



OUR APPLES

APPLE PRODUCTS

EVENTS AND PROGRAMS

STORE

ABOUT

Welcome to Anthony's Orchard of Wenatchee Valley, Washington! From pick-your-own apples to our hands-on agricultural classroom programs, you'll always find something great at the orchard. Check out our Events and Programs page for seasonal activities, or visit our store year-round.





[OUR APPLES](#) [APPLE PRODUCTS](#) [EVENTS AND PROGRAMS](#) [STORE](#) [ABOUT](#)

Our Apples

Our Apples

Because Anthony's Orchard is a family run orchard, we grow every apple to be delicious and healthy for you and your family just like we would for ours. We choose only the highest-quality trees and carefully select varieties that thrive in Wenatchee Valley.

Anthony's Orchard currently features:

Braeburn

These beautiful red-orange apples burst with flavors that are both sweet and crisp. One bite is all you'll need to discover that Braeburn apples make a perfect snack for you or the kids. A hybrid descended from the Granny Smith variety, they also retain some of that apple's signature tartness and are ideal for cooking in desserts and applesauce.

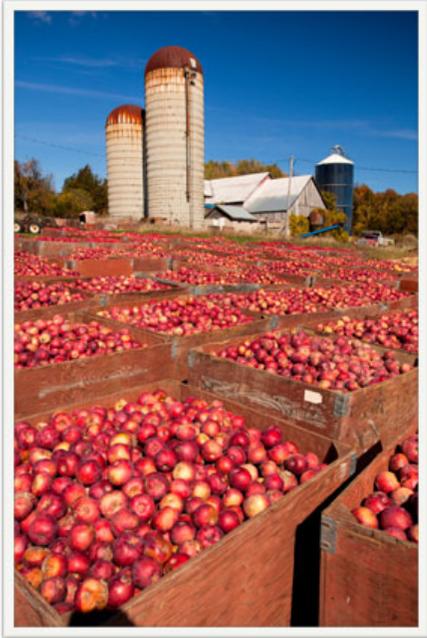
- **Chomp or cook:** perfect for both!
- **Season:** October - July

Honeycrisp

Intense flavors and unique colors combine in this versatile apple. A mix of green and red colors complement the mix of sweet and tart flavors. Although small in size, Honeycrisp lives up to its namesake with a sweet and crunchy experience waiting in every bite. The tart flavors and dense texture also work great in your favorite pies or applesauce.

All Anthony's Orchard apple pies feature fresh and delicious Honeycrisp apples right from our orchard.

- **Chomp or cook:** perfect for both!
- **Season:** October - May





[OUR APPLES](#) [APPLE PRODUCTS](#) [EVENTS AND PROGRAMS](#) [STORE](#) [ABOUT](#)

Apple Products

Prepared Apple Products Just Like Mom's

At Anthony's Orchard, we use time-honored family recipes to make all of our apple products. The result? Simply amazing pies and applesauce made with fresh and natural ingredients. The only thing missing is mom's oven.

Apple Pie Filling

Treat your family to a hot, fresh apple pie without the hassle using our prepared apple pie filling. We start with our freshly picked Honeycrisp apples; wash, core, and dice them; and prepare the filling with our secret family recipe, all in our own kitchen.

Available now in our orchard store and at local retailers.

Applesauce

Hot or cold, applesauce is a year-round treat. Our Braeburn and Honeycrisp apples give just enough sweet and tart flavors for a refreshing applesauce that's perfect for breakfast, lunch, dinner, or dessert.

Available now in our orchard store and at local retailers.

Where to Find Our Apple Products

Anthony's Orchard works with a several national retail outlets. Just look for our logo next time you're in the apple aisle at your local market!



[OUR APPLES](#)[APPLE PRODUCTS](#)[EVENTS AND PROGRAMS](#)[STORE](#)[ABOUT](#)

Events and Programs

Pick Your Own Apples

Bring the whole family and pick as many apples as you can carry. The orchard is open during apple season 8 a.m. to 6 p.m. daily. We sell all of our apple varieties by the pound. Bring your own bag and we offer a discount.

Thanks to all the wonderful folks who continue visiting our Orchard.

See you soon!

CSA Program, May - August

Our Community Supported Agriculture (CSA) program is a win-win for you and for us. You get the best selection of our apples, picked and delivered weekly right to your door. And you help Anthony's Orchard by becoming a loyal patron of our hard work.

We'll deliver your CSA every Wednesday through our peak season, May – June for our Honeycrisp apples and July – August for our Braeburn apples. You can participate in our CSA as a full share member (for a family of four) or half share member (for a family of two):

- Full share: 2 dozen per week, \$10
- Half share: 1 dozen per week, \$5

For more information visit our store or look for a flyer at your local market

Fall Harvest Festival, October 1 - 31

Join us for our annual Fall Harvest Festival during the month of October with tricks and treats for the young and the young at heart. Take a spooktacular hayride through the orchard and over to our pumpkin patch, where you can pick out your very own future jack-o-lantern. Just watch out for our very own phantom of the orchard, old Apple Lloyd Webber!

Educational Programs

Turn our orchard into your classroom with special programs designed to enhance learning and build appreciation for farming and agriculture. Guided tours through the orchard and production facilities offer students an opportunity to learn more about where their food comes from and how it moves from the field to the market. We'll also work with you to tailor the lessons to meet the needs of your class' age group and your curriculum.





OUR APPLES APPLE PRODUCTS EVENTS AND PROGRAMS STORE ABOUT

Store

Welcome to the Apple Store

You'll find plenty of our fresh apples, apple products, and other items like kitchen tools designed to help you turn apples into awesome.

Products:

- Fresh Braeburn and Honeycrisp apples from our orchard (available year-round)
- Apple pie filling
- Applesauce
- Cookbooks
- Apple presses, peelers, and corers
- Other apple merchandise



Note: exact product selection may vary.

Store Hours: 7 days a week, 8 a.m. to 6 p.m.

Location: Once you arrive at the orchard, turn left and follow the road to the big red barn. Look for the red door on the right.



[OUR APPLES](#) [APPLE PRODUCTS](#) [EVENTS AND PROGRAMS](#) [STORE](#) [ABOUT](#)

About

About Anthony's Orchard
Anthony's Orchards is a 3rd-generation, family-owned 6,000-acre orchard situated in Wenatchee Valley, the heart of apple producing in Washington State. Surrounded by gently rolling mountains Anthony's Orchard has been growing apples in the valley for over 60 years. Our waterfront orchards line the region's rushing rivers. The nutrient-rich soil and our advanced growing practices provide the right mix for producing some of the world's top-quality apples. Washington State has been known for its apples and produces a wide variety. At Anthony's Orchard, we have focused on two varieties of apples: Braeburn and Honeycrisp.

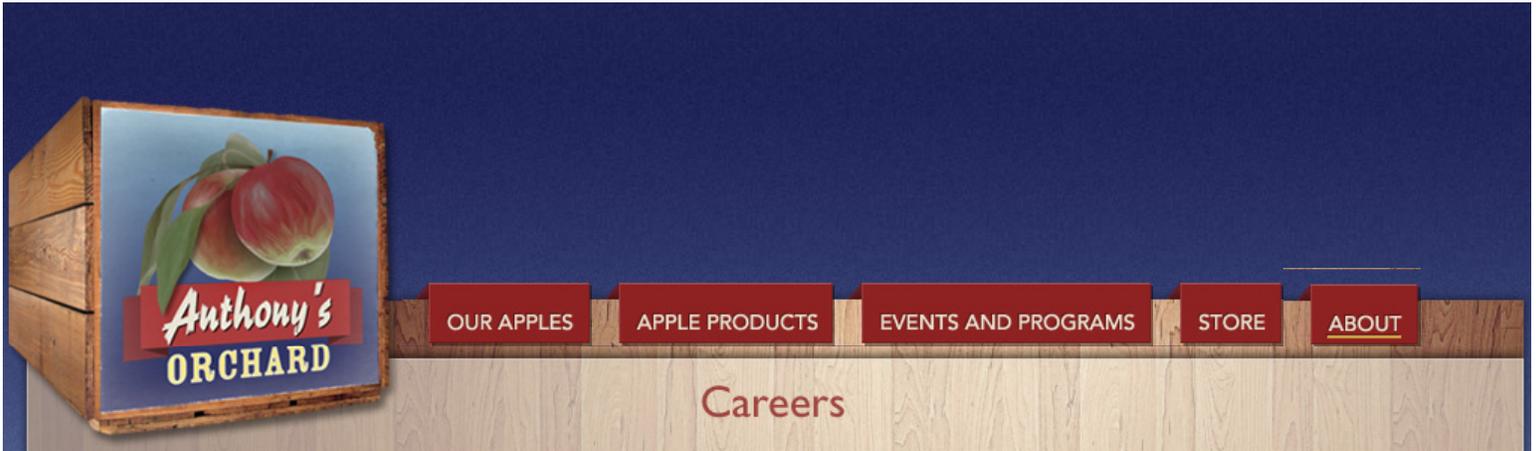
Mission Statement
Our mission is to continually enhance consumers' awareness of apples and apple orchards.

Vision Statement
Our vision is to provide the best apple products and services to our customers and generate returns for our shareholders, while enhancing the well being of our community.

Careers at Anthony's Orchard
Looking for a fulfilling career in apples? It may not be the Big Apple, but in addition to a great benefits package, Anthony's Orchard offers all the clean air and fresh fruit you could ever want.

Investor Information
Crunch into the financial information on our Investor Relations page. You'll find the data as crisp and fresh as this morning's harvest.





Careers at Anthony's Orchard

Anthony's Orchard employs about 300 year-round staff plus several hundred more during peak harvest seasons. We are currently seeking candidates for the following positions:

Retail Store Sales Manager

The Sales Manager is directly responsible for overseeing the supervision and delegation of associates and staff, managing expenses, achieving profitability goals, and overseeing the corporate merchandising, and the overall management of the retail store while overseeing customer satisfaction.

For a full job description please contact Tara Olsen in our HR Department

Lead Outside Sales Rep

The Lead Outside Sales Rep is responsible for leading and overseeing sales operations with our retail partner accounts, managing inventory logistics, and managing staff scheduling, training, and development.

For a full job description please contact Tara Olsen in our HR Department

Field Trip Leader (Community Outreach Program)

Love working with kids? We need a rock star field trip leader to provide excellent customer service to our school group guests and lead on-site learning programs.

For a full job description please contact Tara Olsen in our HR Department





[OUR APPLES](#) [APPLE PRODUCTS](#) [EVENTS AND PROGRAMS](#) [STORE](#) [ABOUT](#)

Investor Information

Information for Investors

[Organizational Structure](#)
Learn more about how Anthony's Orchard is structured, from our executive committee to the front lines in the orchard

[Webcasts and Presentations](#)
Explore these freshly picked earnings calls and financial information for investors

[Strategic Plan](#)
See our plan to cultivate and grow financial success through cultivating and growing apples and apple product lines

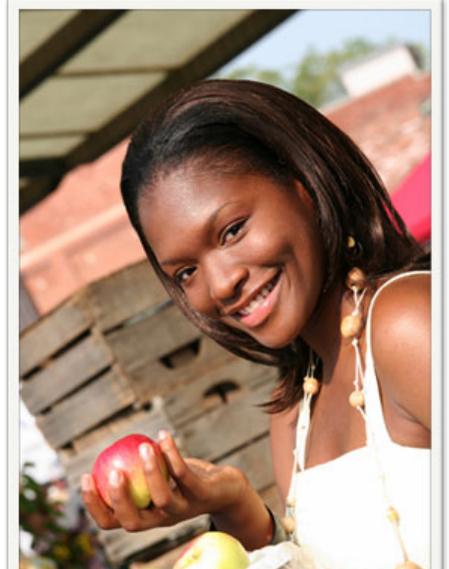
[Financial Information and Charts](#)
See our current year budget and costs information





Organizational Structure

- Executive Committee:
 - Bob Frost, CEO
 - Mary Scott, CFO of Finance
 - John Daniels, SVP of Sales
 - Samir Saeed, SVP of Operations
- Departmental Units:
 - Human Resources
 - Leonard Pulanski, Director of Human Resources
 - Chuck West, Benefits Manager
 - Brenda Norris, Payroll Manager
 - Tara Olsen, Recruiting Manager
 - Heather Mullins, Seasonal Labor Coordinator
 - Sean Manning, Training Manager
 - Marketing
 - Christine Miller, Director of Marketing
 - Darrius Mason, Marketing Manager
 - Kat Williams, Marketing Coordinator
 - Trevor Lewis, Market Research Analyst
 - Evan Beam, Marketing Intern
 - Jim Wiliams, Marketing Intern
 - Jack Walker, Marketing Intern
 - Bill Owens, Director of Communications
 - Sales
 - Director of Sales
 - Lead Outside Sales Rep (open)
 - Neil Faraday, Northeast US Sales Rep
 - Max Curie, Southeast US Sales Rep
 - Marie Planck, Central US Sales Rep
 - Michael Bohr, Western US Sales Rep
 - Operations & Processing
 - Allison Sinclair, Director of Operations



- Ben Arshavin, Processing Manager
 - Felicia Jennings, Processing Floor Supervisor
 - Todd Driver, Processing Floor Supervisor
 - Processing staff (seasonal)
 - Retail Store Sales Manager (open)
 - Sun Kim, Retail Store Supervisor
 - Taressa Johnson, Retail Store Supervisor
 - Retail Staff (seasonal)
 - CSA Supervisor
 - Shaleish Gupta, Educational Programs Manager
 - Field Trip Leader (open)
 - Shamus McFadden, Orchard Manager
 - Leo Richards, Orchard Supervisor
 - Don Smith, Orchard Supervisor
 - Mike Jones, Orchard Supervisor
 - Raphael Zirpolo, Orchard Supervisor
 - Orchard workers (seasonal)
 - AJ Martin, Purchasing Manager
 - Gabriella Nickel, Warehouse Manager
- Finance & Accounting
 - Jeanine Lister, Director of Finance
 - Pamela Kirk, Accounting Manager
 - Scott Michaels, Accounts Payable Manager
 - Marsha Birch, Accounts Receivable Manager
 - Information Technology
 - Ted Schaeffer, Director of Information Technology
 - Bob O'Malley, Systems Manager
 - Martin Erlich, Website Manager

Note: seasonal staffing levels vary to meet business needs





[OUR APPLES](#) [APPLE PRODUCTS](#) [EVENTS AND PROGRAMS](#) [STORE](#) [ABOUT](#)

Webcasts and Presentation

Webcasts and Presentations

Earnings calls are designed to provide disclosure and financial results for a certain reporting period. In addition, earnings calls provide transparency and can help with forecasting and planning.

Listen to the latest investor call using the media player below.



Transcript for Anthony's Orchards Quarterly Earnings Call

Intro

Hello, I'm Bill Owens Director of Communications for Anthony's Orchards. This earnings call has been previously recorded, if you have any questions or would like to get in touch with the company please feel free to refer to our website for our contact information.

Quarterly Earnings Call Transcript

My name is Mary Scott, the Chief Financial Officer of Anthony's Orchards. Today's earnings call will cover the fourth quarter and year ended September 30, 2011 financial and operating results. In addition, some of our financial results as well as comments during today's call may contain forward looking statements and assumptions that reflect our expectations about future performance. We prepare our publicly filed financial statements in accordance with GAAP (Generally accepted accounting principles), however, some of our internal management reporting uses non-GAAP results for internal review and evaluation.

Before we discuss the financial results of the quarter and year, I am happy to report that we had an extremely strong quarter from a safety standpoint. We had zero lost time accidents at our orchard and in our processing plant during the **quarter**, down from two lost time accidents in the third quarter, and 4(four) lost time accidents in the fourth quarter of the prior year. This is an extremely important metric for us as a company since safety is something we have been focused on for a number of years. We are continuously refining our processes both in the orchard and at our processing plants to ensure that we are in compliance with industry guidelines. We've spent significant time and effort over the past several quarters to define and improve our processes to meet and exceed our safety goals. We look forward to a continued safe performance next year.

Transcript for Anthony's Orchards Quarterly Earnings Call

In addition to our stellar safety performance, I'm also happy to report that our employees have taken it upon themselves to organize a carpool system for commuting to and from work. For those of you that know Anthony's Orchards, you know that the environment is a top priority for us and we are continuously looking for ways to reduce our carbon footprint, and improve our impact on the environment. It's truly inspiring that our employees have picked up where we as a company have left off, and organized this carpool system.

Now I'd like to take this opportunity to move on to our financial information. Our current year sales are \$11.0m, with net income is \$370K. Our increase over prior year is primarily derived from the addition of our newest segment, Community Events. In addition, volumes were up in our Prepared and Pick Your Own segments, with flat pricing year over year. We are excited to say that we did not raise our sales prices in the Prepared and Pick Your Own segments. We realize the economy has been hurting, and we were fortunate to be able to hold our sales prices consistent to last year.

Our Prepared Apple Products Segment generated the most revenue, bringing in \$6.6m, with the Pick Your Own Apples coming in at \$2.3m. Surprisingly, our Community Events had stellar sales of \$2.1m in the first year of operations. We feel that this community has been looking for us to start giving back to the people who have allowed us to grow and succeed. This Community Events segment includes our wildly popular Community Supported Agriculture, or CSA program, seasonal festivals, and educational programs. We have benefitted from the educational programs because

Transcript for Anthony's Orchards Quarterly Earnings Call

the schools in our area have been privileged enough to receive grant money to further their students' education by bringing them here to Anthony's Orchards.

Our gross margins for the year were 17%, which is a great year for us, but if you look at our organic business, Prepared Products and Pick Your Own, you can see our margins were 12%, a decrease of 1.5% over prior year. We did show an eroded margin due to the price increase of Honeycrisp apples that we did not pass on to the customer. We felt that was the best strategic decision since we understand our customers are feeling the current economic strains, and we as a Company felt strongly that our new Community segment would offset this margin loss.

Our Selling and G&A {General and Administrative} costs this year were \$1m, compared to \$600K last year, an increase of 74%, on a sales base that increased only 57%. We felt strongly that this was the year we really wanted to start our long term growth plan. For starters we grew our Technology team by adding Website administrators and software developers. We understand that our growth in future years will depend on us being ready and able to handle increased demands, and we will not be able to handle those demands without the proper systems in place. Second we also grew our Marketing team by adding an analyst, and enabled them to market in new channels, including magazine ads, website advertising, and even a really exciting 30 second radio commercial. Our third major investment this year was in the staffing to support our new Community segment. We added a CSA Supervisor, an Educational Programs Manager, and gave her the ability to expand her team as well to focus on employees who have a background in childhood education. Finally, we added a Training team within our HR group to further develop our employees. As we've shared with our customers in the past, we would love for all of our employees to be bilingual. Our training team is immediately going to be focused on two initiatives – continued training around safe practices in the orchard and processing plant, and training of employees to be fluent in Spanish and

Transcript for Anthony's Orchards Quarterly Earnings Call

English. We feel this is important for all of our employees and includes everyone from our CEO to our seasonal temporary workers.

Our tax rate increased from prior years, as we are now paying 40% income taxes. Our combined interest and taxes for the current year are \$480K, bringing our Net Income to \$370K.

We started this fiscal year with \$3.4m of cash, or \$2.9m in excess of our minimum cash reserves. As most of you know, last year we were able to borrow approximately \$2m from a lender to fund the start of our new segment, Community Events. Our ending cash position last year was unusually strong due to this financing arrangement that took place. During the course of the past year, we experienced our typical seasonality with cash flows. The first quarter is our primary buying time for raw apples, trees, seeds, sugar, canning products, and all of the other things that help make our apples and our products delicious. We had total cash inflows of \$11m this year and total cash outflows of \$12.4m during the year due to the increased administrative support we added to support the new segment and the long term growth of our company.

On our purchasing side, we spent \$7.9m on raw materials in the current year. As I mentioned a few minutes ago, we were extremely fortunate to not pass on an increased price to our customers, seeing as our raw materials prices increased 6% for Honeycrisp apples. I don't think we will be as lucky next year, but we're doing our best to keep the costs reasonable for our end customer.

Transcript for Anthony's Orchards Quarterly Earnings Call

One of our greatest improvements over last year revolves around our internal labor processes. Last year, we spent almost 40 minutes per case of apples, including tasks like inspections, washing, peeling, cooking and canning. We brought in a consulting team to help review our processes for deficiencies, and are excited to report that we dropped our time to 32 minutes per case. This saves over \$1.00 per case, and when you're talking about nearly 200,000 cases per year, that really adds up to some significant savings.

As excited as I am to report our fantastic earnings for this year, I'm even more excited to talk about what's in store for our future. We plan to grow our sales and bottom line in the next year, as well as add a new apple press. For starters, we were able to lock in our raw materials pricing at a capped increase of 5%. While we were able to absorb our raw materials increase last year, we will not be able to do the same for next year. We plan to increase our Prepared product prices by 5%, and our Pick your own by only 2%. Because Community Events had such a phenomenal kick off year, we wanted to keep those prices virtually flat and prices by only 1%. Our budget includes a 25% increase in volume, which we plan to achieve by the continued use of our new found marketing channels. We are planning to continue to invest in our people, as that is the key to a successful future ahead of us.

As I just mentioned, one of the most exciting prospects for us is the new apple press we plan to purchase in the 4th quarter of next year. Unfortunately, it won't be installed early enough to contribute to next year's numbers, but we plan to have it running and fully operational for the following year. We hope to get 7 years out of this new press, and we expect it to increase capacity 1.5 times. We expect our labor times to decrease, and our margins to increase. All of these increased earnings we intend to further invest in the company in the form of new hires. Our bigger

Transcript for Anthony's Orchards Quarterly Earnings Call

long term vision includes several acquisitions for us. We're hoping to expand by either adding a new variety of apple and by adding a new distribution channel overseas. We realize these are aggressive goals, which is why we plan to stagger them over the next several years. We hope you'll stay tuned as we continue to report our earnings in the future and continue to grow Anthony's Orchards.

Thank you for your time today. If you have any questions, please email a company representative, whose contact information can be found on the website.



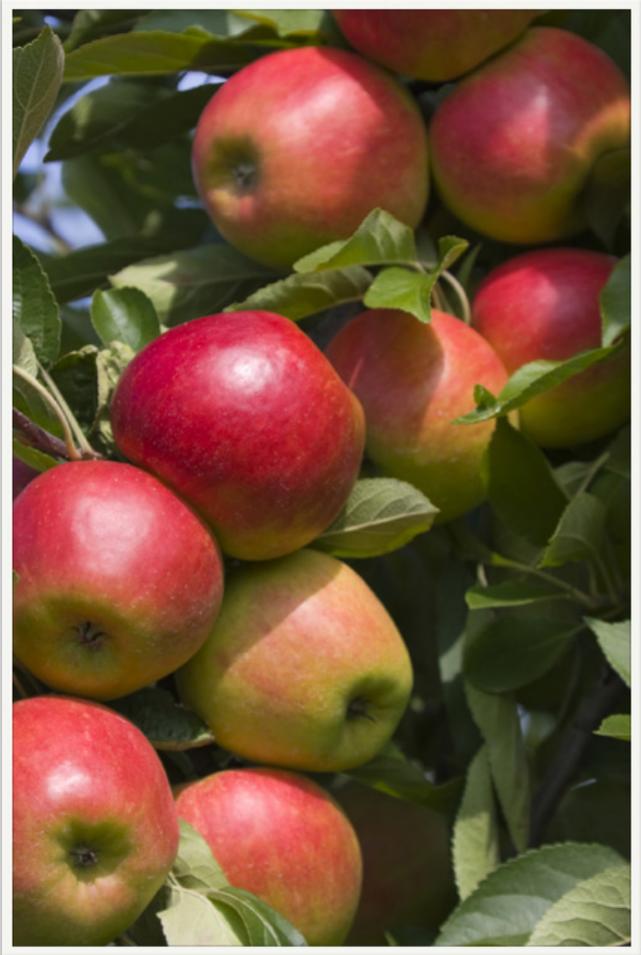
OUR APPLES APPLE PRODUCTS EVENTS AND PROGRAMS STORE ABOUT

Strategic Plan

Strategic Plan & Growth Initiatives

Please see below for excerpts from our Long Term Vision and strategic planning sessions:

- In 2012, the Company is hoping to purchase an apple press, which would allow us to start a new line of prepared apple products – apple juice. Our plans include an estimated \$95,000 net income per year and an estimated \$90,000 of cash inflows per year from the new line of apple juice. We expect a 10% return on this investment.
- We continue to search for new orchards throughout the country so that we may diversify the types of apples we produce. While we feel that Braeburn and Honeycrisp are among the best, we understand that you the customers might like additional variety.
- Our 2015 revenue goal is to exceed \$25 million dollars, which will involve either acquiring new orchards, or expanding our line of products.





Financial Information and Charts

Budget Overview

Anthony's Orchard begins budget planning each year in August and finalized by the start of our fiscal year in October. Each departmental director, as defined by the company's organizational structure, provides labor and materials cost forecasts. The Senior VP of Operations compiles these numbers to estimate total costs. The Senior VP of Sales forecasts sales based on fruit yield estimates from the Operations division, and the Senior VP of Finance prepares the final annual budget for approval by the Executive Committee and Board of Directors.

Anthony's Orchard uses a FIFO accounting method to minimize crop waste. Factory overhead uses a flexible budget to respond to business demands and scale with crop yield. Variable overhead varies with the number of direct labor hours in operations areas, including processing, retail store, and harvesting.

Budget info and financial data

- [Budgets](#)
- [Previous Year Financials](#)
- [Current Year Financials](#)





Budgets

Budgeted Income Statement

	<u>Prepared Apple Products</u>	<u>Pick Your Own Apples</u>	<u>Community Events*</u>	<u>Total</u>
Net Revenue	\$ 8,749,250	\$ 3,248,700	\$ 2,499,695	\$ 14,497,645
Less:				
Cost of Goods Sold	(7,692,215)	(2,682,356)	(1,536,073)	(11,910,643)
Gross margin	<u>1,057,035</u>	<u>566,345</u>	<u>963,623</u>	<u>2,587,002</u>
	12%	17%	39%	18%
Less:				
Administration costs*				(1,405,000)
Interest on debt				(316,140)
Net income before taxes				865,862
Income taxes (40%)				(346,345)
Net income				<u><u>519,517</u></u>

* Includes CSA, Educational programs, and festivals

Budgeted Cash Flows

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
Sales in the Quarter	\$ 3,624,411	\$ 3,624,411	\$ 3,624,411	\$ 3,624,411	\$ 14,497,645
75% collected in this quarter	2,718,308	2,718,308	2,718,308	2,718,308	10,873,234
25% collected from last quarter	950,000	906,103	906,103	906,103	3,668,308
Cash from sales	3,668,308	3,624,411	3,624,411	3,624,411	14,541,542
Less:					
Apple purchases	8,617,033	-	-	-	8,617,033
Direct labor	304,380	304,380	304,380	-	913,140
Other ingredients	31,433	31,433	31,433	-	94,300
Variable overhead	513,000	513,000	513,000	-	1,539,000
Fixed factory overhead	181,250	181,250	181,250	181,250	725,000
Administrative costs	351,250	351,250	351,250	351,250	1,405,000
Income taxes	86,586	86,586	86,586	86,586	346,345
Total cash expenses before interest	10,084,933	1,467,900	1,467,900	619,086	13,639,818
Cash Flow from Operations	(6,416,624)	2,156,512	2,156,512	3,005,325	901,724
Beginning Cash Balance	1,750,000	500,000	500,000	500,000	
Less: minimum cash reserves	500,000	500,000	500,000	500,000	
Cash available for operations	1,250,000	-	-	-	
New short-term borrowings	5,166,624	-	-	-	
Repayment of loan and interest	-	2,156,512	2,156,512	1,169,662	
Outstanding loan balance	5,166,624	3,010,112	853,601	-	
Interest at 3.5% per quarter	180,832	105,354	29,876	-	
Capital expenditures*	-	-	-	950,000	
Ending cash balance	500,000	500,000	500,000	1,385,663	

*Company is planning to purchase an apple press, which is expected to have a seven-year life and no salvage value. Company uses a 8% cost of capital estimate. This press will be purchased and owned by our Prepared Products group.

COGS Budget

	Prepared Apple Products	Pick your Own Apples	Community Events
Beginning Inventory	1,100,000	750,000	180,170
Cost of goods processed:			
Direct labor cost	913,140		
Direct materials cost	4,522,575	2,657,856	1,530,903
Factory overhead cost	2,264,000	-	-
Total Cost of processing	7,699,715	2,657,856	1,530,903
Available for sale	8,799,715	3,407,856	1,711,073
Less: Ending inventory	(1,107,500)	(725,500)	(175,000)
Cost of goods sold	7,692,215	2,682,356	1,536,073

Budgeted Balance Sheet

	<u>YE 9/30/11</u>
Cash	\$ 1,750,000
Accounts receivable	950,000
Inventory:	
Prepared Apple Products	1,100,000
Pick your Own Apples	750,000
Community Events	180,170
Total Inventory	<u>2,030,170</u>
Fixed Assets	<u>2,830,000</u>
Total Assets	<u><u>7,560,170</u></u>
Accounts payable	1,475,000
Long-term debt	<u>2,150,000</u>
Total liabilities	<u>3,625,000</u>
Shareholder Equity	3,935,170
Total Liabilities & Equity	<u><u>7,560,170</u></u>

*Note that Anthony's Orchard has long term debt for 30 years, which it has not begun to pay back.

Administrative Budget

Technology	430,000
Marketing	300,000
Executive Team	300,000
Finance	175,000
Facilities	125,000
Procurement	75,000
	<u>1,405,000</u>

Transfer Pricing

Usage by operating division

	<u>Technology</u>	<u>Marketing</u>	<u>Executive team</u>	<u>Finance</u>	<u>Facilities</u>	<u>Procurement</u>
Prepared Apple Products	20%	30%	30%	15%	40%	30%
Pick your Own Apples	15%	30%	20%	50%	20%	30%
Community Events	25%	40%	25%	10%	15%	15%
Finance	10%	0%	5%	0%	5%	5%
Marketing	15%	0%	5%	5%	5%	5%
Executive team	5%	0%	0%	5%	5%	5%
Technology	0%	0%	5%	5%	5%	5%
Procurement	5%	0%	5%	5%	5%	0%
Facilities	5%	0%	5%	5%	0%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Step Down method:

Explore two options of allocating in the following order:

Technology, Marketing, Executive team, Finance, Facilities, Procurement

Executive team, Finance, Technology, Facilities, Procurement, Marketing


[OUR APPLES](#)
[APPLE PRODUCTS](#)
[EVENTS AND PROGRAMS](#)
[STORE](#)
[ABOUT](#)

Previous Year Financials

Direct Materials 2010

	Prepared Apple Products	Pick your Own Apples	Community Events
Cost of Apples			
Thousands of pounds of Braeburn	6,000	4,550	-
X average cost of Braeburn	\$ 362.00	\$ 362.00	\$ 362.00
	\$ 2,172,000	\$ 1,647,100	\$ -
Thousands of pounds of Honeycrisp	3,950	225	-
X average cost of Honeycrisp	\$ 360.00	\$ 360.00	\$ 360.00
	\$ 1,422,000	\$ 81,000	\$ -
Total cost of apples	\$ 3,594,000	\$ 1,728,100	\$ -
Cost of other Ingredients			
Cost per case	\$ 0.40	\$ -	\$ -
X Number of cases	179,000	-	-
	\$ 71,600	\$ -	\$ -
Total Direct Materials cost	\$ 3,665,600	\$ 1,728,100	\$ -

Direct Labor 2010

	Prepared Apple Products	Pick your Own Apples	Community Events
Inspection, washing, peeling, coring	0.24	-	-
Saucing	0.10	-	-
Dicing	0.10	-	-
Cooking	0.12	-	-
Canning	0.10	-	-
Total hours per case	0.66	-	-
X # of cases	179,000	-	-
# of labor hours	118,140.00	-	-
X labor rate	\$ 8.80	\$ 8.80	\$ 8.80
Total labor cost	\$ 1,039,632.00	\$ -	\$ -



OUR APPLES

APPLE PRODUCTS

EVENTS AND PROGRAMS

STORE

ABOUT

Current Year Financials

Direct Materials 2011

	Prepared Apple Products	Pick your Own Apples	Community Events
Cost of Apples			
Thousands of pounds of Braeburn	6,300	4,700	2,250
X average cost of Braeburn	\$ 358.00	\$ 358.00	\$ 358.00
	\$ 2,255,400	\$ 1,682,600	\$ 805,500
Thousands of pounds of Honeycrisp	4,150	2,500	1,725
X average cost of Honeycrisp	\$ 380.99	\$ 380.99	\$ 380.99
	\$ 1,581,109	\$ 952,475	\$ 657,208
Total cost of apples	\$ 3,836,509	\$ 2,635,075	\$ 1,462,708
Cost of other Ingredients			
Cost per case	\$ 0.44	\$ -	\$ -
X Number of cases	190,000		
	\$ 83,600	\$ -	\$ -
Total Direct Materials cost	\$ 3,920,109	\$ 2,635,075	\$ 1,462,708

Direct Labor 2011

	Prepared Apple Products	Pick your Own Apples	Community Events
Inspection, washing, peeling, coring	0.20	-	-
Saucing	0.08	-	-
Dicing	0.04	-	-
Cooking	0.12	-	-
Canning	0.10	-	-
Total hours per case	0.54	-	-
X # of cases	190,000	-	-
# of labor hours	102,600.00	-	-
X labor rate	\$ 8.85	\$ 8.85	\$ 8.85
Total labor cost	\$ 908,010.00	\$ -	\$ -

2011 Income Statement

	Prepared Apple Products	Pick Your Own Apples	Community Events*	Total
Net Revenue	\$ 6,621,468	\$ 2,273,180	\$ 2,110,560	\$ 11,005,208
Less:				
Cost of Goods Sold	(5,909,619)	(1,909,575)	(1,287,708)	(9,106,901)
Gross margin	711,850	363,605	822,852	1,898,307
	11%	16%	39%	17%
Less:				
Administration costs**				(1,045,000)
Interest on debt				(234,728)
Net income before taxes				618,579
Income taxes (40%)				(247,432)
Net income				<u>371,147</u>

* Includes CSA, Educational programs, and festivals

2011 Sales

	Cases sold	Price/Case	Actual Revenue
Prepared Apple Products	157,654	\$ 42.00	\$ 6,621,468
Pick Your Own Apples	17,486	\$ 130.00	\$ 2,273,180
Community Events	4,397	\$ 480.00	\$ 2,110,560
			\$ 11,005,208

2011 Cash Flows

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
Sales in the Quarter	\$ 2,751,302	\$ 2,751,302	\$ 2,751,302	\$ 2,751,302	\$ 11,005,208
75% collected in this quarter	2,063,477	2,063,477	2,063,477	2,063,477	8,253,906
25% collected from last quarter	650,000	687,826	687,826	687,826	2,713,477
Cash from sales	2,713,477	2,751,302	2,751,302	2,751,302	10,967,383
Less:					
Apple purchases	7,934,291	-	-	-	7,934,291
Direct labor	302,670	302,670	302,670	-	908,010
Other ingredients	27,867	27,867	27,867	-	83,600
Variable overhead	513,000	513,000	513,000	-	1,539,000
Fixed factory overhead	162,500	162,500	162,500	162,500	650,000
Administrative costs	261,250	261,250	261,250	261,250	1,045,000
Income taxes	61,858	61,858	61,858	61,858	247,432
Total cash expenses before interest	9,263,436	1,329,145	1,329,145	485,608	12,407,333
Cash Flow from Operations	(6,549,959)	1,422,157	1,422,157	2,265,694	(1,439,950)
Beginning Cash Balance	3,392,286	500,000	500,000	500,000	
Less: minimum cash reserves	500,000	500,000	500,000	500,000	
Cash available for operations	2,892,286	-	-	-	
New short-term borrowings	3,657,673	-	-	-	
Repayment of loan and interest	-	1,422,157	1,422,157	1,048,087	
Outstanding loan balance	3,657,673	2,235,516	813,358	-	
Interest at 3.5% per quarter	128,019	78,243	28,468	-	
Capital expenditures*	-	-	-	-	
Ending cash balance	500,000	500,000	500,000	1,717,607	

*Company is planning to purchase an apple press, which is expected to have a seven-year life and no salvage value. Company uses a 8% cost of capital estimate. This press will be purchased and owned by our Prepared Products group.

	Prepared Apple Products	Pick your Own Apples	Community Events
	COGS 2011		
Beginning Inventory			
Cost of goods processed:			
Direct labor cost	908,010		
Direct materials cost	3,920,109	2,635,075	1,462,708
Factory overhead cost	2,189,000	-	-
Total Cost of processing	<u>7,017,119</u>	<u>2,635,075</u>	<u>1,462,708</u>
Available for sale	7,017,119	2,635,075	1,462,708
Less: Ending inventory	<u>(1,107,500)</u>	<u>(725,500)</u>	<u>(175,000)</u>
Cost of goods sold	<u><u>5,909,619</u></u>	<u><u>1,909,575</u></u>	<u><u>1,287,708</u></u>