

# Maple Finances and Business Viability

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Concord, NH

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[blog.uvm.edu/farmvia/](http://blog.uvm.edu/farmvia/)



Photo Credit: Mark Issehardt

Mark Cannella, University of Vermont Extension  
Christopher Lindgren, University of Vermont Extension

## Vermont Maple Benchmark

- 2013 – 2017 Finances
- 20 Producers Per Year
- Starting to Observe the 4-5 Year Averages



## Online Maple Business Modules

- 5 year Average Yield
- Gross Sales Forecast and Pricing Calculator
- Self-Guided Business Plan
- Funded by Northeast Extension Risk Management Education

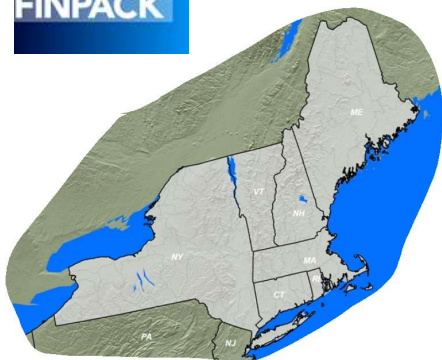


## USDA: Acer Development Project

- Update silvicultural guidelines
- Integrate silvicultural management with economic valuation.
- Legal Resources for sap producers, syrup producers landowners and buyers.



## USDA: Northeast Maple Benchmark

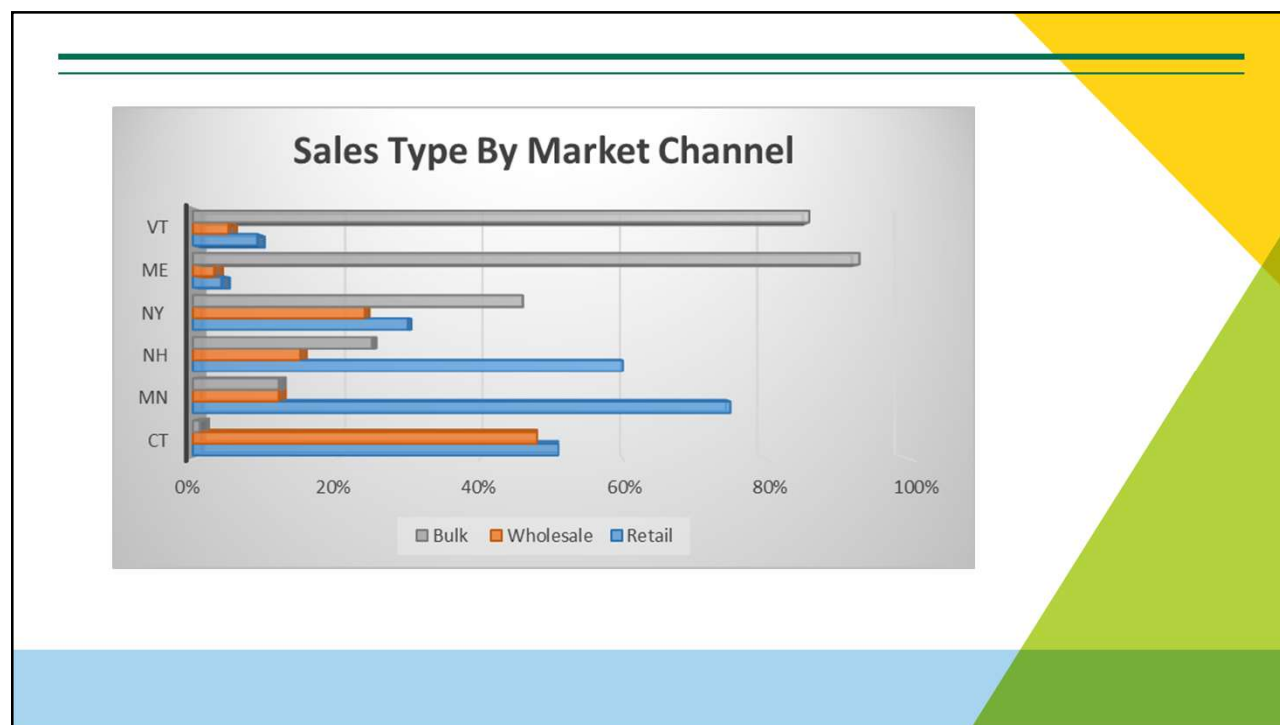
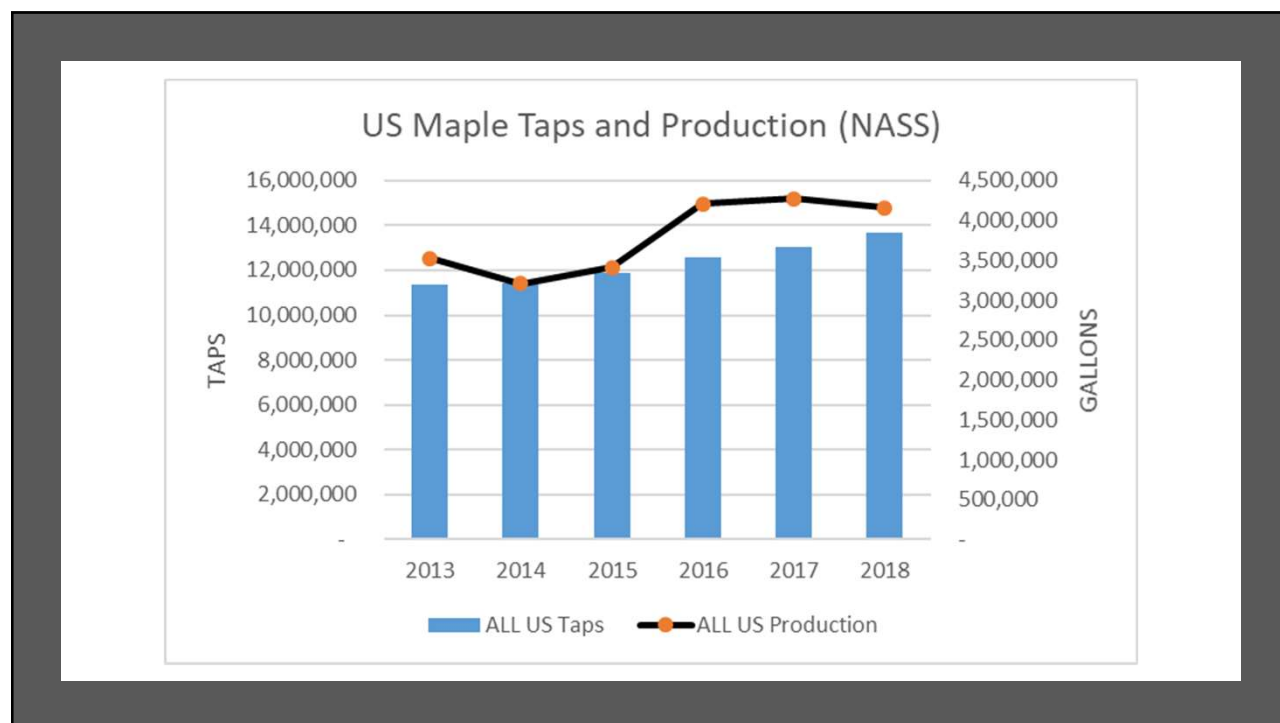


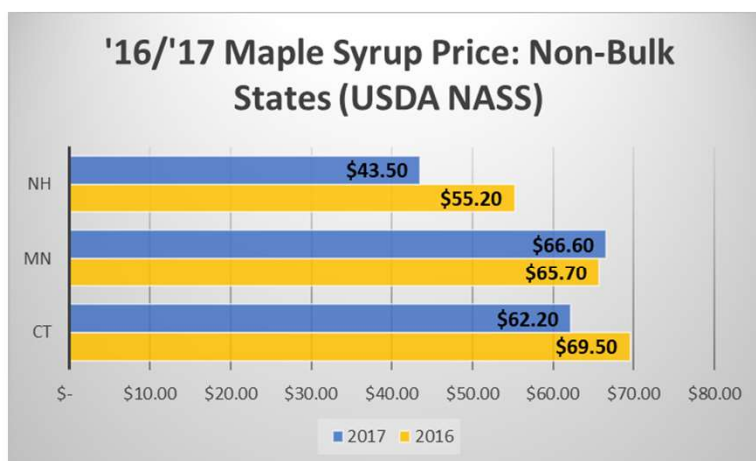
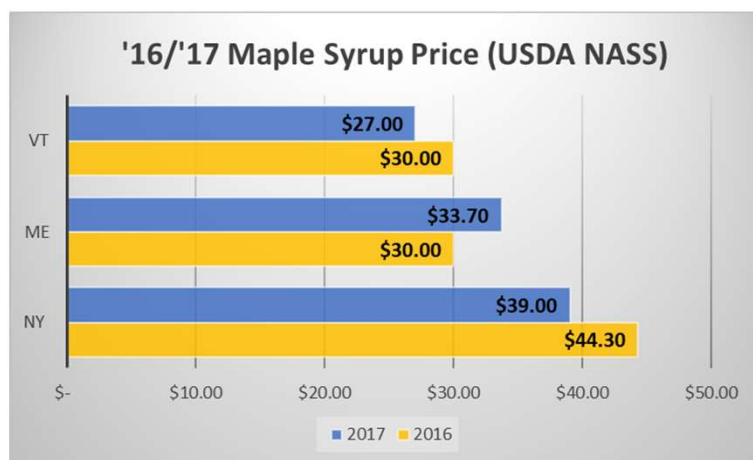
- Financial Analysis in NY, VT, NH, ME
- Syrup: 15,000 tap -30,000 tap
- Sap-Only
- Establishing maple analysis options with Finpack software

## BROAD GOALS - PRODUCERS

- Viable Producer Livelihood and Profitable Part Time Enterprise
- "Reasonable" Capital Investment Requirement and Access to Capital
- At least 30 year outlook
- Market Access Options

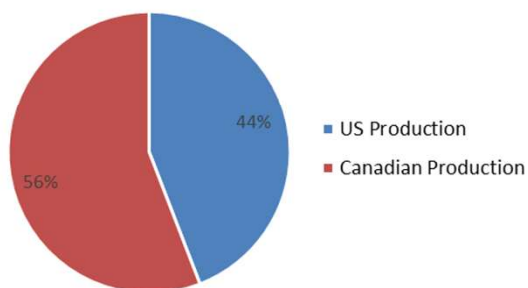






### US Maple Consumption in 2015

(USDA Economic Research Service,  
<https://www.ers.usda.gov/>)



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## Market Price

**May 1, 1680: Price of Maple Syrup:**  
 Approximately 1 cent per pound or about 11 cents per gallon. Barter price: About 10 pounds of bacon per gallon of syrup.

**May 1, 1860: The Price of Maple Syrup:**  
 Approximately 4 cents per pound. Barter Price: About 2 gallons of syrup per bushel of wheat.

**May 1, 1780: Price of Maple Syrup:**  
 Approximately 2 cents per pound or about 22 cents per gallon of syrup. Barter Price: About 2 gallons per pair of men's fabric britches.

- 10 lbs bacon in 2018: ~ \$60.00

- Inflation 1860 \$1 = \$30 in 2018

- \$0.44 = \$13 per gallon



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## Trade Policy

- **Trans Pacific Partnership (TPP):** USA is out, results in 17% tariff on US Syrup entering Japan.
- **Canadian-EU (CETA):** USA faces 8% tariff to enter EU while Canada does not.
- New US Tariff Strategy:
  - ❑ Increased package cost
  - ❑ Increased Equipment Costs



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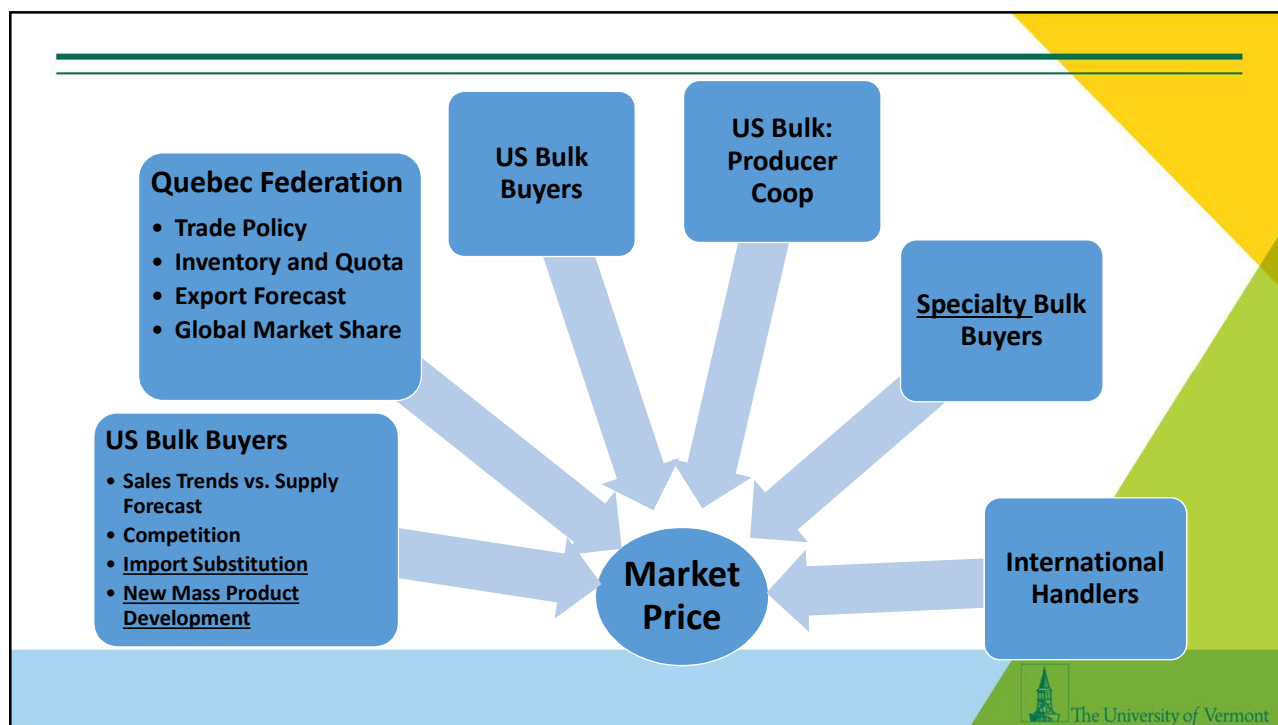
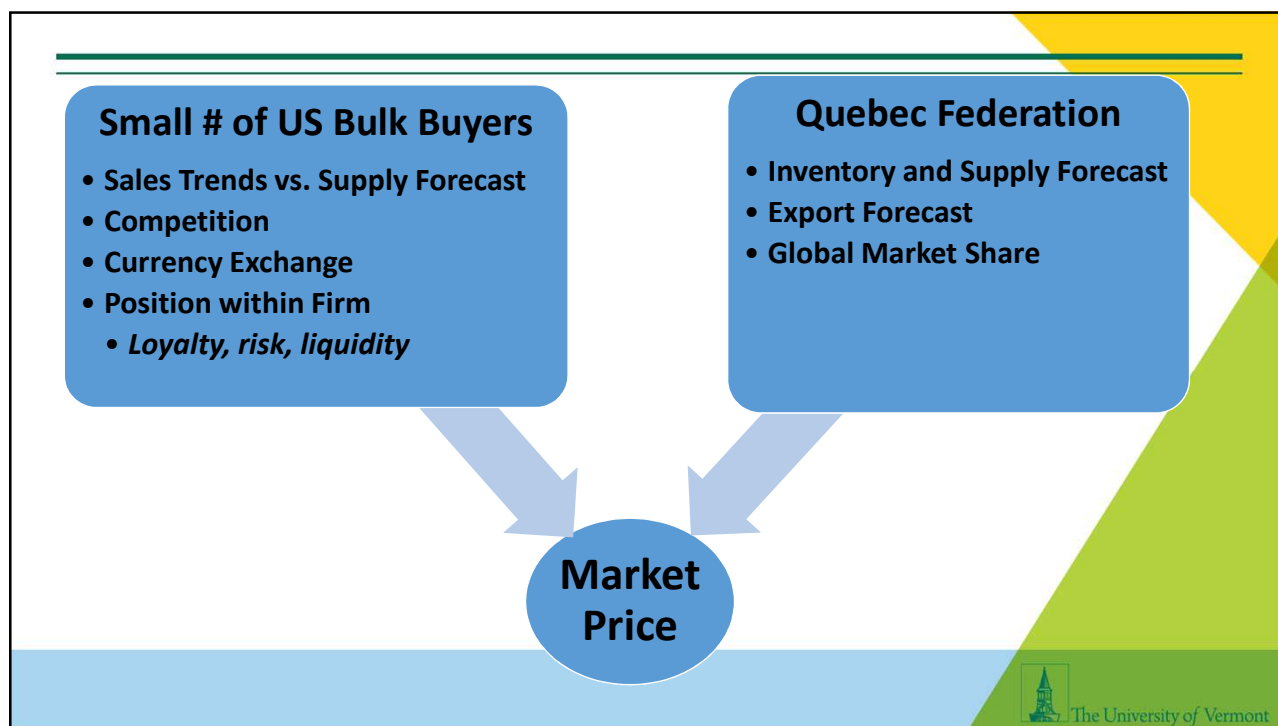
## US-Canadian Currency Exchange Rate: 5 Year

<https://www.bloomberg.com/quote/USDCAD:CUR>



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## Business Profiles – Syrup Producers

- Small Bulk- Part Time
- Small Retail- Full Time/Part Time
- Middle Bulk
- Middle Mixed
- Larger Bulk
- Larger-Larger!

### Small Bulk- Part Time



**Taps:** 3,000

**FTE and Livelihood:** ~\$10,000 draw; 500 hours per year

**Capital:**

- ❑ Equipment and Bldg: \$180,000
- ❑ Forest Land: ~\$40,000

**Cost of Production:**

- ❑ Per Pound: \$2 – 2.15
- ❑ Per Tap: \$ 11- \$15

## Small Retail- Part Time

**Taps:** 3,000

**FTE and Livelihood:** ~\$45,000 draw; 2250 hours per year

**Capital:**

- ☐ Equipment and Bldg: \$180,000
- ☐ Forest Land: ~\$40,000

**Cost of Production:**

- ☐ Per Gallon: \$75-90 (\$7-8.00 per pound)
- ☐ Per Tap: \$30-\$35



## Middle Bulk



**Taps:** 8,500

**FTE and Livelihood:** ~\$45,000 Draw, 2,500 hours

**Capital:**

- ☐ Equipment and Bldg: \$375,000
- ☐ Forest Land: ~ \$115,000

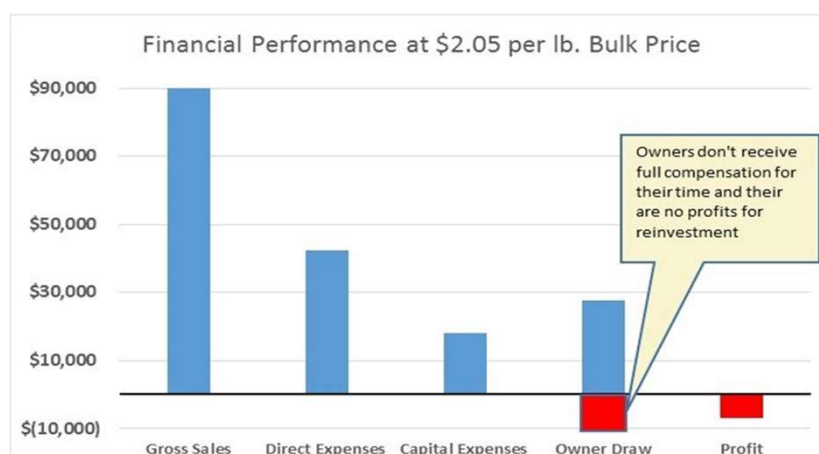
**Cost of Production:**

- ☐ Per Pound: \$ 2.05 - \$2.30
- ☐ Per Tap: \$ 11 - \$13.50

## 8,500 Tap - Strong Management – 6lbs per tap



## 8,500 Tap – No longer Break-Even



## Middle Mixed

**Taps:** 8,500

- 80% Crop to Bulk
- 20% Crop to Wholesale
- Increase average price received to \$2.40- \$2.60 per pound



## Larger Bulk



**Taps:** 20,000

**FTE and Livelihood:** \$60k - \$75k draw with staff

**Capital:**

- ❑ Equipment and Bldg: \$ 800,000
- ❑ Forest Land: ~\$ 275,000

**Cost of Production:**

- ❑ Per Pound Average: \$1.90 - \$2.15
- ❑ Per Tap: \$9 - \$12

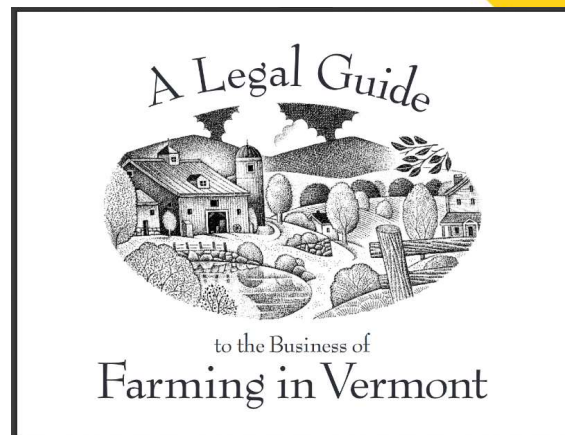
## Business Succession



- Multi-Owner Entities
  - LLC's are often used for business transfer
- Separation of Production and Marketing into 2 different businesses
- Valuation for Sale

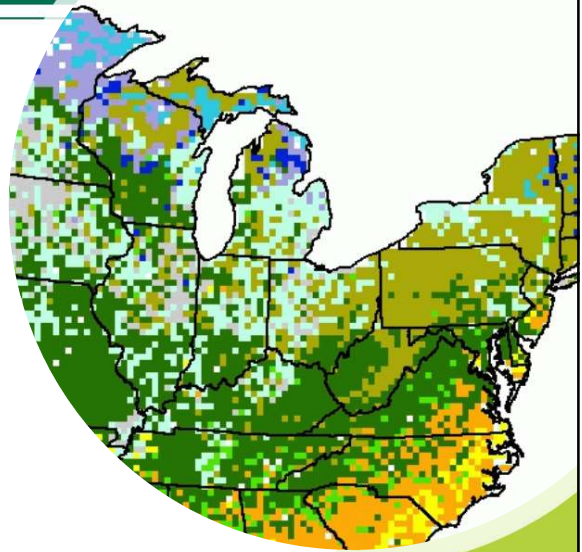
## Multi-Party Relationships

- Lease
- Partnership Business Entities
- Business-2-Business Agreements



## Multi-Party Relationships

- Woods Lease
  - ☐ Fixed Rate Per Tap
  - ☐ Base "Plus" (upside-risk)
  - ☐ Risk Sharing (downside risk)
- Processing Facility Lease
  - ☐ DIRT 5



## Multi-Party: Relationships

- Custom/Contract Services with retained custody of final product
- Exclusivity

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**Questions?**