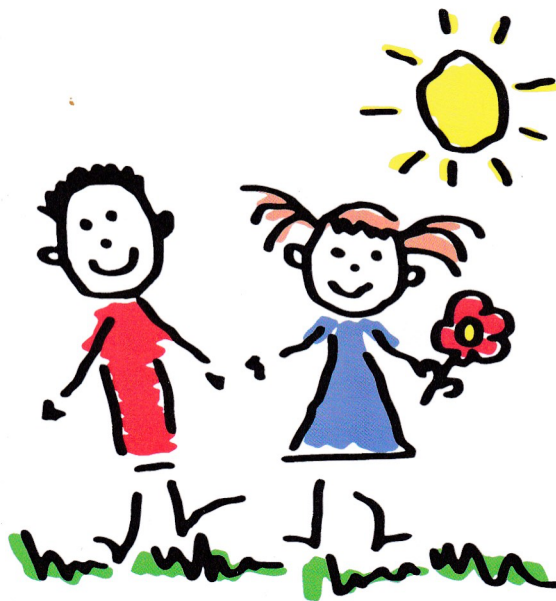


Fresh Food For Children Project



Grow. Teach. Build.

Living Waters Foundation, Inc

A 501 (c)(3) Public Charity

105 West Main Street

ELKIN, N.C. 28621

336-258-2849

JKMONEY@LIVINGWATERS.FOUNDATION

Fresh Food for Children Project

The Purpose of the Fresh Food for Children Project

1. To **GROW**, locally, 5000 pounds of fresh food every week in a large indoor hydroponics farm. Fresh food for Children will be distributed in partnership with local schools, food banks, churches and charities.
2. To **TEACH**, doing more than giving food away. Educate young people in the community how to grow fresh food, indoors year round and in any climate, using only 10% of the water needed to produce crops using traditional methods.
3. To **BUILD**, with volunteers local community farms. Train young people how to grow fresh food, then provide them with resources to build neighborhood farms in urban and rural food deserts worldwide.

The Problem

- Over 500,000 Children in North Carolina may go to sleep hungry tonight.*
- Over 12,320 Children in Surry County may go to sleep hungry tonight.
- Over 5,900 Children in Yadkin County may go to sleep hungry tonight.
- Over 12,990 Children in Wilkes County may go to sleep hungry tonight.
- While, you enjoy your next meal, over 30,000 Children in the upper Yadkin Valley may be hungry.

¹Source Kids Count Data Center, *Children Living In Households That Were Food Insecure in 2014*.

The Solution-Fresh Food for Children Community Farms

It is vital that food is grown locally where it is possible and to teach the next generation how grow food for themselves and their community. The Project will build community farms to locally grow fresh food. The Fresh Food for Children Community Farms will operate as nonprofit educational facilities. The Farm will have enough harvest capacity to sell fresh produce to cover ongoing operations and provide enough free food to feed over a thousand local children every day. The Farms will grow leaf and vine vegetables and fruit crops that can be planted and harvested in a little as 4 weeks. The controlled environment and 18 hour growing days will enable predictable and robust harvests. Clean fresh pesticide free produce available 365 days a year.



In order to become a self-sustaining farm, and to pay for ongoing operational costs, the farm will target restaurants and produce outlets that will pay a premium for locally grown fresh produce. Currently 70% of lettuce, sold by grocers in the region, is grown in the western United States. Making it almost impossible to find fresh greens and lettuce. This produce takes as long as 2 weeks to get from harvest to the produce counter. This results in high spoilage rates; the average lettuce sold by grocers is not going to taste as good as fresh lettuce, and many of the health benefits are going to be lost before they are eaten.

The First Community Farm, The Fresh Food for Children Community Farm – Elkin, will be located in Elkin, NC. There over 150,000 children living in food insecure homes in the Yadkin Valley area. The Community Farm will be able to supply 24-48-hour farm to table produce to western North Carolina markets. Using planned growing cycles that will produce predictable harvest daily will provide fresher meals and far less food spoilage. The profits from these commercial efforts will enable Living Waters Foundation to build other Community Farms. As soon and the funds are available the Foundation will build the Fresh Food for Children Farm – Hillsville. The Hillsville, Virginia Farm, will be located in an area where 1 out of 5 children live in food

Fresh Food for Children Project

insecure homes. The Hillsville Community Farm will be able to supply 24-48 hour farm to table produce to southwestern Virginia and southern West Virginia markets.

Education and Internships

The Fresh Food for Children's mission is not only to grow food to feed the hungry, but as importantly, educate, teach and train young people how to grow food for their community. Every Community Farm will offer paid internships to local student. Upon completion an intern, whether as a chosen vocation or simply an avocation, they will be capable of teaching others how to grow food to feed their communities. Internships will be one-year, 600 hours, part-time study and work in the Farm. Interns will learn how to grow food indoors anywhere, particularly where the environment is not favorable to year round growing or in cities where traditional agriculture is not possible. The project will teach, train and employ local students. They will learn how to build growing stations, crop care, harvesting and food handling, distribution and the business skills needed to run a profitable food producing operation. Students will be mentored at every phase of food production and business operation. Upon completion of the internship they will be able to build neighborhood farms in other communities, beginning in the Appalachian region, and future expansion to impoverished communities anywhere in the world.

The First Community Farm

The Project's first objective is to build a 10,000 square foot indoor hydroponics farm in a vacant commercial property in Elkin, North Carolina. At full production this facility will be able to produce over 5,000 pound of fresh produce every week. The Farm will be built in stages until it is able to sustain its own growth. Profits can be used to build additional Farm's in other communities.

Fresh Food for Children Community Farm Development Stages

Fresh Food for Children Community Farm Elkin.

- The Farm will be designed for 3000 growing towers with a production capacity of over 5000 pounds of fresh produce every week.
- The Farm will be a showcase for indoor farming and a prototype for other Community Farms.
- Develop partnerships with schools, charities, ministries and food banks within a 2-hour drive of the farm's location to assist with distribution of food to those children in the greatest need.
- Effort will be made to sell herbs, greens and lettuce to restaurants. The farm will be within an hour's drive of the Charlotte and Greensboro Metro area. There are over 1000 quality restaurants in these areas. Revenue generated will be used to cover operating expense and fund expansion.

Stage One – First 480 Towers

- Raise \$300,000 through gifts, grants and/or loans to build the first 480 tower section of the Farm
- This first section will be capable of producing 750 pounds of fresh food per week.
- Revenue capacity for a 480 tower farm will be approximately \$600,000 dollars in Year. One, with an estimated PBIT of \$240,000.
- Stage one will require 2 full-time employees, 1 Part-time employee and 4 interns. Labor cost will be
- Prove the viability of the community farm model and its ability not only to provide fresh food for children, but also its ability to generate profits to fund additional expansion.

Fresh Food for Children Project

Stage Two – 1020 Tower Expansion

- Upon real financial milestones and objectives, the Farm will expand to a total of 1500 towers at a cost of \$400,000 to be funded from profits
- The 3000 tower farm will be able produce 2200 pounds of fresh food per week.
- Revenue capacity for a 1500 tower farm will be approximately \$2,000,000 dollars in Year Two with an estimated profit margin over 50%.
- Stage two will require 9 full-time employees, 6 Part-time employee and 12 interns.

Stage Three – 1500 Tower Expansion

- Upon real financial milestones and objectives, the Farm will expand to a total of 1500 towers at a cost of \$600,000 to be funded from profits.
- The 3000 tower farm will be able produce 5000 pounds of fresh food per week.
- Revenue capacity for a 3000 tower farm will be approximately \$4,000,000 dollars in Year Three with an estimated profit margin over 50%.
- Stage two will require 12 full-time employees, 12 Part-time employee and 12 interns.

Fresh Food for Children Community Farm – Hillsville/Wytheville, VA

The Community Farm in Hillsville, VA will be began development after Stage One of the Elkin Community Farm. Based on the Elkin model, The Hillsville Farm will require \$300,000 in funding to begin its first Stage

Volunteer Food Desert Farms

Food deserts are scatted all across our country. In rural communities and neighbors in the center of the largest cities all have the same thing in common, they are food deserts. Food deserts are defined by the U.S. Department of Agriculture as “parts of the country vapid of fresh fruit, vegetables, and other healthful wholefoods, usually found in impoverished areas. This is largely due to a lack of grocery stores, farmers' markets, and healthy food providers.” It is the vision of the Fresh Food for Children project to send trained volunteers into these communities and neighborhoods and in partnership with the community donate the materials and labor to builds community farms in the middle of these food deserts. It is profits from the Community Farms that will underwrite the cost of these Neighborhood Farms. Local youth will be trained by Fresh Food for Children volunteers to grow their own food. The Cost of a Neighborhood Farm would be about \$25,000 installed with trained young people growing their own food and food for their neighborhood.

Fresh Food for Children Project

Funding Request

The Living Waters Foundation, Inc. is seeking \$300,000 in loans (4 years @8% interest) to fund:

- Stage One of the Elkin Fresh Food for Children Farm. To purchase and install 480 Towers capable of growing 800-1000Lbs of fresh produce every week.
- The funds to cover costs of the project during the building of the Farm and the time necessary to development weekly harvest cycles. The Farm will be self-sustaining by the end of year one, capable of paying ongoing overhead and expense.

Financial Assumptions

A detailed financial pro forma has been completed. A summary of the plan is on page 6 of this document. The plan is based on beginning farm operation 60 days after funding. Profits are what sustain the work of the foundation. Profits will be used for operating expenses, food distribution to feed as many children as possible, provide for paid internships for students. Additionally funds will be used money to build new Community Farms in other locations and Neighborhood Farms.

Revenue assumptions are based on proven yields at current market prices nationally, for lettuce, greens and herbs. These are highly profitable crops that will be in the biggest demand from restaurants and produce outlets. Growing specific crops like vine vegetables (i.e. beans, squash, cucumbers) and fruits (strawberries, grapes, tomatoes) for meeting nutritional needs, will vary according to the crop. Such crops will be planned to yield enough harvest to meet planned goals and will go directly to meals for children. The pro forma is calculating revenue as cash, accounting for the value given to average harvest turns and yields per tower. Most produce will require 4 weeks from planting to harvest, requiring careful planning to produce predictable and continual harvest year round.

Assumption are based on financial models of existing farms growing produce with similar technology to be used at Fresh Food for Children Farm. Energy requirements are specifically calculated on energy need per tower for an 18 hour growing day. Labor costs are inclusive of providing part time work for as many local teens as feasible. Wages will be paid solely for work rendered.

Up-front costs are inclusive of all equipment, materials, build out and installation expense to enable the farm to its first harvest within 120 days. Cost of goods cover seeds, growing medium, nutrients and maintenance of the growing systems.

Fresh Food for Children Project

Pro Forma Balance Sheet					
Year	Startup Phase	Year 1	Year 2	Year 3	Year 4
Total Short Term Assets (cash)	79,162	164,959	609,951	1,499,289	4,193,960
Long Term Assets	220,838	202,729	900,204	1,877,678	1,659,570
Total Assets	300,000	367,688	1,510,155	3,376,967	5,853,529
Short Term Liabilities	-	3,965	10,830	21,076	31,830
Long Term Liabilities	300,000	231,593	158,967	81,861	0
Total Liabilities	300,000	235,558	169,797	102,938	31,830
Paid-In capital	-	-	-	-	-
Earnings	-	132,129	940,359	2,274,030	4,821,699
Total Equity	-	132,129	940,359	2,274,030	4,821,699
Total Liabilities/Equity	300,000	367,688	1,110,155	2,376,967	4,853,529
Pro Forma Income Statement					
Year	Startup Phase	Year 1	Year 2	Year 3	Year 4
Revenue		460,613	1,404,870	2,303,065	3,838,455
Cost of Goods sold		19,752	39,504	98,760	395,040
Gross Profit		440,861	1,365,366	2,204,305	3,443,415
Expenses					
Marketing/Sales/Consulting		18,000	31,500	47,250	49,613
Rent		30,000	30,000	30,000	30,000
Utilities		42,949	75,160	112,740	118,377
Insurance/Regulatory		3,100	5,425	8,138	8,544
Acct/Legal/Office		13,120	13,776	14,465	15,188
Labor		152,038	266,066	399,100	419,055
Transportation		2,095	5,499	5,499	5,774
Maintenance		4,800	8,400	13,230	13,230
PBIT		179,559	937,939	1,587,114	2,796,864
Interest Expense	-	16,139	11,920	7,441	2,685
Depreciation		22,525	102,525	222,525	222,525
Regulatory/Tax Expense		3,965	6,864	10,247	10,754
Net Income	-	136,929	816,629	1,346,901	2,560,899
Pro Forma Cash Flow Statement					
Year	Startup Phase	Year 1	Year 2	Year 3	Year 4
Net Income	-	136,929	816,629	1,346,901	2,560,899
Depreciation		22,525	102,525	222,525	222,525
Total Adjustments	-	159,454.92	919,155	1,569,427	2,783,425
Purchase of Additional Grow Towers	(220,838)	(4,417)	(400,000)	(600,000)	(4,417)
Principal reduction in long-term debt		(68,407)	(72,626)	(77,106)	(81,861)
Increase (decrease) in cash	(220,838)	86,631	446,528	892,321	2,697,147
Cash beginning of period	300,000	79,162	165,793	612,322	1,504,643
Cash end of period	79,162	165,793	612,322	1,504,643	4,201,790
IRR					
	Startup Phase	Year 1	Year 2	Year 3	Year 4
Cash Flows	(220,838)	86,631	446,528	892,321	2,697,147
IRR		-61%	63%	118%	155%