

# CASE STUDY: Enhancing Economic Stability by Building Financial Resilience: A Model for Collaborative Learning Among Beginning Farmers in Southwest Wisconsin

## Taproot Farm and Fruit



*Focus your investments on areas that will increase profits in early years.*



*-Eric Udelhofen*

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### Introduction to Taproot Farm and Fruit

- Eric Udelhofen
- Ridgeway, Wisconsin (Iowa County)
- Established: 2012
- [www.taprootfarmandfruit.com](http://www.taprootfarmandfruit.com)

Established in 2012, Taproot Farm and Fruit is a multi-generation farm producing fresh vegetables and apples for CSA members, restaurants, and the farmers' market. Eric Udelhofen, who managed farm production, participated in the Collaborative Learning Group, and co-owns Taproot Farm and Fruit with his wife, mother, and step-father.

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### Farm Goals for Participation in the Collaborative Learning Group

Eric's learning goals as a member of the Collaborative Learning Group were very specific, and all tied in with a focus of simplifying the tax preparation process. For Eric, this included the need to build up a better financial management and tracking system for the farm operation. In general, he knew the Group would help him and his family gain a better handle on the big-picture of their farm finances. More specifically, he aimed to have strong financial systems in place allowing him to complete the farm's tax return on his own.

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## Lessons Learned from The Project

One of the Collaborative Learning Group meetings focused exclusively on farm taxes, and was led by Kaley Bockhop, CPA Tax Consultant from Badgerland Financial (now Compeer Financial). With a focus on classifying different types of expenses and incomes; Schedule F and Schedule C forms; and depreciation - the discussion was helpful to all in the group despite having a diverse set of farm operations at the table. For Eric, he realized just how arcane tax law can be, and how it can really impact the bottom line for the farm. Eric also recognized how complicated taxes can be for farmers growing perennial crops (like fruit trees), that require an upfront investment but will take multiple years to generate income.

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## A Few Notes for Beginning Farmers from Taproot Farm and Fruit

- It's important to keep realistic expectations about investment returns.
  - Focus your investments on areas that will increase profits in early years.
  - Maintain a solid cash flow.
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*Enhancing Economic Stability by Building Financial Resilience: A Model for Collaborative Learning Among Beginning Farmers in Southwest Wisconsin is a financial literacy and sustainability project funded through a North Central SARE Farmer-Rancher Grant. From 2016-2017, a group of seven beginning farmers in southwest Wisconsin met regularly to learn from financial experts; engage in peer-to-peer discussion; and provide space for open and honest dialogue about current farm finances. The objective of the project was to improve the financial sustainability, resilience, and literacy of participating beginning farmers, and demonstrate a replicable small-group model for other farms to adopt with similar learning goals using real-world farm financial profiles. This case study is one in a series of seven outlining the lessons learned by participating farms, and highlighting the financial skills and experts supporting this work. This material is based upon work that is supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, through the North Central Region SARE program under project number FNC16-1052. USDA is an equal opportunity employer and service provider. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.*