them in. Education is important to Delight Flower Farms, and they will continue to offer workshops, which bring in good revenue. They plan to continue to grow their CSA, and have already recently expanded into wholesale with local grocery stores and businesses. Education is important to Delight Flower Farms, and they will continue to offer workshops, which bring in good revenue. In the future they will continue to look for methods of grants and funding, but with a different approach because they have already successfully been able to invest in the tools and equipment they need.

<p>To learn more about lending or borrowing through a Kiva loan visit: www.kiva.org</p>	<p>For more information about Delight Flower Farm visit: www.delightflowerfarm.com</p>
<p>To learn more about the Environmental Quality Incentives Program visit: www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/eqip/</p>	

Case study with Wyatt Muse



—The Land—
CONNECTION

The Farm Business:

Wyatt Muse is a Central Illinois farmer that has previous experience renting acreage for farming. In 2015, he started a new strategy and also started farming for Gelder Farm, L.L.C. Here he grows alfalfa on 40 acres of land that is currently transitioning to organic by June, 2018.

Wyatt and his colleague, Mary Gelder, worked together to find a solution that would help Wyatt buy land and Mary invest her retirement funds in a way that aligns with her morals. Gelder Farm, L.L.C was established in Piatt county as an investment vehicle for Mary Gelder's self-directed IRA. Through an agreement they wrote up with the help of Nathan Aaberg, Wyatt currently rents and farms this land and will slowly purchase it over 25 years.

Accessing Capital:

Although Wyatt was already renting land to farm, like many farmers, he found it difficult to afford to purchase land, especially towards the beginning of his career. Wyatt started investing in 2005, but with the roller coaster that was the 2008 stock market, he started looking into other ways to invest. He liked the idea of having a self-directed IRA that he could choose where to invest his money in a way that aligned with his moral and philosophical values. However, was not an option for him to own his own farm through his own IRA because the rules for these funds include that one cannot purchase something being used for one's personal benefit. At the same time, Mary was not satisfied with some of the places her IRA was investing it, and wanted to find an investment that she believed in. Mary worked with Nathan Aaberg at Liberty Prairie Foundation to write up terms for her self-directed IRA.



While a traditional IRA invests in stocks, bonds, mutual funds and CDs, a **self-directed IRA** will additionally allow you to make investments in real estate, notes, private placements, tax lien certificates and much more. One option to invest in real estate with a self-directed IRA is to establish a L.L.C. Mary established and manages Gelder Farm, L.L.C., but does not draw a salary from it. Wyatt farms this land and purchases interest in the farmland from the L.L.C..

The rental agreement they have incentivises both Mary and Wyatt for the farm to be managed well. Wyatt pays two types of rent--base rent, which covers the ongoing expenses with the L.L.C holding the farmland (including property tax), and variable rent--based on the revenue generated from farm. The agreement also includes that the land is transitioned to and maintained as certified organic. 70-75% of the variable rent is applied to the purchase of shares in the L.L.C..



Every five years, Wyatt has the option to purchase shares at market price after an appraisal of the land. The schedule is designed so that smaller purchases will be made at first, with larger ones towards the end of the agreement. This allows Wyatt to save money, and Mary to be able to make financial withdrawals when she needs it.

Result:

The agreement drawn up between Wyatt and Mary leaves them both feeling assured of their part of the contract. The revaluation of the land every five years is mutually beneficial. Wyatt has an opportunity to save to purchase land and can buy with the market. The upfront interest is minimized for him, and he can start paying off the principal right away, as opposed to paying off a mortgage. Mary's IRA will have the rent coming in from the farm and opportunity to continue to sell at the market price. Wyatt is hopeful to share the idea of a self-directed IRA, especially with the number of baby-boomers close to retirement. This type of IRA is an option to invest their capital into something they believe in, while taking away some of the risk that the stock market has.

To visit Liberty Prairie
Foundation:
<http://libertyprairie.org/>

