



JD Morgan Farms Investment

Passive Gains Offset Strategy – 12/27/22

Investment Objective:

An investment of this kind is aimed purely at generating passive losses to offset passive gains at year end. This investment is not designed to generate current income for the investor.

Business Summary – JD Morgan Farms

The business is the Northeast's largest grass organic farm. From their mission statement:

“As America’s original 100% grass-fed organic dairy, Maple Hill’s mission is to bring healthy, organic, 100% grass-fed dairy products to families all over the United States. As a result, healthy soil is the cornerstone of literally everything we do. We work tirelessly within our network of organic 100% grass-fed farmers to develop and implement practices that result in the regeneration of the land through the management of organic grass-fed cows.”

Structure:

The investor will become a limited partner in the LLC that's buying into the existing business. This LLC will purchase the assets and equipment, which will then be leased back to the operating LLC.

Passive Gains Tax Offset Benefit Opportunity:

Shares are available for \$100k per share. The investor will receive tax deductions equal to the amount of his or her investment, at a 1:1 ratio. (Example \$200k investment gets assigned \$200k worth of passive losses for 2022).

Cost Basis Increase Opportunity:

If the investor chooses to write a personal guarantee to increase his or her cost basis in the project, they can receive up to 2:1 deductions on their investment (subject to availability).

Purchase Term Summary

Investment is structured as a 5yr term loan with 10% annualized interest, paid quarterly, principal returned at the end of the 5-year term.

Ongoing Opportunity for the Investor

This project is planned to produce new passive deductions annually, due to equipment purchases, cost segregation, etc.

