

January 2014

Dear Shareholders & Friends of Picadilly Farm,

Greetings from the farm! We are well into the New Year now, with seed catalogs piling up on our desks, and thoughts of spring planting taking root in our minds. By the first of March, the days will be longer, the sunlight stronger, and we will sow the first seeds of the new season.

We've been seven times around the sun at Picadilly Farm. You have walked, weeded and eaten with us for many of those years. It is a good path, a reliable one. No matter the weather in June, the summer will come and go. No matter the harvest in October, winter will blanket us again. Ready or not, spring will come, and earth will give way to seeds and new life.

This is our 2013 Annual Report. The report contains information about the activities at Picadilly Farm last year, a summary of our 2013 income and expenses, and an outline of our plans for 2014. As a community-supported farm, we make this information available to all concerned. We welcome your feedback about the information presented here.

Weather and Crop Production

Overall crop production in 2013 was decent, with some clear successes, some noticeable losses, and plenty of good in between. Sounds like every season on a diversified farm!

Weather was variable last year, without any one defining weather event. Plowing was on the late side of average, followed by a mild April and dry May. We were able to begin harvesting earlier than planned. CSA distributions at the farm began two weeks early and the eastern MA CSA deliveries ramped up a week early. A light frost on Memorial Day spared all but the first cucumber seedlings. June brought lots of rain, though less for our fields than for many other farms in our region. June-planted crops were stunted and nutrient-deprived, and weeds got a foothold. But as the calendar turned to July, the sun turned on, hot, hot, hot. The weeding crew cranked, the irrigation pump cranked, and the crew finished many a day at the Northfield Creamie. Then August cooled down a bit, slowing down summer crops. The fall was lovely, with a few significant rain falls; the season's biggest single rain of three inches came in early October. Mostly, though, the autumn air was dry, great for fall crop quality. The first frost came in late October, after several close calls in September. Winter arrived early with frigid temperatures by late November, and field harvesting of hardy greens ended by December 1st, a few weeks earlier than any season prior. Growing a diversified crop mix helped the farm ride out the uneven weather. At times, we can attribute crop successes and failures to our own (dis)credit: missing a weeding opportunity, or being right on with a fertility strategy. Mostly, though, once we've mastered the weeding, watering, fertilizing and planning as best we can, the season just takes us for a ride.

What crops were the 2013 gold medalists? The greens were amazing, with high quality and yields all season. Our new row cover system for greens was costly, but very effective and relatively user friendly. Eggplant was a superstar, yielding nearly three times average production! Peppers also liked last season, with 50% bump over average yields. The right temperatures at the right times have a great impact on overall eggplant and pepper blossoming, and 2013 was just right. Rutabagas and Gilfeather turnips were outstanding, with a perfect stand. Growers all around us had bumper crops, as the common pest and disease (root maggot flies and alternaria) weren't prevalent last fall.

Tomatoes were a mixed bag once again. Field tomatoes produced well, with Late Blight coming in, but late. The Late Blight resistant varieties – Iron Lady, Defiant, Mountain Merit, and Bobcat – did well and tasted good too. Our saladette tomato continues to be a favorite workhorse. Pick Your Own cherry tomatoes were another heartbreaker, succumbing to Late Blight before main harvests filled in, though we did enjoy some Sungolds and Jasper reds before the blight crept in. Hoophouse tomato production went fine in our third season of doing it. Yields were up 30%, as we improved techniques. Our attempt to use grafted tomato plants - to increase yield and stay ahead of soil-borne disease that can build up in hoop house soils - did not succeed, as the plants we bought in from a friend's farm came with aphids and white flies. We never got ahead of the pests, and then a grey leaf mold took hold. We'll return to using our own starts this season. Also in the hoop houses, we harvested fine rosemary and sage, planted inside the house edges. A late spinach crop came in nicely for the December shares.

Decent 2013 harvests included broccoli, cabbage, lettuce, spinach and sweet potatoes. Leeks were nice, with a long harvest window to cover the lack of onions. Corn was good again, with a nice harvest from our blind seed trial patch for Johnny's Select Seeds out of Maine. Potatoes were of high quality this season, with clean skins, perhaps because of inoculants that we trialed to control the scab by populating the skin environment with favorable bacteria. But yields were down by double digit percent, for a number of reasons that we are still assessing. Some spuds were planted in one of our sandiest, least fertile field sections. Our fertilizer blend was possibly too heavy on the calcium. And two of the four the varieties we chose to trial last year completely bombed. Whatever the reasons, potatoes visibly never thrived, the yield was low, and weed control was not up to our standards.

The losses column included: celeriac and Chioggia beets and (poor weed control); celery (recurrent disease for which we haven't found yet a control); winter squash (multiple reasons - delayed planting in wet June beds, lack of complete ripening in September, and widespread infection of "Black Rot" in the butternut); and onions (struck out in spite of our best efforts.). We also trialed kale and spinach for overwintering in "low tunnels" for spring 2014 harvest, but our timing was off. The crops didn't size up enough before the cold weather hit, nor did we get the plastic delivered until early December; probably fine for most years, but not this one. There's always next year...

The Pick Your Own Garden was busy and fun in 2013. Shareholder efforts to pick out there were rewarded with a steady supply of bouquets and choice edibles. June rains contributed to three diagnosable fungal diseases in our strawberries, with significant losses. We tilled under an unsalvageable planting that we had hoped to keep for 2014, and instead trialed a new-to-us fall planting method. Fingers crossed as we continue to experiment with better options for organic strawberries. Snap peas were finally a success, with plenty to harvest over a several week season. Snow peas were not successful though, as we realized at harvest time that the seed was not true-to-type, and what we ended up with wasn't particularly edible. High Mowing Seeds in Vermont, our supplier, quickly confirmed this. Herbs were successful last year, with plenty of the regulars. The raised beds by our barn were a hit, with more for the farmers still to learn about raised bed growing. We tried out some sage and rosemary inside the greenhouses edges, with good success and more to try in 2014. Basil succumbed early to downy mildew, a fungal disease that varies in its impact from year to year. Flowers were nice, including a few good rounds of sunflowers. Green beans were a mixed bag, good for the first three plantings, but with Mexican bean beetle control inadequate in the second half of the season.

Crop production outlook for 2014: *We'll spend some winter time studying, talking, and looking for ways to improve. A handful of our 2013 trial efforts were keepers, and we look ever forward to the*

*opportunity of a new season to build on what we've learned. **In the field crops for 2014**, we'll tweak the fertility plan for a number of crops, including winter squash and potatoes. For potatoes, we may try an additional application of stylet oil, to control for potato leafhoppers and hopefully increase yields. Possibly more fall broccoli in the mix, and maybe another attempt at cauliflower. Celery production warrants some investigation, as does our continued quest for reliable spinach germination and control of bottom rot in head lettuce. We'll continue to learn in our tomato hoop houses, with a wealth of information available from more experienced New England growers. We'll plan for a field planting of much-requested paste/sauce tomatoes. Sadly, we'll likely drop storage onions – a consistent crop failure for us – from our crop plan, with increases in the scallion and leek crops, and perhaps more trials of summer/fresh onions. We're working to shift our contract growing from potatoes and winter squash – undependable producers for us – toward fall carrots and sweet potatoes, which have regularly grown well on this sandy ground. **In the PYO**, we'll work with the new strawberry production system, hopeful that it is a method that circumvents disease troubles. Of course, it's much more costly than our old system, so we hope it's great! We want to succeed at getting around the bean beetles, to have a longer season of prolific green beans, so we're researching that now. We're always trying to improve the much-loved herb gardens, a real work in progress. We're hoping to establish a rhubarb patch this season, though harvest will be a few years out.*

Soil Stewardship

The farm is comprised of 71 acres: 2.5 acres where the farmstead and buildings sit, 45 acres of open crop land, and the rest a mix of woodland, drainage, and wood side clearing. The farm is intersected by a meandering creek that runs off the hillsides to our northeast and down to the Connecticut River half a mile away. Several ravines divide our three fields. We draw our irrigation water from shallow wells that tap into the high water table. Historically this land has been a dairy farm, going back several generations to the farmhouse construction circa 1865. We transitioned the farm to certified organic produce production, beginning in 2006, with USDA organic certification in 2008 and maintained through the present. Picadilly soils are light sandy loam, characterized as the “Agawam” type on government soils maps, with one section of “Ninegret” near the marsh, and several sections of “Windsor” loamy sand fingering through our high spots. These prime agricultural soils are above the floodplain, and are virtually free of stones.

Sandy soils can play many ways. They are obviously well-drained, enabling us to work the soil more quickly after a big rain or after a long stretch of wet weather – a benefit for our intricate cropping schedule. They are prone to drought, so a few hot days will quickly dry out the top inches of soil. 2013 was a relatively easy irrigation season, with intermittent use in May, July and September. Just as water runs quickly through sandy soils, so do soil nutrients. Soil organic matter measured in our fields is low, between 2 and 3%, and has been relatively unaffected by our efforts to increase that.

We have learned much in seven years about how to maintain healthy soil, in order to grow healthy plants. It turns out that the soil would do fine, better even, without our continuous meddling and manipulation through plowing and cultivating! So our task becomes one of minimizing the damage of soil disruption, and importing resources via amendments, sun, water, and seeds. We are refining our general efforts in amending the soil with a broad spectrum of beneficial nutrients and organisms, to now include increasingly specific and well-timed applications. We're looking more carefully at specific crop wants. We deliver those needs ever more precisely via broadcast spreading over complete areas before planting, drop-spreading on top of existing crop beds, spraying crop foliage with the tractor boom sprayer, and feeding via the drip irrigation lines placed under plastic mulch.

Cover-cropping continues to be a major player in fueling our system with carbonaceous organic matter, creating good conditions for soil biology to flourish. Many New England farmers, ourselves included, will follow the fall harvests by planting down the fields in winter rye, an over-wintering grass that can hold remaining nutrients and maintain a healthy biome better than bare ground and dead crop residues could. Legume cover crops capture nitrogen from the air, and so we turn these into the soil during the season, making the nitrogen and other nutrients available for the cash crop growth. In the spring of 2013, we tilled in a strong stand of an Austrian Winter Pea and Triticale combo, in turn feeding sweet potatoes and mixed summer plantings. Fall broccoli, rutabagas, turnips, and cabbage followed a spring planting of oats and bell beans. The honey bees foraged on 5 acres of buckwheat blossoms mid-summer. And we seeded seven acres of oats for straw mulch (harvested by our neighbor Sam at Manning Hill Farm) for tomatoes, peppers, strawberries and garlic.

Picadilly Farm continues a contract with the Natural Resource Conservation Service, in which NRCS shared costs with us to implement good stewardship practices on the farm. In the fall we worked with Becky and Jay at Hinsdale Gravel Company, to install NRCS designs for a rock-lined chute, intended to carry water off a portion of our fields and down into the drainage.

Soil Stewardship Outlook for 2014: We'll continue to appreciate the gift of this good land. Maintaining and improving healthy soil takes time and ongoing attention. As we've become more successful at managing what we can control (planting schedules, weeding, watering, and crew), we're looking more closely at what we cannot affect as easily – soil life. We're focusing on soil life, especially considering the complex fungal life that is particularly fragile in our sandy soils. We may change some details of the crop rotation starting in 2014, recognizing that our sandiest field areas may not be improvable (economically), or may be best devoted to just a few tolerant crops. We'll complete the NRCS erosion control project by planting an erosion buffer of riparian shrubs around the new construction, connecting it to our marsh via a grassed waterway, and installing three cement crossings where the waterway intersects farm roads. We'll hope to see fewer erosion gullies following heavy rain events and during snow melt.

Infrastructure and Equipment

Picadilly Farm infrastructure and equipment are currently in fine shape, and decently maintained. 2013 equipment purchases included a new Mitsubishi box truck with a used refrigeration box, a used 2009 GMC pickup truck for road use, and a tractor-mounted flame weeder. The box truck was purchased with a five year, very low interest rate loan, while the other items were purchases from the operating budget. Both vehicles quickly proved to be good improvements, with refrigerated storage on the box truck and increased reliability with both trucks. The flame weeder looks to be a good tool for us, though it arrived too late in the season for significant use.

The farmhouse, barns, and hoopouses serve our variety of uses well. The biggest facelift occurred in the crew break room, where we re-surfaced much of the walls and ceiling with FRP fiberglass panels, set up more crew storage, and re-finished the connecting breezeway with shelves and fresh paint. The tractor barn got fresh stain in the spring. Tim from Toussaint Electric improved the lighting in the tractor barn and in our shareholder distribution area. Our crew house at 117 South Parrish Road, and the crew trailer home at 326 South Parrish Road, continued to serve crew housing needs with no significant alterations.

As part of our continuing quest for good water flow around the farm, we bored out a new well down in the hollow past the Pick Your Own field, with Albert's help. We hired Cushing and Sons, and

Toussaint Electric, to connect the source to the greenhouse hydrants and the field irrigation hydrants. The water supply served the greenhouses well, but seemed insufficient to supply the field demands -- more to figure out in 2014.

Infrastructure & equipment priorities for 2014: *We'll focus on the wash barn and distribution barn areas this year. We have several things in mind: getting a jump on changes to our wash barn that will be necessary under the soon-to-be-finalized regulations of the Food Safety Modernization Act; creating a CSA distribution space that is a little bigger, with a separate entrance from the wash barn; building safe access to our barn storage lofts; and creating a space that is more energy efficient than the heated greenhouse for curing and holding sweet potatoes in the fall. This year may allow for stage one: taking down an interior barn wall, removing uneven floor materials and pouring new cement. Otherwise, we'll keep up with regular farm maintenance, but do not plan to embark on any additional equipment or infrastructure projects.*

Animal Production

For 2013, the Picadilly animal roster included another round of six pigs, two hives of honey bees, and our three well-loved barn cats, plus pet bunnies and ducks for the family. We discontinued the egg production as planned, passing the infrastructure for the laying hens on to Olivia Pettengill at Wingate Farm on Route 63, to our southwestern corner. Her eggs were for available as a weekly share for shareholders in eastern Massachusetts, and usually for sale during the on-farm CSA distribution.

Our pigs arrived in early June, as eight-week-old piglets from Look Farm in Marlboro, VT. They were "mutts," blending Landrace, Yorkshire, and Berkshire breeds. They feasted on an abundance of produce scraps from our wash barn, with supplemental organic grain every day. Shareholders often walked out to the porcine corner to visit them, and children often stepped into the pen to frolic with and pet the pigs. In November our neighbor, Sam from Manning Hill Farm, trailered the pigs to Adams Farm slaughterhouse in Athol, MA. All of the pork was sold by the half or quarter animal, mostly to returning buyers. The price of \$4.75 per pound of the animals' hanging weight was the same as in 2012. Breaking down operating expenses and income, the farm earned an acceptable return raising pigs, comparable to our vegetable production.

Brendan Taaffe continued keeping honey bees at the farm. In the spring we began with two new hives in the neighbor's field across South Parrish Road. The new site is further from people and tractor disturbance, and offers a better windbreak plus good southern exposure for the hives.

Animal production outlook for 2014: *We plan to continue with six pigs and the bees. We're happy with our choice to discontinue with laying hens. We might just try our hand at raising a few turkeys, too, just to see how that fits within a Picadilly Farm season.*

Labor

Picadilly Farm employed 30 people last season, who put in a combined 16,500 hours on the farm. Five employees lived in the two farm crew houses, while the rest lived locally.

Susie Parke-Sutherland just finished six seasons on the farm. Following her graduation from Smith College in 2007, she farmed in Vermont for a season, then apprenticed at Picadilly in 2008. She spent a year exploring farms in Hawaii and California, before returning to Picadilly as our first Assistant Manager. Over five years in that role, Susie has seen and done it all here. One of the best things about spending so many hours a day with Susie is her contagious enthusiasm. She is game for everything,

good to everyone, and a serious hard worker with serious skills. We already miss Susie at the farm, though we are now lucky to be farming neighbors as she starts up her new farm venture at Wingate Farm close by.

The full season crew consisted of veterans Antonio Mendez, Iver Mendez, Alejandro Perez, Jose Garcia and Allegra Halverson. They were joined by three new crew members: Jeffrey Woodin, Sarah Loomis, and Elliot Kent. Elliot did a beautiful job painting the tractor barn in April, but shortly decided the farm work wasn't a good fit for him. The remaining seven did the bulk of the planting with Bruce, Jenny and Susie, from greenhouse to field, and harvested six days a week from June through Thanksgiving. Full-season Picadilly employees receive a competitive hourly wage, plus farm produce, sick pay, and annual pay raise, with the possibility of season-end bonuses and year-round housing.

We consolidated our weeding efforts into a four-morning-a-week weeding posse, led by Olivia Pettengill. She led a group of up to a dozen folks through fast-paced and thorough hand weeding and hoeing of all of our crops. This group also pitched in with some harvest help for a few weeks in June, while one of our regular harvesters recovered from a lettuce-harvesting cut that required twelve stitches! The consolidation of our weeders under one leader was a great success, with the best weed control on the farm ever. Thanks to all of the 2013 weeders, including: Haley, Jordan, Jason, Brian, James, Marc, Caleb, Jacob, Hannah, Nick, Christine, Shawn, Karl and Amy. We're likely to see some of them back this season.

Several steady volunteers brought a real boost to our crowd. Ethan from Brattleboro joined the weeders several days a week through the summer, gaining experience in his horticultural interests. Gabe Kurzman from Northfield, taking a semester off from college, made himself useful this fall, bagging countless bags of carrots and making friends with everyone. And farm neighbor Ken Nielson often showed up at key moments to help out with anything needed – animal care, general clean up or row cover repair. Our thanks to Ethan, Gabe and Ken for pitching in!

Distributing the farm food required the effort of many employees and volunteers. Harold Bigelow, Joe Hoye and Sarah Loomis all staffed the CSA pick-ups at the farm. Jeffrey Woodin most often did the Keene deliveries, and Doug McCarthy returned for another season of orchestrating the complicated eastern Massachusetts share deliveries. Locally, shareholders Lindel Hart, Lisa Bass, and Lucinda McGovern all volunteered their time and spaces to bringing shares to Greenfield MA, and Brattleboro VT. In eastern MA, more than a dozen site hosts worked with us to keep produce distribution smooth for nearly 400 shareholders – thanks to Jane, Julie, Peter & Deb, Sarah & Tom, Andy, Meryl, Jason & Gena, Cheryl, Jocelyn, Flava, Eileen and Shun, Archie & Adrienne, and Zoe.

Every farm needs its grease monkeys! Father-son dynamic duo Patrick and PR Woods kept our fleet going and going, helping out at a moment's notice (and usually at dinner time). Every farm also needs its money-minder – we're grateful to our neighbor, Eugenia, who helped Jenny tally the books every month. And every farm needs a deep well of wisdom. Albert Hudson, who farmed here for the four decades before us, let us tap his brain now and again, offering astute advice, and whatever additional help he could, just when we needed it most.

Given the size and diversity of our farm crew, we decided to improve our employee and safety training program last year. Last winter, we put careful attention into crafting Safety and Employee Handbooks, and created a worthwhile orientation and safety training program. Under New Hampshire law, we were required to have an employee-run safety committee. Our committee, consisting in 2013 of Susie,

Allegra, Jose, Harold and Jenny, met quarterly and made many suggestions and improvements for safety and good interpersonal relationships on the farm.

Labor outlook for 2014: *Allegra Halverson is taking on the position of Assistant Manager this season. After two seasons on our field crew, as well as a number of seasons farming on her own both locally and on farms in Canada and Belize, Allegra is psyched to be taking on a new challenge. Her partner, Alex, will join us on the full season crew, as will returning crew Antonio and Iver Mendez. Adelina Reyes, Picadilly Farm crew '08-'12, may re-join us this year as well. The rest of the full season crew has been hired, a really experienced bunch including Heather Wodehouse from Montreal, Keith Zehr from Indiana, and Willie Nesson from Maine. Harold Bigelow will move from the CSA shop to the tractor shop, filling a new role as our Field and Equipment Technician. Harold has been helping on this farmland for decades, so we are excited to have his skill and depth on our squad. Our new weeder crew leader, Anna Elbon, is a good friend of Allegra's from Montreal. We expect to continue our work with Doug, Joe, Patrick & PR, Eugenia, Albert, our distribution volunteers, and a handful of returning weeders. We are still hiring a CSA distribution shopkeeper and a once-a-week barn cleaner.*

Sales

Picadilly Farm is well established as a Community Supported Agriculture farm. We've also continued to maintain a wholesale and "contract growing" presence. Eight years since groundbreaking, the size and scope of the farm's sales are relatively stable, and we are able to sell everything we can produce.

In 2013, we offered our CSA shares through multiple established streams:

- Local shares
- Pre-boxed December shares to extend the season, at the farm and in Keene
- Pre-boxed shares delivered to eastern Massachusetts
- Collaborative shares with Waltham Fields Community Farm, in Waltham MA
- Extended season shares for Sunrise Farm CSA in White River Junction VT
- Partnership in Shared Harvest CSA for winter shares to Arlington and Canton MA

Locally, Picadilly Farm CSA grew to 301 shareholders, up from 275 in 2012. Most folks picked up at the farm. We delivered 40+ shares to off-farm pick-up sites in Keene, at Cheshire Medical Center and Keene State College. Two shareholder volunteers also delivered a handful of shares to Brattleboro and Greenfield each week. About 80% of local shareholders were Full Season participants (25 weeks), while the rest were Summer Season shareholders (12 weeks). Our shareholder retention rate from 2012 was good, just under 90%. The Mix-and-Match distribution style on the farm continued to be successful and well-liked.

Our eastern Massachusetts CSA "sold out" in 2013! We delivered 400 pre-packed shares to pick-up sites in nine eastern Massachusetts towns. Twelve of the sites were at shareholder homes and one was in an office building. About 65% percent of the 2012 shareholders renewed for 2013, which is our average renewal rate for these shares in a competitive marketplace. These Tuesday and Thursday deliveries went off smoothly, except in Newton, where a neighborhood complaint caused us to shift locations part way through, to a staffed tent in a grocery store parking lot. A number of shareholders traveled out to the farm over the course of the season, to visit and enjoy the Pick Your Own garden. Eastern MA shareholders had the opportunity to receive surplus crops, including tomatoes, eggplant, and hot peppers. Egg Shares, provided by Wingate Farm, were also sold out.

Collaboration with Waltham Fields Community Farm (MA) again went well, building on the relationship we've had with this special place ever since Jenny worked there fifteen years ago. Picadilly has been growing the winter squash and potatoes for their 500-share urban CSA for the past six years. For the third season now, Picadilly also grew 100 regular season shares for WFCF.

Picadilly offered 90 extended season December shares for local shareholders, with pick-ups at the farm and at The Works Café in Keene. Bruce's brother, Chuck, at Sunrise Farm in White River Junction, VT, again offered Picadilly produce to extend his own farm season into November and December, for about 30 of his regular season shareholders.

Our growing for the Shared Harvest CSA continued in 2013. Shared Harvest is a multi-farm CSA that serves shareholders in, or near, Arlington and Canton, MA, from October through February. Our organizer, Jane Hammer from Arlington, is an old friend and brings together a number of growers and value-added producers, to create a very nice monthly share of local food. Picadilly again contributed about half of the organic vegetables, with our friends at Riverland Farm in Sunderland, MA, contributing the other half. The mechanics of our collaboration went smoothly and Jane did an excellent job pulling the details together. Share sale goals fell somewhat short of projections, which in hindsight were just too ambitious given the competitive and shifting winter market in eastern Massachusetts right now.

We were only able to deliver on a portion of our growing contracts this season, due to crop losses in our potatoes and winter squash. These contract relationships have been ongoing over a number of years and include: Waltham Fields Community Farm (potatoes and winter squash); Clark Farm, Carlisle MA (potatoes, winter squash, sweet potatoes); Green Meadows Farm, Beverly MA (potatoes, winter squash, sweet potatoes); Appleton Farms, Ipswich MA (sweet potatoes); Boston Organics (sweet potatoes); Tracie's Community Farm, Fitzwilliam NH (potatoes, sweet potatoes); and Hillside Springs Farm, Westmoreland NH (sweet potatoes). We delivered incomplete orders to Waltham Fields (who accepted other crops in place of the spuds and squash!), Clark Farm, and Green Meadows Farm, with lost income reflected in the season's bottom line.

Though wholesale sales have not been the central part of our mission, we got our feet wetter with the new Monadnock Food Coop in Keene, and it worked out well. We spent time last winter establishing prices and projecting volume with the produce buyers at MFC, and built a smooth relationship over the course of the season. We made two weekly produce deliveries, from a select group of crops that we can grow profitably. Though the income represented just about 3% of our gross earnings, we enjoyed having our produce reach a broader local audience. And because we were already creating a wholesale list every Monday, we offered produce to a few other wholesale buyers along our regular routes. Buyers included: Greenfields Market Co-op, Brattleboro Food Co-op, Blueberry Fields and Monadnock Menus in Keene.

Sales outlook for 2014: *We're continuing ahead with our shares sales, hoping to match 2013 share numbers. We'd be happy to expand local share numbers slightly. Prices will remain the same. We are working to shift our contract growing from potatoes and winter squash – unreliable producers for us – toward fall carrots and sweet potatoes, which have regularly grown well on this sandy ground. At this point, we are more confident about production than sales, so we're reaching out to potential buyers this winter.*

Financial Summary

Financially, Picadilly Farm is stable, and 2013 was relatively uneventful. Income fell slightly short of budget due to losses in potatoes and winter squash, while expenses came in a bit high. Because we operate as a CSA farm, we are able to maintain a positive cash flow throughout the year, in spite of our seasonal production. Our shareholders are increasingly willing to sign up and pay for shares in the winter and early spring. We had virtually complete payment on shares and invoices in 2013. The business maintains a modest cash reserve, as a rainy day/emergency fund.

The expense breakdown remains relatively stable. Insurance and tax expenses are going up at a slightly faster rate than growing supplies and utilities. We are finding more ways to economize on supplies by bulk and pre-purchasing. Labor costs remain by far the most significant expenses of the farm. More than two-thirds of every dollar spent on Picadilly produce goes directly toward the livelihood of one of us working here. Our family's income from the business decreased slightly in 2013, as we were unable to fulfill all of our advance contracts of winter squash and potatoes.

Picadilly Farm owes three lenders. The business has a 20-year mortgage of \$65K on the farm crew house with Greenfield Co-Operative Bank, purchased in 2009, which is paid from the regular operating budget. In 2013, we financed a new delivery truck at 1% interest, with \$43K outstanding to be paid over four years from the regular operating budget. Finally, to start the business in 2006, we gathered up about \$250,000 in resources, from our own savings and from several private lenders. One remaining loan of \$100,000, interest-free from a friend, is still outstanding. It was our goal to pay off the original start-up loans within the first ten years of operating. But we were unable to make a payment in 2013, and it is unlikely that we will succeed in paying off the farm start-up debt by 2016.

Jenny and Bruce own the farm personally, and Picadilly Farm LLC rents the land and barns from us. Our mortgages are held by the Farm Service Agency (US Department of Agriculture) and by the previous farmer owners.

A summary of the 2013 income and expense report, as well as our budget for 2014, follows below.

	2013 projections		2013 actual		2014 projections	
Income						
Animal product sales	\$9,700	2%	\$11,700	2%	\$6,000	1%
CSA shares, on farm	\$143,000	23%	\$148,000	24%	\$153,000	26%
CSA shares, off farm	\$341,700	56%	\$325,000	54%	\$330,000	56%
Contract growing	\$57,500	9%	\$52,000	9%	\$65,000	11%
Wholesale & shop sales	\$38,000	6%	\$49,000	8%	\$37,000	6%
NRCS Program payments	\$21,340	3%	\$21,340	4%	\$0	0%
Total Income:	\$611,240	100%	\$607,040	100%	\$591,000	100%
Operating Expenses						
Animal production	\$7,500	2%	\$8,400	2%	\$5,000	1%
Payroll (owners excluded)	\$210,000	43%	\$215,500	44%	\$227,000	47%
Admin, Insurance, Certifications	\$22,850	5%	\$24,500	5%	\$27,400	6%

Marketing & events	\$4,000	1%	\$4,200	1%	\$2,100	0%
Purchase for resale	\$5,000	1%	\$5,000	1%	\$4,500	1%
NH taxes	\$3,000	1%	\$2,800	1%	\$2,800	1%
Growing expenses	\$77,500	16%	\$84,700	17%	\$71,000	15%
Repair & maintenance	\$25,000	5%	\$26,000	5%	\$22,000	5%
Fuel and oil	\$17,350	4%	\$15,500	3%	\$14,100	3%
Utilities	\$13,500	3%	\$15,000	3%	\$14,900	3%
Farm rent	\$18,000	4%	\$18,000	4%	\$18,000	4%
Crew house mortgage & taxes	\$10,400	2%	\$11,000	2%	\$11,000	2%
Box truck loan repayment	\$0	0%	\$7,000	1%	\$10,440	2%
Start-up loan repayment	\$10,000	2%	\$0	0%	\$20,000	4%
Capital Expenses						
Infrastructure & Equipment	\$39,000	8%	\$27,000	6%	\$28,000	6%
NRCS Program expenses	\$21,340	4%	\$21,340	4%	\$3,000	1%
Business Expenses, pre-tax:	\$484,440		\$485,940		\$481,240	
Surplus:	\$126,800	26%	\$121,100	25%	\$109,760	23%

Financial Outlook for 2014: The theme for 2014 will be “hold steady”, with a frugal approach to day-to-day spending, as we would very much like to pay down the business debts in good time. We’ll have our eyes focused the profit possibility of growing more carrots and sweet potatoes for contracted buyers and wholesale.

Community

Our Picadilly community is strong and growing. The heart of this farm community continues to consist of our shareholders and farm crew. Many shareholders have been involved since year one, and our high renewal rates reflect a wonderful cadre of supporters who we count on as they count on us, and with whom we enjoy developing friendships. A favorite 2013 experience for us came during an unexpected frost warning in early September. Midday, we emailed shareholders for much-needed help with frost protection, on a weekday no less, and more than a dozen people pitched in before sundown! The farm crew is a formidable team of employees and crew alums, knit together by the common experience of working this land. The farm community is also a network of professionals in our local economy, assisting with farming advice, construction, accounting, supplies and tech support.

Over the course of the season, various groups came to tour the farm, and to volunteer in the fields. In April, we hosted students from the Farm School, in Athol MA, for an annual educational tour. Northfield Mount Hermon School sent over several volunteer groups, and Jenny participated as a classroom speaker during their spring Farm Day. In late July, a volunteer group from TheMove in Boston stayed at the farm for a weekend, working and learning, and cooking sublime food. We

participated in the Health and Wellness Fairs in Winchester and Hinsdale, and held our annual farm open house in May.

Our favorite event of the season was the Strawberry Concert, featuring music by the Family Folk Chorale of Arlington, MA. They returned for the fourth time, regaling shareholders and neighbors with favorite folksy songs. The event was open to the public, and drew shareholders and neighbors out to enjoy the farm. The sun was shining, even though the strawberries in the field were soggy (and we had to serve our shortbread with berries picked at another farm!)

In Eastern Massachusetts, we wrapped up the season with an October shareholder potluck and lacto-fermentation workshop in Lexington, organized by Jane Hammer. The event featured some great live music by Paul, Chris, and Quinn, and a thoughtful Q&A discourse with Jenny and Bruce.

Surplus farm produce was donated to the Winchester Food Pantry on Tuesdays, where dozens of households were served each week. Their careful volunteers picked up farm produce and returned clean crates to the farm every week. The pantry does an excellent job of offering clients cooking tips for using the fresh produce. With the re-opening of the Northfield Food Pantry last year, we hope to re-connect with them to offer surplus produce to others in our community who are food insecure.

Picadilly Farm was named a 2013 Farm of Distinction by the New Hampshire Department of Agriculture. Picadilly Farm was also awarded the 2013 Young Farmer Award (we're still young!) by the New Hampshire State Grange Association. We received the award in December during a local chapter meeting hosted by Jim Tetrault from Winchester, and NH state representatives Tara Sad from Walpole and Bob Haefner from the NH House and Environment Committee.

We are once again grateful for a successful Picadilly year. Through farm work we push ourselves to overcome the challenges, celebrate the good, embrace the weather, and to marry our fortune to an honest livelihood. The farm is our compass, with points true toward earth, stewardship, community, and health. Thank you for doing this good work with us!

Warmly,

Jenny & Bruce Wooster
Picadilly farmers