

BIDS
55
No. 369
pp. 2

PROFIT

PLANNING RECREATION OPPORTUNITIES FOR INCOME AND TOURISM

The Farm as a Vacation Business



Special Report 369
October 1972

TABLE OF CONTENTS

Definitions	1
A New Idea?	2
Benefits and Income Potential	4
Economic Analysis	6
Basic Requirements	8
Facilities	10
Caution on Over Investment	12
Rules and Regulations	14
Farm Size	14
Location - Meals - Entertainment	15
Rates To Charge	16
Promotion and Advertising	19
Vacation Farm Associations	20
Conclusions	21
Worksheets	23
Bibliography	

Foreword

This publication is designed largely for the landowner, farmer or rancher who is considering an alternative use of his land -- recreation as a business.

Judging from the number of requests we receive for information, the vacation farm is being considered by many as a new enterprise and a new source of income. The vacation farm can earn profits, like any business, or it can fail. They have the problems and opportunities similar to other businesses. This publication is intended to help you recognize certain factors that will contribute to success or failure. We hope that it will also help you decide if this particular recreation enterprise is a desirable business for you and your family.

In this publication on vacation farms, the authors intend to focus on questions about the feasibility of starting a vacation farm and how one actually commences such an enterprise. We shall include basic questions farmers need to ask themselves before investing, information about the season and the clientele, comments on promotion programs, rules for guests and managers, caution on capital investment, and information about fees and income.

If, after reading this publication, you need additional assistance, contact your County Extension Agent. Assistance is also available from sources such as the Soil Conservation Service, Farmers Home Administration, Forest Service, Agricultural Stabilization and Conservation Service, State Highway Division, and the State Game Commission.

Robert L. Wilder
State Extension Specialist
Recreation Resources

Stanley Miles
Extension Economist
Manpower Development

Richard Wandschneider
Manpower Development
Specialist

THE FARM AS A VACATION BUSINESS

Oregon has proved to be a vacation wonderland, and many resourceful developers have discovered ways that they can make a living or derive supplemental income from the vacationist. The "vacation farm" may be one of these income-producing recreation opportunities that means fun and funds.

Before we go too far, perhaps a definition is in order as definitions used by the recreation trade and by the general public seem to vary widely. So we ask, "What are vacation farms?".

Too often the term is used to describe little more than "rural recreation facilities" which we hasten to define as places where one or more types of outdoor recreation facilities are provided in a rural or non-urban setting. These type of facilities may have many similarities to the vacation farm but in a true sense are not the same. For example, we can easily list four types of these enterprises that are similar but differ in their locations and in their emphasis on specific enterprises.

1. The working ranch is characterized by extensive, rather than intensive, use of large land areas. Livestock production generally is the major source of income. Opportunities for outdoor recreation are inherent.
2. The dude ranch may be a working ranch that takes guests, or it may be organized for the guest business and have only enough horses for riding and just enough livestock to provide local color.

3. The working farm may be a general farm or may concentrate on livestock, livestock products, field crops, specialty crops, or may be an orchard or tree farm. Paying guests may be accepted, but the primary enterprise is farming. Each working farm provides somewhat different opportunities for outdoor recreation.
4. The guest farm usually produces livestock, livestock products, or crops, but the guest enterprise is more important.

* A moment ago we asked the question, "What are vacation farms?". We consider them to be working farms and guest farms, as we have defined them. Or simply stated, a "vacation farm" is a privately owned farm that has been partially or fully converted into a farm that provides sleeping and eating accommodations and a program of activities for paying guests.

Although the author intends to confine his comments to the vacation farms, most of the information will apply almost as well to ranches and dude ranches.

A New Idea

The first reaction by many is that this "vacation farm" concept is a new idea, but it isn't. For generations farmers have been hosts to friends and relatives who love to come back to the farm -- often by the car load. Now vacationers are saying the same thing; they want to return to a farm or rural setting for many reasons.....and they are willing to pay for the opportunity. Other states have taken to the idea of vacation farms and are doing well; some even have state or county vacation farm associations.

Because of increasing demands for recreation, the pressures of modern-day urban living, and desire for a new recreation experience and the memory of "Grandpa's" farm, the city dweller is encouraged to turn to the "vacation farm". Here the atmosphere is casual, outdoor, inexpensive, relaxed, healthy, and friendly. It's a chance for the family to get together. It's fascinating for the youngsters and a happy change of pace for the adults. It's a new way to see Oregon, or better yet, America.

"Our hosts become genuine friends," writes one farm vacationer, "and we'll always be thankful for their wonderful hospitality and down-to-earth goodness. The whole experience was enlightening for the children, important to us as a family unit, and priceless in a way that it let us all regroup our spirits after a long season in the rat race of suburbia."

To the vacationists there are some disadvantages. For example, "Our family of four gained a total of 22 pounds. Now we have to diet." ... "The hard part was saying good-bye. All the children were in tears. Now we have a new problem - how to install a hayloft over our city garage." ... "The biggest disadvantage is that this idea is bound to get too popular!"

A dairy operator was reported as saying, "Our guest rooms bring in about \$2,000 a year extra, and half of that is profit." He stated, "It helps because it's hard for us to get away. There is no such thing as a cowsitter. So we bring the people to us, and I've sure learned a lot from our guests."

Benefits

If you're looking for a recreation enterprise that is easy to get into and often very inexpensive to start, the vacation farm may well be the answer. It can also be very rewarding, not only financially but educationally and spiritually. As one farmer said, "All of our guests have been very nice and we feel that we are lucky to be able to sit in our own back yard and travel, as it were, into the homes, businesses and factories, and even foreign lands of our guests. Our teenagers have invitations to spend the holidays with some of our guests in New York City.....We do not put ourselves out to do a lot of extra things for our guests. Mostly they like us just to be friendly and ordinary."

Another benefit which is often overlooked is that a vacation farm can be the starting point for a more specialized type of recreation such as a riding stable, youth camp, and numerous other categories.

Income Potential

Closely related to the benefits listed previously are the financial rewards. Indications are that no one is going to get rich; yet some farmers can do quite well for a season's work.

Gross income from farm vacation business, of course, depends upon the number of visitors, the length of their stay, and the fees charged. Business is almost invariably light the first year; hence the income usually is small. But by the third year, the farm family that is going to succeed in this business generally has built a following of guests.

In one New England study, yearly gross income from guests at one well-established vacation farm has varied from \$800 to nearly \$4,000. At another place where skiers kept the house filled on winter weekends, annual gross income is usually around \$3,000.

Other studies showed that families with three spare rooms have expanded their annual gross income from \$300 the first year to \$3,000 or more in four years with the same three bedrooms. A survey of FHA borrowers in the vacation farm business showed an average of net income of \$1,073. Most of these were for the first year. The highest was \$4,123.

Unfortunately, few families kept adequate records of expenditures, and even those whose records are fairly good often failed to include many of their expenses. For example, the family's time frequently is completely ignored in their accounts. Not many businesses can ignore the cost of labor and stay in business; many farm families raise vegetables, fruits, eggs, and other products fed to guests, yet do not consider these as enterprise costs.

A word of caution is in order for the perspective vacation farm operator. Many operators have been rather casual in calculating the net income of their vacation farm enterprise. A number of families are assuming that one-half of the gross income is really meaningful and can be considered as their net return of their investment. Their net, as many people are calculating it, actually is merely the difference between recognized cash costs and gross returns. It does not take into account returns for family labor, use of capital, and other cash and non-cash costs. Farm vacation operators need to be careful in setting up

account systems that will be both usable and useful. They might find that they still had no better alternative uses for their labor and other resources, but knowledge of the true situation might affect the decisions made about vacation farming as a business.

Economic Analysis

Before getting involved in this type of an enterprise (or any enterprise), it would be advisable to do some budgeting to see if there is a potential to make enough of a return to make the venture worthwhile. While future returns and expenses cannot be predicted with 100 percent accuracy, budgeting can be done which will give a fairly good estimate of the financial picture for this enterprise.

The worksheets found in the back of this publication are designed as budgeting aids. Pages 23 and 24 are filled out on a hypothetical vacation farm business. Pages 25 and 26 are left blank for you to use in analyzing the potential of this type of enterprise on your farm or ranch.

The hypothetical operation (pages 23 and 24) is based on the assumption of a ranch with a large, old house having about 5 rooms upstairs that are no longer used by the family. The rancher is interested in people and wants to expand his income by adding another enterprise. The ranch is a cow-calf operation with grazing land, pastures, and some hay land. The ranch has horses, mountains near-by, and a fairly good trout stream.

The first page of the budget (page 23) shows, on the upper part of the page, the "initial investments" that need to be made before the ranch is ready for guests. The major investment is a new bathroom that

needs to be installed in the upstairs of the house. The other items consist of needed pieces of furniture for the bedrooms, paint for the upstairs area, a new dishwasher, and some miscellaneous items. The bath is depreciated on a 15-year basis and the other items at 8 years, to give an annual expense of \$135.00. The "seasonal" expenses are then listed and total \$225.00. While the depreciation and seasonal expenses are expected to remain constant, the "operating expenses" will vary directly with the number of guests during the vacation season. For budgeting purposes, 8 guests per week (4 adults and 4 children) for 5 weeks is expected to be an average season. Food is the major operating expense and is estimated to cost \$17.50/week/guest. Totaling the operating expenses for the 5 week season gives \$805.00.

The second page of the budget (page 24) is for calculating the income and making the final analysis on the basis of an average season, a poor season, and a good season. Making calculations in this way will indicate a range of net returns which might occur depending on the type of season experienced.

The guest fees have been calculated at \$60/week for adults and \$40 per week for children. Totaling these figures gives a range in gross income from \$1,200 in a poor season to \$2,800 in a good season.

The depreciation and seasonal expenses are then transferred from the first page. The operating expenses are also entered and of course depend on the number of guests. The "net return (to family labor)" comes out at \$805 for an average season, \$327 for a poor season, and \$1,283 for a good season. The break even number of guests (using the formula in footnote 5/) in this example figures out to be 13 guests. Or,

any more than 13 guests would give a positive return to family labor.

If you are interested in a vacation farm enterprise, use the blank worksheets and the procedure outlined above to help you make a decision.

Basic Requirements

Before we can talk about setting rates for a vacation farm, we must consider some of the basic requirements necessary to a successful enterprise.

Many farms and ranches have the requirements of a vacation farm.

These are:

- a. A family that enjoys associating with people and is willing to provide for their comfort and pleasure.
- b. Comfortable living and sleeping accommodations.
- c. Good home-cooked meals.
- d. Ample recreation activities, either on the farm or nearby.
- e. Prices that are reasonable.

The farm family is the most important ingredient in this successful vacation farm operation. The family must be the sort other people like to be around. They must be interested in and willing to talk about and explain the many wonderful and exciting things that take place on a farm, from the farrowing of pigs to the milking of cows to the tilling of soil or whatever is done on the farm. If the farm is highly specialized, other attractions may have to be added to add variety and interest. Any family farm can be a miniature Disneyland to city people

who never saw milk except in bottles, eggs except in cartons, or apples except in tissue paper.

Because of the importance of the farm family to the success of the vacation farm enterprise, the perspective operator should answer some very basic questions.

1. Does each family member really enjoy meeting people?
2. Will the family stand up under the additional work, the long hours, and the mental strain of coping with guests?
3. Will they mind the lack of privacy that is inevitable when guests virtually become members of the family?
4. Will they be irritated by endless questions, or offers to "help" with chores?
5. Is the wife a sufficiently good cook to prepare the needed variety, quantity, and quality of meals?

If the answer to any of the above questions is not favorable, the family should close the cover of this publication and start looking for another type of endeavor to supplement their income for the vacation farm probably isn't the answer.

If the answers to the above questions were favorable, then we can get even more systematic in our evaluation of the vacation farm potential. For example:

1. Are the location and accessibility of the farm good?
2. Is there a variety of on-site and nearby outdoor recreation opportunities (public or private)?
3. Is the general appearance of the farmstead neat and inviting?

4. Is the house large, comfortable, and attractive?
5. Is the water supply ample for the perspective increase in demand?
6. Can water and sewage systems, and kitchen and bathroom facilities, pass state and local health inspections?
7. If improvements are needed, is the family financially able and willing to pay the costs?
8. Is the family willing to invest money for advertising in a gamble to get guests?
9. Does the family fully comprehend that there may be no guests or, at best, only a few the first year or two?
10. Has the family the patience and financial capability to build this business slowly and carefully over several years before it will be of the desired size?
11. Is the family structure or financial position going to change, thus reducing the need or desire for this additional enterprise?

If we haven't discouraged you by now, then this is a very good sign. Only those who are really "sold" on farm vacations as a serious business are likely to be successful.

Facilities

One key facility for the vacation farm seems to be the bathroom. Indoor plumbing is a necessity, and a separate bathroom for the guests is desirable.

A number of variations are found in regard to food and lodging; both hosts and guests vary in their desires.

(a) With the family.

Some of the most popular types of vacation farms seems to be where the guests occupy spare bedrooms in the farm house and eat with the family. Many of the big, solid, old two-story farmhouses are now too large for most present day farm families, especially after the children are gone. These houses are attractive to urban guests. It takes little expense, in many cases, to fix up such houses for guests. Adding an extra bedroom or two is probably the most common need.

In some cases separate cooking facilities have been installed for the guests, where they can cook all or part of their meals although still lodging under the same roof as the farm family.

(b) In separate housing.

The farm may have an extra house or a bunkhouse that is not being used and that can be put in good shape and rented to guests.

As the business grows the farmer may want to build some small cabins, either near the house or along a stream or lake on the farm.

In such cases it would still be possible for the guests to eat with the family. On the other hand, kitchen facilities could be included in the separate housing and guests allowed to do their own cooking.

Old farm machinery, if cleaned up and displayed, can add to the interest of the farm. Old fashioned churns, butter molds, pumps, and wells are other examples.

A handy graveled parking place for the guests' cars is important.

Riding horses or ponies are generally an attraction, especially if there are children in the guest families.

If there isn't a suitable pond or lake on the farm or an accessible swimming facility in the neighborhood, then the farm family may want to build one as soon as the business justifies it. The Soil Conservation Service can be a big help in this matter.

Caution on Over Investment

Some vacation farms are started without any additional investments. It varies widely, depending on a number of factors, such as:

- (a) Existing condition of house.
- (b) How many guests it is desired to plan for, or
- (c) How much in the way of entertainment facilities is desirable to provide.

Generally, the cost of providing the housing, cooking, and recreational activities is not substantially beyond that of the farm and home. This is an enterprise that the farmer can expand as he makes new contacts.

Families starting farm vacation businesses should concentrate first on providing the necessities and making the most of what they have. Some, of course, will need to make only a few small capital expenditures. Improvements made for guests frequently will enhance the family's own enjoyment of their home.

An ample supply of sheets and pillowcases, towels and wash cloths, and an adequate supply of dishes, glassware, and flatware will also be needed.

Buying equipment to save time and energy should also be considered. A good dishwasher, stove with an automatic timing control, a large tank hot water heater, and a refrigerator with a large freezer compartment are among the most needed pieces of equipment.

Guest rooms, living and dining rooms, kitchens, and baths must be neat and bright. Paint for the walls and woodwork is a necessary expenditure, yet costs relatively little compared to others. Beds, sofas, and chairs should be comfortable.

A second bathroom is highly desirable. (If the single bathroom is on the first floor, as it is in many old farmhouses, the installation of another on the second floor is almost a necessity.)

A separate freezer would provide ice cubes and space for goods prepared ahead of time for use on busy days. A good spin-dry washing machine would prevent wrinkles and save ironing time. A mangle would save time in ironing large amounts of table and bed linens. An electric heater to warm up the bathroom on cool days is appreciated by guests. Adequate reading lights in each bedroom are essential.

Other equipment, not necessary but nice to have, includes: hammocks and comfortable folding chairs for the porch and lawn; sandboxes and swings for the children; games to be used on the lawn; inexpensive fishing rods and reels, line, and hooks to lend guests; ponies or docile horses for guests to ride; a barbecue pit, outdoor fireplace, or inexpensive grill for occasional cook-outs; a lake or pond to be used for both fishing and swimming.

Rules and Regulations

Decisions must be made early concerning the daily operation of the enterprise. For certain activities, state and local governments require permits and have a variety of health and safety regulations. These should be checked and complied with. Consideration should be given to liability insurance for protection of the owner against possible damage suits in case of injury of any guests.

Decisions must also be made as to: whether the household help will be hired; whether the linen will be changed daily, etc.; whether guests can help themselves to snacks between meals; and whether guests can be in the kitchen when meals are being prepared or in the barn when the cows are being milked. Rules and procedures must be outlined to guide the guests in their activities around the farm. Where can guests be allowed to go safely? How can children be protected from "attractive nuisances"?

The perspective hosts should consult local officials about licenses and permits needed, local or state taxes to be paid, health standards to be met, and other regulations that might be applicable to the farm vacation business.

Farm Size

This isn't generally a limiting factor. Some advertisements have been observed from farms of less than ten acres. One very busy vacation farm has only 40 acres. Most run larger, however. The 1965 Farm Vacation Guide, for example, lists 47 farms in the state of New York. The smallest is 13 acres; the largest is 2,300 acres.

Although we don't have a great deal of information on vacation farms in Oregon, we assume that the above will hold. The key often is what services are provided, what attractions are on the farm and nearby.

Location

Indications are that most families interested in family vacations come from cities within a day's drive. People will, on occasion, travel a long distance for a farm vacation, but these will not necessarily be the majority of the customers. This seems to be changing somewhat because of longer vacations and greater mobility by the vacation farm user. However, a one day drive "rule of thumb" should continue to be used as an indicator of potential market areas. Publicity should not be limited to this market area - only concentrated on it. Scenic areas seem to be more attractive, but any location where farm activities are going on will be attractive to some people.

Meals

Generally, an important attraction to the vacation farm is the chance to eat home-cooked meals, served family style around a big table. The quality of cooking can be the main attraction and the thing that induces visitors to come back year after year.

Entertainment

For many vacationers, their entertainment is in the novelty of watching or participating in farm activities such as milking, feeding the pigs, haying, harvesting or gardening.

Most families interested in family vacations require very little planned entertainment. Their main desire is to participate in country living -- wandering through the fields and woods, sometimes helping with the farm work, eating home cooked, family style meals. Desires vary with individuals; some vacationers may want more entertainment than others, but most of them are willing to fit in with the farm family's schedule.

If there are community activities such as square dances, county fairs and rodeos, or recreational facilities such as golfing, swimming, fishing and boating available in the area, these may add to the attractiveness of the enterprise.

The farm family should be willing to provide little services for the guests if needed. In fact, they should make an extra effort to let their guests know they want them to have an enjoyable stay.

Rates to Charge

The fees charged for services vary from one farm to another. A perspective host trying to establish fees for his vacation farm has to walk a narrow line between overcharging, which will discourage possible guests, and undercharging, which is the equivalent to losing income. It might help to know the type and range of fees in other areas or states, although these may not be competitive prices for the same services provided in other regions.

In one report on 26 New England working farms, the adult rates for room and board ranged from \$28 to \$60 per week. The majority were between \$40 and \$50 per week. Fees for children (usually for those under

12 years of age) were lower than for adults. Most of the children's rates were from \$25 to \$30.

Information from the Department of Agriculture suggests that in some of the North Atlantic states in New England, and now in the Midwest where the idea seems to really be catching on, rates run from \$50-\$100 per week per adult and \$35-\$75 per week for children, depending on area and facilities. Food costs and other overhead account for approximately half of this.

Rates for cottages, cabins, and apartments, when meals are not provided, seem to be pegged to the highest rate the farmer thinks he can charge and still keep the place occupied. The extremely wide range of charges appears to reflect both the quality of the facility and its accessibility. Using this range of rates as background, each perspective host should then consider the marketability of his farm vacation facility. He should find out whether other vacation farms are nearby; what their fees are; how the quality of their facilities compares with his; and other angles for judgment of the quality of competition for potential customers.

Next, he needs to analyze the services provided and the charges made by non-farm vacation places nearby. Generally, rates on vacation farms need to be appreciably lower than rates at good resorts, hotels, and motels. This is simply an unfortunate fact of life, because few people now have a favorable "image" of farm vacation places. Many urbanites have unfavorable impressions of farm houses and farm facilities. (Reportedly, some perspective guests have been surprised that farmhouses have plumbing!) Until this concept changes, perspective guests probably

will be more inclined to vacation at inexpensive resorts rather than at farms -- unless their rates and services help "sell" farm vacations.

Board and room is usually by the week. This includes living and sleeping quarters for the guests, meals, use of farm facilities for picnics, fishing and swimming in farm ponds, and other activities connected with farm living. Sometimes an extra charge is made for horseback riding or other special services.

Most vacation farm operators do accept customers for weekends, and some accept guests who are going to stay one night...but they encourage longer stays if possible.

The season will vary, depending upon family help, climate, the type of outdoor recreation. In Oregon the season usually runs from June to September, the available time for vacationing for families with school children. Many operators can, however, extend the season where hunting and fishing are attractions, thus making increased use of facilities.

Special attractions also bring guests at other times. For example, people are attracted for autumn weekends when foliage covers the hillsides with bright colors, or for a big rodeo or rock-hounding event, or for weekends and holidays during the winter sports season.

At some farms, guests are accepted for one night, one day, or for the weekend. At others, they are accepted only by the week. The length of "week" varies in the farm vacation business. For example, at farm A it includes lodging for seven nights and twenty meals, while at farm B it covers only lodging for six nights and seventeen meals.

Some farms accept only adults. Children, when accompanied by adults, are welcome at many farms. At a few, unaccompanied children are accepted.

Most farm families like to have several groups in residence at the same time for the variety and self-generated entertainment they provide. A few prefer to concentrate on one group at a time. Much depends on the age and health of the operators and the facilities available.

Promotion and Advertising

The vacation farm operator must have most of the items discussed earlier well thought out and his decisions made before an advertising campaign is begun. Information on many of the points will need to be included in the advertisements.

For the majority of vacation farms, paid advertising is needed for at least the first few years while the business is getting established. Operators of many well-established vacation farms depend primarily on repeat customers to maintain the number of guests at desired levels. A little thoughtfulness at Christmas or on birthdays may be all that is needed to encourage visitors to return.

Some operators utilize only one type of advertising; others use several. Though definitive studies of the "pulling power" of the various forms of advertising and promotion have been made for farm vacations, little is known about the relative merits of various forms of advertising or even of how, where, and when to advertise. What works for one farm quite often does not work for another.

Types of advertising media commonly used include newspapers and magazines, brochures, and directories. Listings with local Chamber of Commerce and tourist groups, roadside signs, mimeographed or printed leaflets, picture postcards, decals for automobile windows, special maps, and stationery are also used.

Advertisements placed on radio and television stations or on posters displayed in public places have proved effective. There is a nationwide directory published by:

Farm Vacations and Holidays, Inc.
36 East 57th Street
New York, New York 10022
Telephone: Eldorado 56334

Remember, this is a business that has a high percentage of repeat customers. The guests must spread the word among their friends if they enjoyed their vacation. Therefore, it might be advantageous to make a special effort in advertising the first few years, with the expectation that this item of expense can be reduced after a reputation has been established.

In some places the farmers have banded together and advertised through an association that promotes the whole area. And in other states certain governmental agencies publish a list of vacation farm enterprises in the state.

Vacation Farm Associations

"The Association helped us to do things that none of us could have done alone."

The above quotation is how one farmer sums up the benefit of Vacation Farm Associations. Owners of vacation farms found that through

county and state associations they could:

- (a) Advertise and promote economically and effectively.
- (b) Pool ideas.
- (c) Share work load.
- (d) Save money through group buying.
- (e) Aid other organizations working to boost the local economy.

Vacation farm owners found that, through an association, they could more easily obtain legal advice, donated services such as art work and promotion, paid advertising for brochures, and activity support from others interested in county development.

Conclusions

Like any business, decision-making is the key item in successful vacation farms. Elaborate set-ups can fail while the tiniest enterprise succeeds. A lot depends on the management. Some questions that newcomers to this business should be prepared to answer before their first guest arrives have been listed.

Farm operators and their families who successfully manage their farms and homes will not necessarily be equally successful as vacation farm hosts. Working with paying guests is a touchy business, and many families simply do not wish to (and some cannot) adapt to the situations that arise when one works with people of different backgrounds and mores -- that is, the general public. Also, vacation farming probably requires as much hard work and long hours and more patience and perseverance than most other farm enterprises.

Some farm families can supplement their incomes by adding the guest enterprise. Occasionally, this enterprise can become the major occupation and the major source of income on the farm. However, few families can expect to make more than modest returns for their time and their effort.

If you are interested in learning more about vacation farms, or for that matter dude ranches, summer camps, and other ways to increase farm income through recreation, please contact your County Extension Office.

Assistance is also available from the Soil Conservation Service, Farmers Home Administration, Forest Service, Agricultural Stabilization and Conservation Service, State Highway Division, and the State Game Commission.

Budgeting for Your Vacation Farm **

		<u>\$ Cost</u>
<u>Initial Investments</u>		
Remodeling (<i>paint</i>)		<u>150.00</u>
Additions (rooms, cabins, etc.) (<i>bathroom</i>)		<u>700.00</u>
Furniture (<i>bedrooms</i>)		<u>300.00</u>
Additional laundry equipment		<u>-0-</u>
Kitchen fixtures, appliances, etc. (<i>dishwasher</i>)		<u>200.00</u>
Outside expenses (fish pond, parking area, road imp., etc.)		<u>-0-</u>
Recreation equipment (slide, swings, horseshoes, etc.)		<u>80.00</u>
Other		<u>-0-</u>
Total Initial Investment		<u>#1430.00</u>
I. Depreciation: A. (Investment \$ <u>700</u> divided by <u>15</u> years) (<i>bathroom</i>)		<u>45.00</u>
B. (Investment \$ <u>730</u> divided by <u>8</u> years) (<i>other items</i>)		<u>90.00</u>
		<u>#135.</u>
<u>Seasonal Expenses</u>		<u>\$/Cost/yr.</u>
Bedding and linens		<u>10.00</u>
Dishes, utensils, etc.		<u>15.00</u>
Recreation equipment (annual)		<u>25.00</u>
Repairs and maintenance		<u>50.00</u>
Insurance		<u>75.00</u>
Increased taxes		<u>20.00</u>
Advertising		<u>50.00</u>
Interest on average investment @ 7%		<u>10.00</u>
Other		<u>-0-</u>
II. Total Seasonal Expenses		<u>#255.00</u>
<u>Operating Expenses</u>	<u>\$/week</u>	<u>Total for</u>
Food <u>21</u> (<i>8 guests for 5 weeks</i>)	<u># 140.00</u>	<u># 700.00</u>
Supplies and materials (<i>\$2/guest/week</i>)	<u>16.00</u>	<u>80.00</u>
Additional labor (if needed)	<u>-0-</u>	<u>-0-</u>
Additional utilities, firewood, etc.	<u>5.00</u>	<u>25.00</u>
Other	<u>-0-</u>	<u>-0-</u>
III. Total Operating Expenses	<u># 161.00</u>	<u># 805.00</u>

** Prepared by the Extension Service, Oregon State University. (CRMP)

(February, 1972)

Economic Analysis
of Your Vacation Farm

<u>Income Per Year</u> 1/	Ave. Season <u>5</u> weeks	Poor Season <u>3</u> weeks	Good Season <u>7</u> weeks
Guest Fees, Adults (<u>4</u> guests x \$ <u>60</u> /week x _____ weeks)	\$ <u>1200.00</u>	\$ <u>720.00</u>	\$ <u>1680.00</u>
Guest Fees, Children (<u>4</u> guests x \$ <u>40</u> /week x _____ weeks)	<u>800.00</u>	<u>480.00</u>	<u>1120.00</u>
Concessions (preserves, quilts, agates)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Other _____	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
V. Total Income Per Year	\$ <u>2000.00</u>	\$ <u>1200.00</u>	\$ <u>2800.00</u>
 <u>Cost Per Year</u>			
I. Depreciation on investment 3/	\$ <u>135.00</u>	\$ <u>135.00</u>	\$ <u>135.00</u>
II. Seasonal expenses	<u>255.00</u>	<u>255.00</u>	<u>255.00</u>
III. Operating expenses 4/	<u>805.00</u>	<u>483.00</u>	<u>1127.00</u>
IV. Total Cost Per Year	\$ <u>1195.00</u>	\$ <u>873.00</u>	\$ <u>1517.00</u>
V. Total Income Per Year	<u>2000.00</u>	<u>1200.00</u>	<u>2800.00</u>
IV. Total Cost Per Year	<u>1195.00</u>	<u>873.00</u>	<u>1517.00</u>
<u>Net Return</u> (to family labor) 5/	\$ <u>805.00</u>	\$ <u>327.00</u>	\$ <u>1283.00</u>

- 1/ Depending on the type of operation; vacation farms usually charge by the week with adult rates ranging from \$50 - \$100 and children from \$30 - \$75.
- 2/ Approximately \$15 - \$20 per guest per week.
- 3/ Depreciation is a fixed cost and will be the same no matter how good or poor the season.
- 4/ These costs vary directly with the number of guests.
- 5/ A "break-even" number of guests can be calculated using the following formula:

$$\text{Number of guests} = \frac{\text{Depreciation} + \text{seasonal expenses}}{\text{Return per guest} - \text{operating expenses per guest}}$$

Economic Analysis
of Your Vacation Farm

<u>Income Per Year</u> ^{1/}	Ave. Season _____ weeks	Poor Season _____ weeks	Good Season _____ weeks
Guest Fees, Adults (_____ guests x \$ _____/week x _____ weeks)	_____	_____	_____
Guest Fees, Children (_____ guests x \$ _____/week x _____ weeks)	_____	_____	_____
Concessions (preserves, quilts, agates)	_____	_____	_____
Other _____	_____	_____	_____
V. <u>Total Income Per Year</u>	_____	_____	_____
 <u>Cost Per Year</u>			
I. Depreciation on investment ^{3/}	_____	_____	_____
II. Seasonal expenses	_____	_____	_____
III. Operating expenses ^{4/}	_____	_____	_____
IV. <u>Total Cost Per Year</u>	_____	_____	_____
V. <u>Total Income Per Year</u>	_____	_____	_____
IV. <u>Total Cost Per Year</u>	_____	_____	_____
<u>Net Return</u> (to family labor) ^{5/}	_____	_____	_____

^{1/} Depending on the type of operation; vacation farms usually charge by the week with adult rates ranging from \$50 - \$100 and children from \$30 - \$75.

^{2/} Approximately \$15 - \$20 per guest per week.

^{3/} Depreciation is a fixed cost and will be the same no matter how good or poor the season.

^{4/} These costs vary directly with the number of guests.

^{5/} A "break-even" number of guests can be calculated using the following formula:

$$\text{Number of guests} = \frac{\text{Depreciation} + \text{seasonal expenses}}{\text{Return per guest} - \text{operating expenses per guest}}$$

BIBLIOGRAPHY

- A VACATION FARM BUSINESS, Leaflet ORPR-7, by Byron W. Hutchins and Jerry R. Van Meter, Cooperative Extension Service, University of Illinois at Urbana, Champaign, Illinois. March, 1969. 4 pp.
- FARM VACATION ASSOCIATIONS WHY...HOW, ESC-558, Federal Extension Service, United States Department of Agriculture, Washington, D.C. 1964.
- FARM VACATIONS: A FARM RESOURCE, Leaflet 111, by G. Howard Phillips, Agricultural Extension Service, The Ohio State University, Columbus, Ohio 43210. October, 1962. 8 pp.
- FINANCIAL ASSISTANCE IN PRIVATE RECREATION, Special Report 301, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 18 pp.
- GUIDELINES TO PLANNING AND DEVELOPING AND MANAGING RURAL RECREATION ENTERPRISES, Bulletin 301, Cooperative Extension Service, Virginia Polytechnic Institute, Blacksburg, Virginia. September, 1966.
- INVENTORY OF INCOME PRODUCING RECREATION OPPORTUNITIES, Special Report 300, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 22 pp.
- INVENTORY OF POTENTIAL RECREATION ASSETS, Special Report 302, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 12 pp.
- LEASING CONSIDERATION IN RECREATION, Special Report 298, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 15 pp.
- LIABILITY AND PROTECTION IN PRIVATE OUTDOOR RECREATION, Special Report 297, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 47 pp.
- OHIO FARM VACATIONS, directory published by Division of Travel and Recreation, Department of Industrial and Economic Development, Columbus, Ohio. April, 1964. 12 pp.

- OHIO'S FARM VACATION FACILITIES, ERS-164, by Jeanne M. Davis, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250. May, 1964. 35 pp. (ERS-164 expands and brings up-to-date FARM VACATIONS IN EAST CENTRAL OHIO, ERS-113, May, 1963. OUT OF PRINT)
- OPPORTUNITIES IN WEST VIRGINIA TO PROVIDE FARM VACATIONS, Misc. Pub. 135, by J. Frank Wade, West Virginia University, Cooperative Extension Service, Morgantown, W. Va. February, 1963. 4 pp.
- PEOPLE ARE LOOKING FOR A FARM VACATION, Leaflet 362, by George F. Metzler, Agricultural Extension Service, University of Arkansas, Little Rock, Arkansas, May, 1964. 6 pp.
- PRIVATE PLANNING ASSISTANCE IN OUTDOOR RECREATION, Special Report 299, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 9 pp.
- PROMOTION AND PUBLIC RELATIONS IN PRIVATE RECREATION, Special Report 296, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 26 pp.
- QUESTIONS AND ANSWERS ON FARM VACATIONS, published by Farm Vacations and Holidays, Inc., 36 East 57th Street, New York 22, New York. September, 1963. 8 pp.
- REAP ADDITIONAL DOLLARS BY ACCOMMODATING VACATIONERS, Circular 516, by DeWitt Harrell, Cooperative Extension Service, University of Georgia, Athens, Georgia. March, 1963. 4 pp.
- RURAL VACATIONS BOOST FARM INCOME, Recreation and Touristry Notes No. 12, by L. G. Monthey, Extension Service, University of Wisconsin, Madison, Wisconsin. 1963. 2 pp.
- SELECTED RECREATION REFERENCES FOR RECREATION AND TOURISM, Special Report 295, by Robert L. Wilder, Resource Development Section, Cooperative Extension Service, Oregon State University, Corvallis, Oregon 97331. June, 1970. 8 pp.
- SELLING BY LETTER, By Lloyd Bostian, Extension Service, University of Wisconsin, Madison, Wisconsin. 1961. 2 pp.
- SO YOU'RE PLANNING A FARM VACATION BUSINESS, PA-604, Federal Extension Service, U.S. Department of Agriculture, Washington, D.C. 20250. November, 1963. 8 pp.
- VACATION PROJECT, Circular 848, by E. H. Regnier, College of Agriculture, University of Illinois, Urbana, Illinois. April, 1962. 6 pp.
- YOUR BROCHURE: WHAT IT SHOULD SAY, by Claron Burnett, Extension Service, University of Wisconsin, Madison, Wisconsin. 1961. 2 pp.