

JOURNEYMAN FARMER CERTIFICATE PROGRAM

Small Farm Business Planning Facilitator Notebook



Supported
by:



Beginning Farmer Rancher Development Program

Developing the Next Generation of Sustainable Farmers in Georgia
In partnership with:



Small Business
Development Center
UNIVERSITY OF GEORGIA



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Beginning Farmer Rancher Development Program:

Developing the Next Generation of Sustainable
Farmers in Georgia Grant



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Facilitator Notebook

Table of Contents

General Agenda.....	1
Overview Learning Objectives.....	2
 Session 1	
Session 1: Learning Activity Notes to Facilitator.....	4
Session 1: Power Point Slides.....	6
SWOT Analysis Introduction.....	12
SWOT Exercise Analysis Sheet.....	18
SWOT Exercise Analysis Answers.....	19
SWOT Analysis Homework Sheet.....	20
Farm Risk Plans USDA.....	21
Session 1: Resource Page.....	24
 Session 2	
Session 2: Learning Activity Notes to Facilitator.....	27
Session 2: Power point Slides.....	31
NCAT Financial Record – Introduction.....	36
Chart of Accounts.....	37
Project Farm Budget.....	38
Cash Budget.....	39
Income & Expense.....	40
Balance Sheet.....	41
Income Records.....	42
Expense Log.....	43
Categorizing Financial Transactions Worksheet.....	44

Categorizing Financial Transactions Worksheet Key.....	45
Generic – Long Form- Labor Records.....	48
Generic – SM – Labor Records.....	49
Session 2: Resource Page.....	54

Session 3

Session 3: Learning Activities Notes to Facilitators.....	57
Session 3: Power Point Slides.....	61
AgPlan Business Plan: Gittin’ There Farms.....	63
Organic Broccoli Budget.....	68
Alabama Meat Goat Budget Instructions.....	70
Budget Input Sheet.....	74
Enterprise Budget.....	75
Session 3: Resource Page.....	82

Session 4

Session 4: Learning Activities Notes to Facilitators.....	85
Session 4: Power Point Slides.....	87
SWOT Analysis.....	20
Session 4: Resource Page.....	109

Small Farm Business Training

General Agenda

Session One:

- *Lessons from Small Farm Success*
- *Considerations Before Starting*
- *Market Feasibility*

Session Two:

- *Financial Feasibility*
- *Financial Record-Keeping*
- *Legal Structure and Compliance*

Session Three:

- *The Business Plan*
- *Developing Financial Projections*
- *The Farmer's Perspective*

Session Four:

- *Selling Your Product*
- *Licensing, Regulations, Certifications*
- *Risk Management*
- *Financial Resources*

Small Farm Business Planning Learning Objectives

- Describe the major strengths, weaknesses, opportunities, and threats for your farm
- Identify four tools or resources to understand your target market, competition, and how much you expect to sell.
- Demonstrate an understanding of the components of a balance sheet (e.g. assets, liabilities, and owners' equity)
- List the components of an income statement
- Evaluate cash flow statement
- Recognize the records you should keep
- List three reasons to keep records
- Name two methods for recordkeeping
- Which legal entity is the easiest to set up?
- Which legal entity requires annual meetings with its shareholders?
- Which legal entity issues shares and which issues memberships?
- Where do you check to see if your trade name is available for use?
- Who do you need to check with about unemployment insurance? Workers comp? Business license? Zoning?
- Identify four reasons a business plan can be important
- Recognize the components of a complete business plan that can be used for a loan application
- Name resources for help with getting financial projections done.
- Name two avenues to sell your product. Describe the pros and cons of both.
- Name a technology that can help sell your product.
- Recognize when you would need a Dept. of Ag permit or license
- Identify a market that would require organic certification
- Name five strategies to reduce risk (e.g. insurance, keep day job, crop diversity, time off or vacation)
- List three actions you can take to keep your identity and data safe (anti-virus, software updates, strong passwords)



Small Farm Business Planning
Lessons from Small Farm Success,
Considerations Before Starting,
Market Feasibility

Session One
Facilitator Notebook

Session 1 – Small Farm Business Planning

Learning Activities & Notes to Facilitators

BEFORE SESSION BEGINS: Read over all materials. Pull up welcome powerpoint, webinar and USDA CAT website from UGA Urban Ag website.

Welcome and Introduction to the Journeyman Farmer Program (10 min)

This brief PowerPoint slide set is to be used first as you describe the big picture of what the Journeyman Farmer program is and the steps involved.

Slide 4 – input the sites/dates for future trainings if known, otherwise edit slide to omit this placeholder

Slide 6 – helps with introductions

Personal Introductions (10 minutes)

Before you begin the webinar. Go around the room and ask the class to introduce themselves using:

1. Their name
2. The county where they live
3. Three words to describe themselves

Lessons from Small Farm Success (15 min)

Considerations Before Starting (4 min - Laura Katz, The University of Georgia Small Business Development Center

Slide 16 – Learning Activity – SWOT Analysis (35 minutes)

1. Facilitate a discussion with the class about the example farm SWOT analysis from *USDA SWOT Analysis*.
 - a. “A SWOT analysis is a tool that helps you evaluate the Strengths, Weaknesses, Opportunities, and Threats (SWOT) involved in any business enterprise including farms and ranches.” - USDA
2. Ask the class to find: ***SWOT Analysis – A tool for making better business decisions***, in their notebooks.
3. Give them 10 minutes to read pages first 6 pages of SWOT analysis.
4. Ask the class to identify Strengths. Write the strengths identified by the class up on a blackboard or large piece of paper.
5. Ask the class to identify Weaknesses. Write the weaknesses identified up on the blackboard.
6. Repeat this for Opportunities and Threats.
7. Compare the SWOT developed by the class to the SWOT Analysis.

Homework Assignment – Assign the class with the task of filling out the SWOT Analysis Sheet for their farms for Session 4. Ask them to begin thinking about strategies for their farm that would emphasize their strengths, minimize or eliminate their weaknesses, take advantage of opportunities and avoid or minimize potential threats.

Market Feasibility (7 min - Laura Katz, The University of Georgia Small Business Development Center)
Slide 22 – Learning Activity – USDA Custom Average Tool Exercise (35 minutes)

NOTE: This activity will require an internet connection.

Instruct the class on how to use the *USDA Custom Average Tool* (CAT), a tool for determining average prices for crop commodities. Have them query a custom average price in Retail Markets, over the time period their crop would likely be harvested.

1. Go to the CAT Home page - <http://cat.marketnews.usda.gov/cat/index.html>

Define the terms for the class:

- **Terminal Market** – “A **terminal market** is a central site, often in a metropolitan area, that serves as an assembly and trading place for commodities. **Terminal markets** for agricultural commodities are usually at or near major transportation hubs.” Wikipedia.
- This calculator gives you wholesale prices at a terminal market such as the Atlanta Farmers Market.
- **Shipping Point Averages** – This is the wholesale price paid by the “first handlers” of the produce. It includes broker fees but not freight charges.
- **Retail Averages** – This is the price retailers are getting for produce and can be a guide for direct market prices.

2. Click on the *Retail Averages* link. We are going to look for fall broccoli prices.
3. Select Report Time Period: *Weekly* in the upper right hand corner.
4. Select Commodity: *BROCCOLI* from the drop down menu
5. Select Date Range: *10/31/2014 to 12/26/2014*. This would be the time frame the fall broccoli would be harvested. Make the date selections by clicking on the calendar for the begin dates and clicking on 31 date in the calendar. Next select the end date calendar, go to Dec 2014 and click on 26 date.
6. Select National: *NO* from drop down menu.
7. Select Regions: *SOUTHEAST U.S.* from the drop down menu and hit apply.
8. Select Variety: *CROWN CUT* from the drop down menu and hit apply.
9. Select Unit of Sale: *per pound* from the drop down menu and hit apply.
 You should see a display with an Overall Average Price of **\$1.59** in the middle right hand side of the page.
 You should see a graph of how the average retail price fluctuates weekly.
 Does the retail price fall at a time that most fall broccoli would be harvested here in Georgia?
 (This would be end of Oct with harvest increasing towards Dec in Piedmont area of Georgia)
 The Southeast U.S. is influenced by the global market. What are advantages they might have as a small farmer compared to broccoli grown and shipped from CA or Central America?
10. Scrolling down, you should see a table of the graphed information.
11. Ask the class for other crops they would like to see average retail of wholesale prices for and repeat the process.

What other things could they do to determine the prices they should charge?

Homework Assignment - Assign the class with the task of finding the average retail price for three other crops using CAT or from grocery store, farmers market by next class



Small Farm Business Planning



Session 1

Lessons from Small Farm Success
Considerations before starting
Market Feasibility

Laura Katz, The University of Georgia Small
Business Development Center
Donn Cooper, Georgia Organics



Small Farm Business Planning: Sustainability
Includes Profitability

A Guide for Farm Entrepreneurs



UGA Extension

The map displays the state of Georgia divided into four UGA Extension Districts, each represented by a different shade of gray. The districts are: Northwest (darkest gray), Northeast (lightest gray), Southwest (medium-dark gray), and Southeast (medium-light gray). Four specific county offices are marked with black dots and labeled: Northwest District Office (in Wilkes County), Northeast District Office (in Athens County), Southwest District Office (in Wilcox County), and Southeast District Office (in Wilkes County).

LEGEND

Northwest District	
<i>Griffin</i>	
Northeast District	
<i>Athens</i>	
Southwest District	
<i>Tifton</i>	
Southeast District	
<i>Statesboro</i>	

Visit Extension.UGA.edu to find your county office.

The logo features a circular emblem with a classical building facade, followed by the text "UGA" in a large, bold, serif font, and "extension" in a smaller, lowercase, sans-serif font below it.

University of Georgia SBDC



A map of the state of Georgia with stars indicating the locations of University of Georgia Small Business Development Centers (SBDCs). The stars are distributed across the state, with a higher concentration in the northern and central regions. Major cities and towns are labeled, including Dalton, Marietta, Atlanta, Columbus, Savannah, and Valdosta. Major highways are also shown.

- University of Georgia SBDC
- Georgia State University SBDC
- University of West Georgia SBDC
- Kennesaw State University SBDC
- Clayton State University SBDC
- Georgia Southern University SBDC
- Valdosta State University SBDC

Georgia Organics

- Member-based nonprofit working to connect organic food from Georgia farms to Georgia families
- www.georgiaorganics.org
- Mentoring program
- Annual Conference
- Farm to School

Lessons from a Small Farm Success Story

"We arrived in North Carolina [...] with a dream to live in the country and farm. Just over a year later we had developed a plan, incorporated a business and purchased a piece of land, the adventure was on!"

"We were young, tough, not afraid of work and naive. In 1982 we planted our first crops, the plan was pick-your-own berries. Four acres of blackberries and raspberries with more to come. We had no money so we moved into a tent so we could be here to work and save what little money we had."

-Alex Hitt, Peregrine Farm

Our story:

<https://peregrinefarm.net/our-story/>



Lessons from a Small Farm Success Story

"Our original goals," Alex says, "were to make a living on this piece of ground while taking the best care of it that we could."

...

"When they first bought the farm almost two decades ago, Alex and Betsy capitalized it an unusual way, selling shares to family and friends and working as employees of the corporation. ...

"Their only labor other than themselves consists of a few part-time seasonal workers. They prefer to hire labor rather than use interns—though workers come to learn—because it forces them to take a more realistic look at labor costs."

"Betsy has been farming full time since 1983; Alex, since 1990."

Source: The New American Farmer, 2nd ed.



Source: Debbie Ross,
<https://newsmallfarms.org.ncsu.edu>
North Carolina State University Extension Growing Small Farms



Peregrine Farm Today

"We wanted to reduce the dependence on outside labor and raise the crops we like best," Alex says. "We're actually getting smaller."

...

"Alex and Betsy keep financial and market records in a budget program, where they can easily compare income from specific crops. They are now meeting their economic goals, expecting each acre to give them \$20,000, and each high tunnel to bring \$1000 per crop, with about \$30,000 in total expenses. Half the income comes from vegetables, half from flowers."

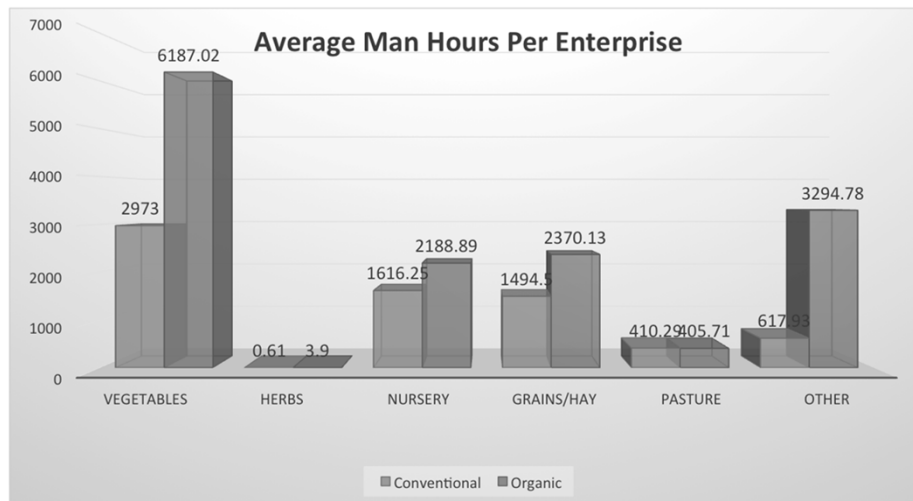
"Over the years they have gradually bought out their 17 original investors and now own the farm free and clear."

Source: The New American Farmer, 2nd ed.



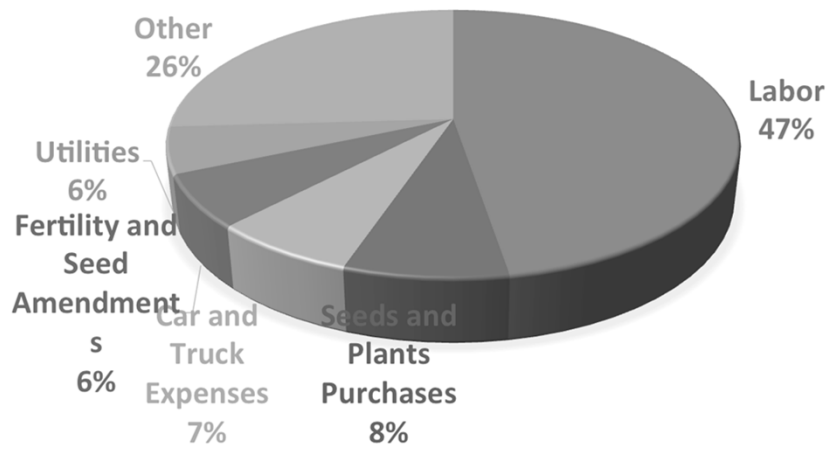
It Can Be Done!

Year	1	2	3	4	5
Gross Income	\$27,500	\$38,000	\$55,500	\$61,750	\$83,000
Net Profit %	9%	3%	10%	7%	9%
Labor/Total Expenses	60%	54%	56%	62%	64%
Inputs/Total Expenses	11%	12%	12%	13%	12%
CSA/Total Income	87%	63%	48%	53%	45%
Market/Total Income	2%	22%	24%	33%	35%



Farm Labor Management Decisions of Organic & Conventions Farms: A Survey of Southeastern Small Businesses. Dr. Cesar Escalante, UGA. January 2010

Organic Produce Farm Case Study: Expenses



Lessons from a Small Farm Success Story

- Look at this as a business.
- Keep records!
- Setting a profit goal and adapting production to reach that.
- Set priorities for purchase.
- Be prepared for long hours and the long haul.

Considerations Before Starting

- What is your **Primary** reason for farming?
- Self assessment – Do you have what it takes?
- Define what your farming business will be.
- Are you a Hobby or a Business?



Considerations Before Starting

- Goal setting
 - Short term
 - Long term
- Is your idea feasible?
 - Marketing
 - Financial
- IRS Hobby Rules
 - "3 of 5" Years Test
 - Keep Good Records!



Activity – Whole Farm SWOT Analysis

- Locate the USDA SWOT Analysis – A tool for making better business decisions
 - Take a few minutes to read about SWOT analysis on next page
 - As a group, fill out the SWOT Analysis Sheet
- HOMEWORK – Fill out the SWOT Analysis Sheet for your farm.

SWOT Analysis

A tool for making better business decisions



United States Department of Agriculture
Risk Management Agency

What's a SWOT analysis?

A SWOT analysis is a tool that helps you evaluate the Strengths, Weaknesses, Opportunities, and Threats (SWOT) involved in any business enterprise — including farms and ranches.

A SWOT analysis can help you gain insights into the past and think of possible solutions to existing or potential problems — either for an existing business or new venture. For a SWOT analysis to work well, every member of your team (your family and/or employees, lawyer, accountant, and insurance agent) should be involved in the process.

After you read this overview, you will find a description of a sample farm and have a chance to go through a SWOT analysis for it. This exercise should help prepare you for doing your own SWOT analysis.



Strengths

Strengths are considered mostly internal. For example, what do you and your family, employees, and management team bring to the business? If you are planning to start a business, you or an employee or family member may have previous experience in that industry. If not, this may be viewed as a weakness. If you already know where to go to find the help you need, this would be considered a strength for this analysis.

Weaknesses

Weaknesses are also generally considered internal and are the factors you will need to address to run a successful business. For a start-up business, an example might be a lack of experience in the selected industry. Another example may be that your family members do not completely support

you in this venture. You may lack qualified employees, or perhaps your business will not support full-time employees. If you identify these as weaknesses, don't worry because existing businesses may have similar weaknesses.

Opportunities

Opportunities are considered mostly external. What opportunities are available for your business? You may be able to take advantage of low interest loan packages for start-ups or grants for feasibility studies. You may have an idea that has not been tried in your area and know there is a demand for the product you plan to produce. Be aware that people with potential businesses tend to be much more optimistic than those with existing operations.

Threats

Threats are also considered mostly external. Threats from outside of your business will directly affect you, but you may have very little control over them. If you are starting a new business, there may be local regulations that negatively impact your business. Unforeseen competition (local or foreign), dissolution of markets, and adverse weather may also have a negative effect on your new business. Many of these threats will also negatively affect an existing business. Rising interest rates may have a greater impact on existing businesses than on start-ups.



Some things to consider.

Human Resources

Hiring employees who have the skills you deem necessary is one way to combat a weakness. For example, if you need someone to drive a large truck, hiring someone with a commercial driver's license will eliminate that weakness. Or, you could learn how to drive the truck yourself — but can you spare the time away from the business?

Adding to your management team is another way to eliminate a potential weakness. If your business is growing and you are handling the bookkeeping tasks yourself, hiring a bookkeeper will free up your time to focus on other parts of the business.

If you do, be sure to hire someone you trust or do an extensive background check — especially if they will have check-signing capabilities. Having that person bonded will also create a level of security.

When conducting your SWOT analysis, keep in mind that one item can offset another. For example, your strengths may counterbalance your weaknesses and your opportunities can offset your threats. If this does not happen, this exercise will help you to understand the issues you need to address.



Insurance

For many agricultural businesses, insurance is a way to eliminate possible weaknesses, threats, or risks. If your analysis shows that you are undercapitalized to handle a major emergency (as are most agricultural businesses), insurance coverage will help eliminate this issue. Threats from liability, fire, automobile accidents, and crop failures can all be reduced with proper insurance.

Liability insurance

Liability insurance covers anyone who is injured on your farm. This coverage is included on your farm owner's policy, but the coverage is only for the dollar amount listed on the policy. For example, if your liability limit is \$500,000 and someone sues you for \$1 million, you will only be covered for the \$500,000. The remainder of the judgment award is your responsibility. You should review your risk level with your insurance agent.



Fire insurance

Fire insurance is also included on your farm owner's policy. You may choose to insure some buildings, but not all. The level at which you will



be reimbursed is written in your policy. There are several methods of coverage, including actual cash value, replacement value, and functional replacement value.

Automobile insurance

Your automobile insurance is separate from your farm owner's insurance. Any licensed over-the-road vehicle you own should be insured. If you have multiple vehicles on the road, you may be eligible for fleet insurance, which may save you some expense. Check with your State's Department of Transportation and your insurance agent to determine the coverage that is right for you.

Crop insurance

You may insure your crops with several types of policies, such as Multiple Peril Crop Insurance (MPCI) and Crop Revenue Coverage (CRC), among others. You may insure your revenue with Adjusted Gross Revenue coverage (AGR) or Adjusted Gross Revenue-Lite coverage (AGR-Lite). To learn more about crop insurance and determine the best coverage for your operation, contact your local crop insurance provider. To locate a crop insurance agent, visit The Risk Management Agency's online locator at: www3.rma.usda.gov/apps/agents/.

Exercise: Sample SWOT Analysis

Here is an example of a small farm that needs to diversify in order to remain sustainable. This farm family needs to conduct a SWOT analysis. Read the example and conduct your own SWOT analysis for the Ryan family. When you are done, you can check your answers against the answers prepared by experienced users of the SWOT analysis tool. Those answers are on the page after your fill-in-the-blanks page. If your answers are close to the experts' answers, you are ready to do your own SWOT analysis.

Meet the Ryan Family

The Ryan family has operated a dairy farm for over 50 years. Paul Ryan, age 48, took over the dairy from his father 20 years ago. The dairy is average-sized for the area: the Ryans milk 60 cows, grow most of their own forage and grain, and raise their own heifers. The family withdraws about \$30,000 from the farm business each year for living expenses. The dairy is located in a rural area, but urban and suburban areas are close by. The nearest city has a population of 100,000.

Margaret Ryan, 42, is Paul's wife. They have three children: Jane, Hal, and Susan. Margaret used to work on the farm, but for the last 8 years she has been working full-time as a clerk-typist in the school district office. Take-home pay from this job is \$18,000, plus health, dental, and other benefits that extend to the whole family. At this point, Margaret oversees the finances with Paul, occasionally milks, and manages the household.

Jane Ryan, 21, has just received her bachelor's degree in culinary arts from the local community college. During the summers, Jane works full-time on the farm with the milking. She is considering farming as an occupation, but would like to continue her work in value-added food production.

Hal Ryan, 16, is in high school and works with his father part-time during the school year, and full-time during the summer. He is not interested in the dairy or in any type of farming and would rather attend a university and study science, engineering, or economics.

Susan Ryan, 12, is a middle school student who really enjoys the farm. She takes care of the calves after school, belongs to 4-H, and has just begun to show an interest in helping with the crops, although she is too young to drive the tractor.

Jean Miller, 64, is Margaret's mother. Since the death of her husband 5 years ago, Jean has lived with the Ryans. She shares an interest in cooking with her granddaughter, Jane.





Alternative ventures

The Ryans are considering an alternative farm enterprise because they need additional income to send their younger children to college and to save for retirement. Paul and Margaret feel strongly that they would like Jane or Susan to take over the farm.

This means that, until they retire, the farm may have to support two families (Jane currently has no plans for marriage). The Ryans are thinking about expanding the dairy to generate additional income, but Jane would rather be involved in a value-added (food product) enterprise. Paul and Margaret realize that changes in the farm may have to occur to satisfy the desires of the next generation and are willing to explore alternative farm enterprises.

The family met to determine how each person felt about developing a new enterprise on the farm, and found that Jane and her grandmother are most excited about this idea. After they did an inventory of resources, they concluded that their main, underutilized, physical resources are a small piece of land — about 5 acres currently used to grow extra hay for sale — and a concrete block shed used to store bicycles

and patio furniture. Their main, underutilized, marketing resource is the city 38 miles away. The Ryans also have good road frontage along a fairly well-traveled highway. Management and labor resources available year-round would come from Jane and Jean. High school students would be available primarily in the summer, as would Susan.

The family decided that Jane would generate enterprise ideas, and the others would offer opinions on suitability. Jane and Jean discussed possible food products that could be made using farm resources. She also spoke to some former professors and classmates, a farming neighbor she respected, and the Extension economic development educator. She reviewed back issues of culinary and country magazines and spent an entire day walking through the city, visiting stores, restaurants, the downtown area, and malls.

Out of 6 ideas that Jane came up with (fruit pies, salsa, strawberry jelly, cheese, ice cream, and yogurt), the idea that most family members liked was cheese, which Jane and Jean thought could be sold at a farm-market stand or to the many hotels and restaurants in the city.

Your Task

Help the Ryans become more confident about this idea by doing a SWOT analysis for this project. Use the first SWOT worksheet to record your thoughts and those of others. You may copy the second worksheet as often as you want to do a SWOT analysis for any enterprise you are considering. Worksheets are also available at Farm-Risk-Plans.USDA.gov.



Exercise SWOT Analysis Sheet

For the Ryan family, brainstorm about ideas related to the four areas below.
Use this sheet to determine whether the Ryans should explore an enterprise idea further.
For answers, see the inside back cover.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

Exercise SWOT Analysis Answers

STRENGTHS • Longevity — the Ryans have been farming for 50 years. • They raise their own replacements and feedstuffs. • Family's insurance is paid from an off-farm job. • They have off-farm income. • They use family for labor. • There are multiple generations living on the farm. • They are willing to explore alternatives. • They have good family communication. • They have available land and a building to use for an alternative business.	WEAKNESSES • They still need to withdraw \$30,000 per year for family living expenses. • They are located in a rural area. • The son is not interested in continuing the farming operation. • They need to set money aside for children's college expenses. • They will need to support multiple families in the near future. • They may need to hire some outside labor for the alternative enterprise. • No one has cheesemaking experience.
OPPORTUNITIES • They are located close to a suburban area. • They have good road frontage. • The nearest city has 100,000 people. • Jane has a bachelor's degree from college. • Jane wants to return to the farming operation. • They are located on a well-traveled rural highway.	THREATS • There may be other cheesemakers in the area with the same marketing ideas. • They have a 76-mile round trip to the city. • This does not say if they have a vehicle to transport the cheese. • Need a steady workforce from a rural area. • Government regulations may dictate many aspects of the operation.

These answers are meant to be a guide and may not be the same as your answers. Every person sees a business from his or her own perspective and may read the information differently. You can apply these principles to your business and analyze your operation.

Your SWOT Analysis Sheet

For your own possible enterprises, brainstorm about ideas related to the four areas below.
Use this sheet to determine whether you should explore an enterprise idea further.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS



Design your own safety net.

Log on and fill out a risk management checklist.
Identify your own strengths, weaknesses, opportunities,
and threats. Explore new enterprise options.
Do it all with a wealth of risk management information
at your fingertips – at a Web site created just for you.



Farm-Risk-Plans.USDA.gov
Helping farmers & ranchers find success

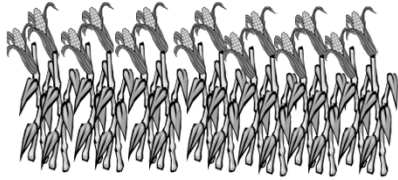


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Back to Market Feasibility

Market Feasibility

Field of Dreams



If you grow it, they will come . . .

Market Feasibility



- What is your Target Market?
- How large is the Market?
- Who are your Competitors?
- How does your Product Compare?
- How much do you expect to Sell?

Market Feasibility

Secondary Market Research

- Industry Associations
 - Growing for Market magazine, www.growingformarket.com
- Government Information
 - Census Bureau, www.census.gov
 - U.S. Federal Statistics, <http://fedstats.sites.usa.gov>
 - Georgia Center for Innovation in Agribusiness
 - UGA Sustainable Ag Webpage
- Internet
- Public Libraries
 - GALILEO – full-text articles, UGA Library/Public Library
- Nonprofit Category
 - ATTRA www.attra.ncal.org, Georgia Organics, Appalachian Harvest, Carolina Farm Stewardship



Market Feasibility

Primary Market Research

- Observations
- Surveys
- Associations (CFSA)
- Industry Buyers
 - Local Vendors Coalition, Whole Foods, Earth Fare, The Fresh Market, Fresh Point, Destiny Organics, International Marketing, Turnip Truck
- Chefs
- School Nutrition Directors



Get involved with your farm community!

- Visit local farmer's markets
- Join Ag Industry Associations
 - www.gfb.org – Georgia Farm Bureau
 - Georgia Fruit and Vegetable Growers Association
 - Georgia Organics
- Develop relationships with local Cooperative Extension Office



Activity – Obtaining Produce Prices

- USDA Custom Average Tool (CAT)
 - Terminal Market – “A **terminal market** is a central site, often in a metropolitan area, that serves as an assembly and trading place for commodities. **Terminal markets** for agricultural commodities are usually at or near major transportation hubs.” Wikipedia. This calculator gives you wholesale prices at a terminal market such as the Atlanta Farmers Market.
 - Shipping Point Averages – This is the wholesale price paid by the “first handlers” of the produce. It includes broker fees but not freight charges.
 - Retail Averages – This is the price retailers are getting for produce and can be a guide for direct market prices.
- Locate the CAT webpage in your notebook
- Work through the online example
- HOMEWORK – Find prices for three additional crops

JOURNEYMAN FARMER CERTIFICATE PROGRAM

This material is based upon work that is supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, under award number 2015-70017-22861.



**Beginning Farmer Rancher
Development Program**
Developing the Next Generation
of Sustainable Farmers in Georgia Grant



Resource Page

SBDC Website

- www.georgiasbdc.org

Georgia Organics Website

- www.georgiaorganics.org

UGA Sustainable Agriculture Website

- <http://www.caes.uga.edu/topics/sustainag/>

How to Do a Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

- www.extension.org/pages/64541/how-to-do-a-strengthsweaknessesopportunities-and-threats-swot-analysis#.Vh6i4X6rRpg
- By Dr. Marion Simon: The SWOT analysis identifies the farm's internal strengths and weaknesses and examines the external opportunities and threats that the farm business faces. This is an informative article that will help with the process.

USDA Custom Average Tool

- <http://cat.marketnews.usda.gov/cat/index.html>

Selling Local Food to Schools: A Resource for Producers

- www.fns.usda.gov/sites/default/files/f2s/FactSheet_Selling_Local.pdf

Growing for Market Magazine

- www.Growingformarket.com

Government resources

- www.census.gov
- www.fedstats.sites.usa.gov

ATTRA Sustainable Agriculture

- <https://attra.ncat.org>

Georgia Farm Bureau

- www.gfb.org

NOTES:



Small Farm Business Planning
Financial Feasibility, Financial
Record Keeping, and Legal
Structure and Compliance

Session Two

Facilitator Notebook

Session 2 – Small Farm Business Planning

Learning Activities & Notes to Facilitators

BEFORE SESSION BEGINS: Open up NCAT excel, NCAT answer key, Veggie compass excel, and Sample labor sheet from UGA Urban Ag website.

Note: You will want to have an SBDC person, accountant, or another financial person available to help answer questions for NCAT section.

Homework Discussion (15 min)

Ask how many were able to find average prices with the CAT. Ask for volunteers to share the average retail or wholesale prices they found for a particular commodity at a particular time of year. Did anyone notice price fluctuations over the course of a growing season for a particular vegetable? What were some other ways people found produce prices during the week?

Financial Feasibility (16 min - Laura Katz, The University of Georgia Small Business Development Center)

Slide 15 – Learning Activity – Categorizing Financial Transactions Exercise (35 minutes)

1. Open the NCAT Financial Record Templates excel sheet. Ask the class to find the NCAT Financial Record Templates. This includes: INTRO, Chart of Accounts, Proj Farm Budget, Cash Flow Budget, Income & Expense, Balance Sheet, Income Log, and Expense Log.
2. Click on the “INTRO” sheet. Point out this is the starting point and give a description of each of the other tabs and how they are used.
3. Click on *Income & Expense Statement*. Ask the class to pull out the *Income & Expense Statement*. Read the description of the *Income & Expense Statement* from the INTRO
4. Click on the *Balance Sheet*. Ask the class to find the *Balance Sheet*. Read the description of the *Balance Sheet* from the INTRO
5. Click on the *Cash Flow Budget*. Ask the class to find the *Cash Flow Budget*. Read the description of the *Cash Flow Budget* from the INTRO.
6. Click on the *Income Log* and read description form INTR then click on *Expense Log* and read its description.
7. Have the participants turn to the *Categorizing Financial Transaction Worksheet* in their notebooks.
8. Give them 10 minutes to fill out the worksheet. Remind them that an item may show up on several different worksheets. Use the example of *Farm Supply Invoice for fertilizer*.
 - Note that it shows up as a **liability** in the **Balance Sheet**, it also shows up as an **expense** in the **Income & Expense Statement**, and it effect cash flow show it shows up in the **Cash Flow Budget**. Tell them to use the NCAT Financial Record Templates to help them make their choices.
9. Go through each item and ask the class where it belongs on the worksheet, then give answers from the answer sheet and discuss.

Financial Record Keeping (2 min - Laura Katz, The University of Georgia Small Business Development Center)
Slide 19 – Learning Activity – Veggie Compass (35 minutes)

This exercise is designed to reinforce learning about the kinds of records farmers should be keeping and give the class an overview of the Veggie Compass recordkeeping tool. **NOTE: Before the session, you should put the Veggie Compass excel sheet on your computer.**

1. Open spreadsheet so it shows on the screen and click on – **Veggie Compass Intro.**

Note: “Veggie Compass Whole Farm Profit Management is a robust system for providing you with a complete picture of the financial performance of the different vegetable crops you grow and the markets where you sell them. Six spreadsheets in this Excel file work together, as you input data, to provide you with a full financial picture of your crops and markets. **As you enter data in the first three spreadsheets, calculations automatically occur in the next 3 spreadsheets to provide you with critical information about your farm profits...by crop and by market.** The data you enter into this recordkeeping system is your year-end data. To accumulate the data needed for the Veggie Compass Whole Farm Profit Management system, you’ll need to keep records elsewhere throughout the year (using your own spreadsheets, checkbook, or ledger or accounting programs such as Quickbooks, Quicken, Xero, Sage, etc). “Veggie Compass website.

2. Click on – **User Manual.** Show the class this section on how to use the tool. Click on – **Gather Labor Data.** Remind class that labor is their biggest cost and one of the records people don’t want or like to keep.
3. Point out labor forms examples in notebook from Veggie Compass. These are examples of how they can track labor.
4. Click on – **STEP 1 Expenses Input.** Direct class attention to Labor Expense, Wages, Clerical & Office. Note that total expenses over the year are \$10,000. Of that \$5,000 is General Management, \$2,000 is for Farmers Market management and \$3,000 is allocated to Wholesale which in this case is local restaurants. Delete the \$3,000 for wholesale. Point out the Check Column on the far right side now shows you aren’t accounting for that expense. Put the \$3,000 back in.
5. Look at production labor - \$40,000. What records do you need to get this number?
 - *Hours of each person spent in field or greenhouse or washing, chilling, or packaging produce.*

6. Look at Distribution Labor - \$10,000. Notice this is divided between Farmers Market and Wholesale. Why?

- *That is the only way to know which market is making money.*

You own the farm. You have two part-time helpers. Helper 1 just comes in on Fridays to harvest and pack produce for the Saturday Farmers Market, and Saturdays to help at the market. Helper 2 comes in every morning for field work.

Would Helper 1's hours be in Production or Distribution?

- *Both. The time harvesting and packing go into Production. The time at the market goes into distribution.*

How about Helper 2?

- *Production*

How about your hours?

- *Most likely both. BE SURE TO TRACK YOUR OWN HOURS. Common mistake.*

7. Scroll down to line 32 - **Market Truck**. The farm has a truck to take produce for delivery at the Farmers Market and to restaurants.

What kinds of records would you need to have to know what the cost of the truck was for the year?

- *Monthly loan payments. Repair receipts, Receipts for tires or other equipment.*

8. Click on **STEP 2 Sales Input**. There are three example crops entered.

Why wouldn't you want to just have spinach and not worry about bags or bunches?

- *You are getting different price per pound for the different units of measure.*

What kind of records do you need to keep to have this information?

- *Farmers Market – number of units sold and price. Some farmers weigh a crop before market, charge by the pound, then weigh at the end of the market to determine amount sold. In this example, spinach is sold for \$2.00 per bunch, which is about ½ lb. This is a higher price than restaurants but more labor intensive.*

Restaurants – number of units sold and price per pound. In restaurants, spinach is sold for \$4.00/1 lb bag.

9. Click on **STEP 3 Production Input**. Some example production inputs are entered for the same three crops. **NOTE:** *Production Labor Cost per Hour* is very high because we only have three example crops here. A farmer would grow more crops over a season and over the year to distribute management costs and the yearly labor cost.

What records do you need to keep to have this information?

- *Seed order receipts. Note the total seed costs for spinach is divided into the two sales units. The area planted to a particular crop. If you are using transplants, the number of transplants produced. This could be different than the number of seed you bought. Labor sheets. Note beds 50 x50'. Spinach 10 seeds per ft 12" rows.*

10. Suggest that the class may want to download the excel sheet from the Veggie Compass site and learn to use it. Point out the *Cost of Production by Crop*, *Sales Output* and *P&L by Market* are not accurate in our example because we only have a few crops entered. Point out the *Cost of Production by Crop* is very important as you tweak your crop selection to become profitable.

NOTE: If you are getting started, it's best to start keeping these records. If you have started and don't have these records, ***don't panic***. In general, your labor and costs for crops don't vary tremendously year by year unless you totally change how you are growing and marketing a particular crop. So, start this year with one or two crops and develop the labor and other costs for them, then every year add in more crops and more details.

Legal Structure and Compliance (12 min - Laura Katz, The University of Georgia Small Business Development Center)

DISCLAIMER: As business consultants, the **SBDC DOES NOT ADVISE ON TAX OR LEGAL MATTERS**. For matters concerning taxes, consult a CPA, and for matters concerning legal, consult an attorney. This should be stated for County agents as well. UGA Extension does not advice on tax or legal matters and participants should seek a CPA or attorney for tax or legal matter.

- Legal structure
 - Sole Proprietorship
 - Partnership
 - Corporation
 - S - Corporation
 - C - Corporation
 - LLC
- Starting a business and keeping records
- How does an LLC file?
- Trade name
- Compliance issues

Learning Objectives:

- Which legal entity is the easiest to set up? Sole proprietor
- Which legal entity requires annual meetings with its shareholders? Corporations (C-Corps and S-Corps)
- Which legal entity issues shares and which issues memberships? Shares are issued in Corporations; LLC have memberships
- Where do you check to see if your trade name is available for use? Check with the State and Federal register of names. Google it and check if the domain name is available.
- Who do you need to check with about unemployment insurance? (SUTA) www.dol.state.ga.us
- Workers comp? Regulated by the state but sold by private insurance companies. www.sbwg.georgia.gov
- Business license? Zoning? Best thing to do is go to the website of the town or county where you will start your business and see what type of licensing and permits you need.

Homework Assignment- Watch Enterprise Budgets webinar at home (**20 min, Dr. Brady Brewer, University of Georgia, Dept. of Ag & Applied Economics**)
<https://vimeo.com/176106137>



Small Farm Business Planning



SESSION 2 FINANCIAL FEASIBILITY FINANCIAL RECORD-KEEPING LEGAL STRUCTURE AND COMPLIANCE

Laura Katz, The University of Georgia Small Business Development Center



Financial Feasibility

Start Up Expenses

- Accounting/legal
- Utility deposits
- Land/building
- Farm Equipment & Machinery
- Seeds, Fertilizer, etc.
- Supplies
- Pre-opening marketing
- Organizational costs
- Closing costs

On Going Expenses

- Accounting/legal
- Owners' compensation
- Salaries/wages
- Seeds, Fertilizer, etc. (COGS)
- Supplies
- Rent/Lease payments
- Telephone
- Utilities
- Insurance
- Maintenance/Repair
- Loan payments
- Miscellaneous

Show Me the Numbers!

Where do I get the numbers?

- Enterprise Budgets (CFSA, UGA)
- Reference materials (Ag industry standards)
 - USDA, FSA, UGA
- Check with similar businesses in other locations
- Find a lawyer or accountant who represents farms similar to yours
- Suppliers/equipment dealers
- Call local competitors for information on prices/services

Financial Feasibility

What you need to know...

- Balance Sheet
- Income Statement
- Cash Flow Statement



Financial Feasibility

Balance Sheet = Farm's Financial Health

- Shows what a farm *owns*, *owes* & *what's left over*
Assets = Liabilities + Equity
- Shows a farm's net worth (financial progress)
Assets – Liabilities = Net Worth
- Shows Accounts Receivables, Accounts Payables, Inventory

Balance Sheet Assets

- Current Assets – convert to cash in <1 year
- Intermediate – convert to cash in 1 to 10 years
- Long Term – convert to cash in > 10 years



Balance Sheet Liabilities

- Current Liabilities – Pay off in <1 year
- Intermediate – Pay off in 1 to 10 years
- Long Term – Pay off in > 10 years



Balance Sheet Owner's Equity

- Any personal equity that the owner invests in the business



Table 4: Example of a Farm Balance Sheet			
Assets		Liabilities	
Current Assets		Current Liabilities (due within 12 months)	
Farm checking	345	Operating loan balance	
Accounts receivable		Line of Credit balance	
Crop and feed inventory	40	Long-term loan principal due this year	1,800
Farm supplies on hand	270	Other:	
Other:			
Total Current Assets	655	Total Current Liabilities	1,800
Intermediate Assets		Intermediate Liabilities	
Farm machinery		Tractor loan balance	
Farm vehicles		Truck loan balance	
Livestock	120	Other:	
Perennial plants	300		
Total Intermediate Assets	420	Total Intermediate Liabilities	
Long-Term Assets		Long-Term Liabilities	
Farmland	85,000	Long-term loan 1 balance	61,200
Farm buildings		Long-term loan 2 balance	
Other:		Other:	
Total Long-Term Assets	85,000	Total Long-Term Liabilities	61,200
		Total Liabilities	\$63,000
		Equity	\$23,075
Total Assets	\$86,075	Liabilities + Equity	\$86,075

Source: ATTRA Basic Accounting: Guidance for Beginners

Financial Feasibility

Income Statement = Farm's Profitability

- Revenues – Cost of Sales = Gross Profit
Gross Profit – Expenses = Net Profit
- Net Profit is taxable
- If your Gross Profit is too low, then...
 - You're setting your prices too low
 - You're paying too much for your goods
 - Both
- Expenses can be *fixed* or *variable*.
- Keep an eye on your expenses!

Table 3.
Big Beet Farm 2012 Income Statement

Income Statement 2012	
Income	
CSA	3,375
Farmers market	935
Eggs	444
Flower CSA	150
Total sales	4,904
Expenses	
Fertilizer	581
Fuel and oil	100
Farm insurance	200
Market fees	144
Livestock expense	430
Labor	
Pest management	50
Rent paid	275
Repairs and maintenance	45
Seeds, plants	560
Supplies	810
Utilities: farm share	120
Interest on loans	
Depreciation	89
Total expenses	3,395
Net income (profit)	1,509

Financial Feasibility

Cash Flow Statement = Solvency

- Cash Inflow vs. Cash Outflow
- Shows ability to repay your debts
- A farm business can be profitable and still have poor cash flow
 - Accounts Receivable (not cash until you collect it)
 - Principle on Mortgage (doesn't show up on Income Statement)
 - Equipment (doesn't show up on Income Statement)
 - Inventory (only Cost of Goods Sold shows up on Income Statement)
- Depreciation is an expense (not cash – doesn't show up on Cash Flow Statement)

Table 1: Big Seed Farm 2012 Cash Flow

2012 Cash flow budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Operating receipts and cash inflows													
CSA				3,000		375							3,375
Farmers market							60	160	160	150	300	105	935
Eggs				60	60	60	60	60	36	36	36	36	444
Flower CSA					50								150
Total cash inflows				3,060	210	435	120	220	196	186	336	141	4,904
Operating expenses and cash outflows													
Fertility costs				547				34					581
Fuel and oil					100								100
Farm insurance				200									200
Market fees									144				144
Livestock expense				30	40	49	86	115	40	40	30		430
Labor													
Pest/weed management					50								50
Rent paid				275									275
Repairs/maintenance						45							45
Seeds/plants				560									560
Supplies				700	30		60	20					810
Utilities: farm share				10	20	20	20	20	10				120
Capital purchases					400								400
Total cash outflows				570	840	114	166	189	194	115	30		3,715
Cash balance				-570	-630	321	-46	31	2	71	306	141	1,189

Source: ATTRA Basic Accounting: Guidance for Beginners

Activity – Categorizing Financial Transactions Exercise

- *NCAT Financial Records Template*

NCAT Financial Record - Introduction

Basic Farm Accounting and Record Keeping Templates



This project was funded by USDA's Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR) program (Project # 2009-00705), part of the National Institute of Food and Agriculture.



Table of Contents

1 Chart of Accounts

2 Projected Farm Budget

3 Cash Flow Budget

4 Income & Expense Statement

5 Balance Sheet

6 Income Records

7 Expense Records

****IF YOU ARE OR PLAN TO BE CERTIFIED ORGANIC****

You will also need to keep records of the following things:

1) Purchase of non-treated, organic seeds or transplants. If you purchased conventional seed (still needs to be non-treated) you will need to show documentation that you tried finding it organically first. Contact your organic certification agency for more information.

2) Harvest yields. The inspector will need to do an audit from seed to sale, and will need to see how much of a particular crop you harvested.

3) Soil amendments or inputs. You will need to show a log of all the things you have added to the soil over the course of the season

How to use these forms:

1 The **Chart of Accounts** is the starting point for setting up your books. It's an index of all of your accounts, organized by a "Type" (Assets, Liabilities, Equity, Income & Expenses). These "types" determine how the account will behave. The numbers are a coding system professionals use to organize accounts into these specific groups, which helps as a business gets more complex. *See the Lesson 3 presentation that accompanies these materials for further explanation on the types of accounts.* You can edit and expand these categories based on your own operation, and assign code numbers according to your own organizational method. In setting up your chart of accounts, remember that you are organizing your financial information so that you can get what you want back out of it. At the end of the year, what level of detail are you going to want to know about your sources of income and how you are spending your money?

2 **Projected Farm Budget:** If you are not yet farming, you will want to create a projected farm budget before your first season starts. Since you don't have any numbers yet to work from, you will need to estimate your income and expenses based on the markets you expect to enter, and your best guess as to how much you will spend on what. This can be difficult and frustrating, but it doesn't have to be perfect! Talk to other farmers to get a sense of costs, and remember that this information is just an estimation to help you see whether your business plan is going to work or not. Keep the formulas in the total columns, and also across the bottom in the Monthly Net Profit/Loss rows, and fill out the rest with your numbers. You can also add accounts to both the income and expense categories that are more appropriate for your own farming business

3 **Cash Flow Budget:** For those already farming, use a cash flow budget to help you see what happened to your money last year, or in years past. You should be recording your income and expenses in the cash flow budget each month of the current year to understand what is happening in your bank account. The advantage of a cash flow budget is that it tracks how cash flows in and out of your accounts. You can use it predict months with high expenses and low income, and take action to ensure you have enough cash to cover your expenses.

4 Use the **Income & Expense Statement** to see the profit of your farm over a particular period of time. It could be over the month, each quarter or over the year. This example is for the entire year. The totals here are linked to the totals from the Cash Flow Budget, which you can see if you click on the cell. This allows you to enter your data in the Cash Flow Budget and have the I&E statement calculate your profit and loss automatically. You don't have to enter the numbers again on this form. Keep the formulas intact, but add account categories that are more appropriate for your business.

5 The **Balance Sheet** gives you the value, or net worth of your business at a particular day of the year. Most farmers only do one at the end of the year. There are two linked cells in this spreadsheet - the total in your cash account from the Cash Flow Budget at the end of the year, and the Total Net Profit After Taxes in the I&E Statement. Depending on what day you do the balance sheet, you may need to adjust the cash account to reflect the accurate amount in your bank account. Assets show how much you own, Liabilities shows how much you owe, and Equity shows the difference, which is the net worth of the business. Equity is also the amount of capital investments all partners contributed to the farm, and where you would put the profits of the farm if you wanted to reinvest them into the business.

6 & 7 **Income & Expense Records:** These last two sheets are record keeping templates for Income and Expenses. You can adapt each of these as needed. NOTE: If you are planning to have wholesale accounts, we recommend keeping a separate record of who owes you money (Accounts Receivable). This can be done simply with a Produce Out Log in the cooler. We recorded the date, the product, amount, where it was going and how much we charged. Then we marked it paid when we received a check, but until then, it was left open so we knew it was an open invoice.

Author: Marisa Alcorta, NCAT Agriculture Specialist
Farm Partner, The Cloverleaf at Bridgeway Farms 2012



Thank you to the partners of The Cloverleaf at Bridgeway Farms for sharing your financial information for this project

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NCAT Financial Record - Chart of Accounts

Cloverleaf Chart of Accounts	
	Assets (1000)
1000	Cash
1010	Checking Account
1020	Savings Account
1030	Accounts Receivable
5100	Tools
5110	Fencing
5120	Irrigation Equipment
	Liabilities (2000)
2000	Accounts Payable
2020	Loans Payable
	Equity (3000)
3000	Total Investments
3010	Partner 1 investment
3020	Partner 2 investment
3030	Net Profit (Earnings)
	Revenue (4000)
4000	Total Sales
4010	Sales CSA
4020	Sales Farm Stand
4030	Sales Wholesale
	Expenses (5000)
5000	Accounts Payable
5010	Sprays
5020	Fertilizers
5030	Fuel/oil
5040	Insurance
5050	Rent
5060	Repairs
5070	Seeds & plants
5080	Supplies
5090	Fees

NCAT Financial Record - Project Farm Budget

<i>Cloverleaf Projected Farm Budget 2012</i>													
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Income													
CSA				\$3,000	\$3,000			\$3,000	\$3,000				\$12,000
Farm Stand					\$250	\$1,000	\$1,000	\$1,500	\$1,000	\$500			\$5,250
Wholesale						\$1,000	\$1,000	\$1,000	\$1,000				\$4,000
Total Income	\$0	\$0	\$0	\$3,000	\$3,250	\$2,000	\$2,000	\$5,500	\$5,000	\$500	\$0	\$0	\$21,250
Operating Expenses													
Sprays	\$250	\$50											\$300
Fertilizers					\$500			\$500					\$1,000
Fuel/oil	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Insurance					\$825								\$825
Rent	\$2,500												\$2,500
Repairs						\$250			\$250				\$500
Seeds & plants	\$600	\$400											\$1,000
Supplies	\$500	\$500											\$1,000
Fees											\$200		\$200
<i>Total Operating</i>													\$7,925
Capital Expenses													
Tools	\$300	\$250	\$150										\$700
Fencing		\$1,000											\$1,000
Irrigation Equip	\$500	\$500	\$500										\$1,500
<i>Total Capital</i>													\$3,200
Total Expenses	\$4,400	\$2,500	\$550	\$50	\$1,375	\$300	\$50	\$550	\$300	\$50	\$250	\$50	\$11,125
Monthly Net Profit/Loss	(\$4,400)	(\$2,500)	(\$550)	\$2,950	\$1,875	\$1,700	\$1,950	\$4,950	\$4,700	\$450	(\$250)	(\$50)	\$10,125

NCAT Financial Record - Cash Budget

<i>Cloverleaf Cash Flow Budget 2012</i>													
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Cash In													
Starting Cash	\$8,000												
CSA				\$5,600	\$2,400			\$2,600	\$1,400				\$12,000
Farm Stand					\$450	\$950	\$1,800	\$2,600	\$650	\$300	\$150		\$6,900
Wholesale				\$400		\$280	\$950	\$920	\$850				\$3,400
Total Income	\$8,000	\$0	\$0	\$6,000	\$2,850	\$1,230	\$2,750	\$6,120	\$2,900	\$300	\$150	\$0	\$22,300
Operating Expenses													
Sprays	\$100	\$150	\$50								\$90	\$180	\$570
Fertilizers			\$350	\$600				\$800					\$1,750
Fuel/oil			\$50	\$55	\$75	\$75	\$85	\$90	\$45	\$35	\$35	\$30	\$575
Insurance				\$200				\$625					\$825
Rent	\$2,500	\$150											\$2,650
Repairs					\$100	\$80	\$125	\$25			\$65		\$395
Seeds & plants	\$225	\$350	\$600	\$550		\$350			\$350				\$2,425
Supplies		\$750	\$150	\$300	\$250				\$300				\$1,750
Fees										\$450			\$450
<i>Total Operating</i>													<i>\$11,390</i>
Capital Expenses													
Tools	\$300	\$250	\$150										\$700
Fencing		\$600	\$900										\$1,500
Irrigation Equip	\$600	\$1,200	\$450										\$2,250
<i>Total Capital</i>													<i>\$3,750</i>
Total Expenses	\$3,725	\$3,450	\$2,700	\$1,705	\$425	\$505	\$210	\$1,540	\$695	\$485	\$190	\$210	\$15,140
Monthly Net Profit/Loss	\$4,275	(\$3,450)	(\$2,700)	\$4,295	\$2,425	\$725	\$2,540	\$4,580	\$2,205	(\$185)	(\$40)	(\$210)	\$7,160
Total Cash Balance	\$4,275	\$825	(\$1,875)	\$2,420	\$4,845	\$5,570	\$8,110	\$12,690	\$14,895	\$14,710	\$14,670	\$14,460	

NCAT Financial Record - Income & Expense

Income & Expense Statement (Jan 1 - Dec 31, 2012)

Income	
CSA	\$12,000
Farm Stand	\$6,900
Wholesale	\$3,400
Total Income	\$22,300
Expenses	
Sprays	\$570
Fertilizers	\$1,750
Fuel/oil	\$575
Insurance	\$825
Rent	\$2,650
Repairs	\$395
Seeds & plants	\$2,425
Supplies	\$1,750
Fees	\$450
<i>Depreciation expense</i>	<i>\$1,483</i>
Total Operating Expenses	\$12,873
Net Income (Profit/Loss)	\$9,427

NCAT Financial Record - Balance Sheet

Balance Sheet (Dec 31, 2012)

Assets	
Checking Account	\$14,460
Savings Account	\$0
Accounts Receivable	\$540
Tools	\$700
Fencing	\$1,500
Irrigation Equipment	\$2,250
<i>Accumulated Depreciation - Total</i>	<i>-\$1,483</i>
Total Assets	\$17,967
Liabilities	
Accounts Payable	\$540
<i>Operating Loan Balance</i>	<i>\$0</i>
<i>Truck Loan Balance</i>	<i>\$0</i>
<i>Land Loan Balance</i>	<i>\$0</i>
Total Liabilities	\$540
Equity	
Partner 1 investment	\$4,000
Partner 2 investment	\$4,000
Net Profit or Loss (Retained Earnings)	\$9,427
Total Equity	\$17,427
Assets = Total Liabilities + Total Equity	\$17,967



Funded by USDA's Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR) program (Project # 2009-00705), part of the National Institute of Food and Agriculture.

NCAT Financial Record - Income Records

Cloverleaf Farm Income Records							
Date	Received from	Amount	Check #	Deposited	Account	Enterprise	Notes
8/22/12	Be Well Market	\$525.70	264033	31-Aug	Wholesale	fruit	8/10/2012
8/29/12	Lily's Kitchen	\$39.94	1152	31-Aug	Wholesale	fruit	53# O'Henry seconds
8/31/12	Farmstand	\$980.00	cash	15-Sep	Farmstand	veg & fruit	
9/14/12	Emilie Pratt	\$170.00	2141	10/5/2012	CSA	veg & fruit	CSA half + wild card
9/14/12	Melanie Williams	\$250.00	2663	10/5/2012	CSA	veg & fruit	CSA full
9/12/12	Jessica Green	\$250.00	121	10/5/2012	CSA	veg & fruit	CSA full
9/30/12	Farmstand	\$265.00	cash	10/5/2012	Farmstand	veg & fruit	
9/20/12	Antica Restaurant	\$60.50	4360	10/5/2012	Wholesale	fruit	9# apricots firsts
10/7/12	Farmstand	\$198.00	cash	10/12/2012	Farmstand	veg & fruit	
9/10/12	Soul Food Farms	\$58.31	5683	10/5/2012	Wholesale	fruit	8-18 farmstand



Funded by USDA's Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR) program (Project # 2009-00705), part of the National Institute of Food and Agriculture.



NCAT Financial Record - Expense Log

Cloverleaf Farm Expense Records						
Date	Paid To	Amount	Check #	Account	Enterprise	Notes
1/5/12	Irrigation Supply Hardware	\$345.00	1102	Irrigation Equip	vegetables	layflat for veggies
1/5/12	Ron Matthews	\$2,500.00	1103	Rent	fruit	rent for orchard
1/8/13	High Mowing Seeds	\$150.00	debit	Seeds & plants	vegetables	online - organic
1/10/12	Johnny's Seeds	\$645.00	debit	Seeds & plants	vegetables	online
1/13/12	Orchard Supply Hardware	\$55.00	debit	Supplies	vegetables	hoes, gloves, buckets
1/14/13	Growers Ag Services	\$100.00	debit	Sprays	fruit	lime sulfur - brown rot



Funded by USDA's Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR) program (Project # 2009-00705), part of the National Institute of Food and Agriculture.



Categorizing Financial Transactions Worksheet

Look at the list of items below, using the NCAT financial statements, determine what the item category is, and which statements would be impacted by the transaction. The first one is done as an example:

	Balance Sheet				Income Statement (P&L)			Cash Flow
<i>Item</i>	<i>Asset</i>	<i>Liability</i>	<i>Equity</i>		<i>Income</i>	<i>Expense</i>		
Farm Supply Invoice for fertilizer for farm - \$200		x				x		x
Wheel Hoe - \$170								
J&S Tax Preparation Bill - \$100								
Check from Joe Schmo for spring/summer CSA subscription - \$300								
Drip Irrigation Watering Kit - \$130								
Heavy Duty Electric Fence Polywire 656 feet - \$23								
Ipad - \$1,500								
Truck depreciation - \$300								
Very Best Produce Broker payment for 10 boxes of broccoli - \$320								
JJ Greenhouse Invoice for transplants - \$240								
Very Best Produce Broker Invoice #201 for produce sold last week- \$300								
Gas receipt for \$56								
Backhoe rental receipt - \$1,000								
Check from Suzi Q for \$30 of strawberries								
Will's Garage receipt for truck repairs - \$295								
Business license receipt - \$50								
Retained earnings (Net profits of \$5,000- \$2,000 distribution to owner)								

Categorizing Financial Transactions Worksheet ANSWER KEY

Answer Key							
Item	Balance Sheet				Income Statement (P&L)		Cash Flow
	Asset	Liability	Equity		Income	Expense	
Farm Supply Invoice for fertilizer for farm - \$200		x				x	x
Wheel Hoe - \$170	x					x	x
J&S Tax Preparation Bill - \$100		x				x	x
Check from Joe Schmo for spring/summer CSA subscription - \$300	x			x			x
Drip Irrigation Watering Kit - \$130	x					x	x
Heavy Duty Electric Fence Polywire 656 feet - \$23	x					x	x
Ipad - \$1,500	x					x	x
Truck depreciation - \$300	x					x	
Very Best Produce Broker payment for 10 boxes of broccoli - \$320	x			x			x
JJ Greenhouse Invoice for transplants - \$240		x				x	x
Very Best Produce Broker Invoice #201 for produce sold last week- \$300	x			x			
Gas receipt for \$56						x	x
Backhoe rental receipt - \$1,000						x	x
Check from Suzi Q for \$30 of strawberries	x			x			x
Will's Garage receipt for truck repairs - \$295						x	x
Business license receipt - \$50						x	x
Retained earnings (Net profits of \$5,000- \$2,000 distribution to owner)	x		x				x

Record Keeping

Why keep records?

- Monitor progress of business
- Use to prepare financial statements
- Identify source of receipts
- Keep track of expenses
- Use in preparation of tax returns
- Support items reported on tax return



What should you keep?

- Gross Receipts
 - Cash register tapes, bank deposit slips, receipt books, invoices, credit card slips
- Purchases
 - Cancelled checks, cash register receipts, credit card sales slips, invoices
- Expenses
 - Cancelled checks, cash register receipts, account statements, credit card sales slips

How should you keep your records?

- Electronically
 - Quick Books, Excel spreadsheet, Farm specific accounting software
 - <http://www.agriculture.com>
- Manually
 - One-Write System
 - Packet of ledger paper



Activity – Recordkeeping Tools

- ***Introduction to the Veggie Compass.***

Generic - Long Form - Labor Records

Farm Name _____

Date

	Greenhouse Hours	Harvest & Packing Hours	Notes
	Field Growing Hours		
Not Crop Specific:			
Asparagus:			
Beans:			
Beet:			
Broccoli:			
Cabbage:			
Carrot:			
Cauliflower:			
Cucumber:			
Eggplant:			
Garlic:			
Herb:			
Kale/Collards:			
Leek:			
Lettuce:			
Melon:			
Onion:			
Pea:			
Pepper:			
Potato:			
Radish:			
Salad Mix:			
Spinach:			
Squash, summer / Zucchini:			
Squash, winter:			
Sweet Corn:			
Tomato:			
Other:			
Other:			
Other:			

Farm_____**DATE**_____**CROP SPECIFIC ACTIVITY** (circle one)

Field Growing

Harvest & Packing

CROP (circle one)

Bean	Beet	Broccoli	Cabbage
Carrot	Chard	Cuke	
Eggplant	Garlic	Kale/Collard	Leek
Lettuce	Melon	Onion	
Pea	Pepper	Potato	Radish
SaladMix	Scallion	Spinach	
SmSqsh	SwtCorn	Tomato	WinSqsh
Zucchini	Herb/Other	_____	

CROP SPECIFIC HOURS

NOT CROP SPECIFIC ACTIVITY**Greenhouse Hours**

Field Growing Hours

Harvest / Packing Hours

Back to Legal Structure

Legal Structure

- Sole Proprietors
- Partnerships
- Corporations
 - C-Corps
 - S-Corps
- LLC's





IRS Publication 583
Starting a Business & Keeping Records
<http://www.irs.gov/pub/irs-pdf/p583.pdf>

Table 2. Which Forms Must I File?

IF you are a...	THEN you may be liable for...	Use Form...
Sole proprietor	Income tax	1040 and Schedule C ¹ or C-EZ (Schedule F ¹ for farm business)
	Self-employment tax	1040 and Schedule SE
	Estimated tax	1040-ES
	Employment taxes: • Social security and Medicare taxes and income tax withholding • Federal unemployment (FUTA) tax	941 or 944 (943 for farm employees) 940
	Excise taxes	See <i>Excise Taxes</i>
Partnership	Annual return of income	1065
	Employment taxes	Same as sole proprietor
	Excise taxes	See <i>Excise Taxes</i>
Partner in a partnership (individual)	Income tax	1040 and Schedule E ²
	Self-employment tax	1040 and Schedule SE
	Estimated tax	1040-ES
Corporation or S corporation	Income tax	1120 (corporation) ² 1120S (S corporation) ²
	Estimated tax	1120-W (corporation only)
	Employment taxes	Same as sole proprietor
	Excise taxes	See <i>Excise Taxes</i>
S corporation shareholder	Income tax	1040 and Schedule E ²
	Estimated tax	1040-ES

¹ File a separate schedule for each business.

² Various other schedules may be needed.

How does an LLC File?

LLCs are not automatically included in this list, and are therefore not required to be treated as corporations.

- LLCs can file Form 8832 (PDF) to elect their business entity classification.
 - <http://www.irs.gov/businesses/small-business-self-employed-llc-filing-as-a-corporation-or-partnership>

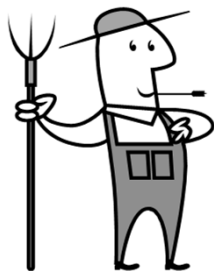
Choosing a Trade Name

- All corporations & LLC's must register with the State
 - Check registered names:
 - <http://ecorp.sos.ga.gov/BusinessSearch>
- Check the federal register of names patented and trademarked
 - www.uspto.gov
- Google your business name
- File trade name locally



Compliance Issues

- Local
- State
- Federal



Local Compliance Issues

- **Planning and Zoning**
 - Zoning Restrictions may apply to
- **Certificate of Occupancy**
 - Local Fire Marshall will inspect for fire code compliance before building can be used
- **Certificate of Building Inspection**
 - Local building inspector certifies use of accesses, restrooms, and construction types
- **Licenses:**
 - Business License/Business Tax Certificate/ Occupational Tax Permit
 - obtained at city hall, county courthouse or city admin building

State Compliance Issues

- **Permits, Licenses, Inspections:**
 - Over 30 types of businesses
 - www.sos.state.ga.us/plb
 - Food Sales – Ga. Dept. of Ag.
 - www.agr.state.ga.us
 - Check new Cottage Food Regulations
 - Food Service- local environmental health dept.
- **Trademarks, Service Marks, Patents, Copyrights may be registered for legal protection**
- **Sales and Use Tax:**
 - Apply for sales tax number with State of Georgia and get instructions for collecting, reporting and remitting tax monies
 - www.dor.ga.gov

More State Compliance Issues

- **State Income Taxes**
 - Forms needed depends on the type of business entity
- **Worker's Compensation Insurance**
 - Required by law for employers with 3+ employees
 - Regulated by State but sold by private insurance companies
 - <http://sbwc.georgia.gov>
- **State Unemployment Insurance Tax (SUTA)**
 - 2.7% of first \$8,500 of employees yearly earnings
 - www.dol.state.ga.us

Federal Compliance Issues

- **Federal Income Taxes**
 - **Federal Tax ID Number (EIN) – Form SS4**
 - Can apply online; free
 - www.irs.gov
 - **Employment Issues:**
 - **FICA Insurance (S.S. & Medicare) – Form 941**
 - calculated based on employee's salary
 - www.irs.gov
 - **Federal Unemployment Tax (FUTA) – Form 940 or 940EZ**
 - 0.8% of first \$7,000 of employees yearly earnings
 - **Employee vs. Independent Contractor**

Resources

- ATTRA National Sustainable Agriculture Information Service, publication "Basic Accounting: Guidance for Beginning Farmers"
 - www.attra.ncat.org
- IRS Starting a Business and Keeping Records
- Veggie Compass
 - www.veggiecompass.com
 - www.irs.gov/pub/irs-pdf/p583.pdf
- Georgia Direct Farm Business Guide
 - <http://nationalaglawcenter.org/wp-content/uploads/assets/articles/GA-DFM.pdf>



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**Beginning Farmer Rancher
Development Program**
Developing the Next Generation
of Sustainable Farmers in Georgia Grant



Resource Page

NCAT Financial Record Templates

- <http://www.carolinafarmstewards.org/record-keeping>
- Excel spreadsheets you can use to calculate your farms profits and losses.

Veggie Compass: veggiecompass.com

- Whole-Farm Profit Management: Veggie Compass is a farm management tool for diversified fresh market vegetable growers. The system focuses upon a comprehensive spreadsheet designed to facilitate the analysis of farm records

Electronic record keeping

- www.irs.gov/pub/irs-pdf/p583.pdf
- IRS Publication 583: Starting a Business and Keeping Records

LLC Filing

- IRS form 8832: <https://www.irs.gov/business/small-business-self-employed-llc-filing-as-a-corporation-or-partnership>
- Georgia Corporations Division business search: <https://ecorp.sos.ga.gov/BusinessSearch>
- Federal Register of Names: www.uspto.gov/trademark

Permits, Licenses, Inspections

- Georgia Secretary of State Professional Licensing Boards: www.sos.state.ga.us/plb
- Food Sales- Ga. Dept of Ag: www.agr.state.ga.us
- State Board of Worker's Compensation: <http://sbwc.georgia.gov>
- Georgia Department of Labor: www.dol.state.ga.us

Georgia Direct Farm Business Guide

- <http://nationalaglawcenter.org/wp-content/uploads/assets/articles/GA-DFM.pdf>

NOTES:



Small Farm Business Planning

The Business Plan, Developing
Financial Projections, Farmer's
Perspective

Session Three
Facilitator's Notebook

Session 3 – Small Farm Business Planning

Learning Activities & Notes to Facilitators

BEFORE SESSION BEGINS: Please pull up AgPlan website, Sample business plan from Gittin There Farms, Broccoli enterprise budget, and Goat enterprise budget from UGA Urban Ag website.

The Business Plan (6 min - Laura Katz, The University of Georgia Small Business Development Center)

Slide 9 – Activity – Business Planning Exercise (30 minutes)

1. Introduce the class to the *AgPlan*, a tool for helping business owners develop a business plan.

NOTE: You will need access to the internet for this exercise.

2. Bring up the AgPlan site - <https://agplan.umn.edu>
3. Login as jgaskin@uga.edu. Password: Journeyman
4. Next to Gittin'There Farms, click on **View Business Plan**
5. Show the class that all the sections needed for a business plan are listed on the far lefthand side of the page. For example, the Executive Summary, Business Description, Operations, etc.
6. Click on **Cover Page**. Show them the *Tips* page (at the bottom of screen that gives them an outline of what they need on a cover page).

Does the Gittin' There Cover Page have all the information it needs?

- *Yes. It has the basics. Could have a logo to make it look more professional.*

7. Click on **Executive Summary**. Go over the *Tips* section. Reinforce that this is the last section that should be written. Ask them to read the Executive Summary for Gittin' There Farms.

What elements of an Executive Summary are missing?

- *Mission statement. Specifics on how much capital they need. Specifics on market trends.*

Is this ready for submission to a bank?

- *No.*

8. In the Executive Summary window, click on the *Samples* tab below the main window that says *Transitioning to Organic*

How does this compare with the Gittin' There Farms Executive Summary?

- *Written in first person rather than third person. More focus on market potential.*

9. **Remind** class of the SWOT Analysis exercise and their homework on this. The SWOT analysis will be a big help in shaping the mission statement and developing the rest of the plan
10. On the far lefthand side, click on **Ownership Structure** under *Business Description*. Note that the farm is a Sole Proprietorship.

What implications does this have for the farm, if there was a food safety problem?

- *Even with liability insurance, the owners – Joe and Jane – would have the farm, home and all they own at risk.*

11. In the *Ownership Structure* window, click on *Resources* and show the class there is additional information on this topic.

12. On the far lefthand side, click on **Products** under *Operations*. Give the class a minute to read this description or read it aloud.

In general, does it meet the requirements in the *Tips* section?

- *Yes.*

If you were a banker, what other information would you want?

- *It is OK. Details products and why.*

13. On the far lefthand side, click on **Historical Performance** under *Financial Plan*. Read through what is needed here. **Remind** them of the Income Statement work done in Session 4. This will help generate the kind of information needed for this section.
14. Then click on *Resources*. Show class the resources available to develop this information.
15. Go to top of page. In blue banner, click on **View or Print**. Click on *Generate Business Plan*. It will take a few minutes to generate the plan documents. Click on the Word document and open the plan in Word. The program gives you the plan that you can edit further. Point out the sections that are required that we did not fill in:
 - Business Description
 - Operations
 - Marketing Plan
 - Management & Organization
 - Financial Plan
16. Encourage the class to take advantage of this tool.

Homework– Ask the class to write a brief Products Description for their Business Plan using the tips and resources in AgPlan. Remind them to bring this to Session 4.

Developing Financial Projections (13 min - Laura Katz, The University of Georgia Small Business Development Center)

Slide 14 – Activity – Business Planning Exercise (30 minutes)

1. Remind the class that they will need to get assistance to do ProForma Projections. The SBDC can help with this. **They have to find the information to bring to the SBDC.** So, another tool to get estimates for costs and yields are Enterprise Budgets.
2. Ask the class to find the **Carolina Farm Stewardship Association 2015 Organic Broccoli Budget** in their notebooks. Point out Enterprise Budgets are very specific. This one is for Wholesale broccoli marketed in a 20 lb case. It is based on 1 acre of broccoli production on a 10 acre farm. Ask the class to find where the estimated *price* for broccoli is on the enterprise budget.

What is the price per 20 case?

- *\$31/case*

How does this compare with the price per lb we found in the CAT tool?

- *\$31/20 lbs = \$1.55/lb. These should be close, but may fluctuate. Key is getting them to calculate and compare price/case and price/lb.*

3. Point out wealth of information on costs.
4. Ask class to define Variable Costs.

“Variable costs are costs that change in proportion to the good or service that a business produces.” Garrison, Noreen, Brewer. Managerial Accounting and Costs Concepts. Chapter 2, p. 44

Is a tractor a variable cost?

- *No.*

How about a well pump?

- No.

Drip tape?

- Yes.

Transplants?

- Yes.

What is the biggest cost for growing broccoli?

- Labor - \$1,700

5. Ask class to define Fixed Costs?

*"In economics, **fixed costs**, **indirect costs** or **overheads** are business expenses that are **not** dependent on the level of goods or services produced by the business. " Wikipedia.*

Irrigation infrastructure such as a well and the fixed pipes to a field, machinery such as a tractor, rent, utilities, interest, supplies, maintenance, and insurance would all be Fixed Costs. Machinery costs difficult to get a handle on. Fortunately we have Ag Economists that do this for us!

6. Ask class to look find Machinery & Equipment line under Fixed Costs. Machinery & Equipment cost \$240/acre. How did they get that? Ask class to look at the second page of the Broccoli budget.

What do you notice about this machinery & equipment list?

- *Based on extension data but not specific e.g. John Deere 4WD 30 HP Tractor. This will give you a general guideline and can be used for ProForma and business planning budgets.*

What if you are only growing on 1,000 sq ft for a crop on a 2 acre farm and were selling direct at a farmers market. Can you modify this budget?

- *Very rough estimate would multiple Total \$/ac by 0.02.*

BUT, look at machinery & equipment, would a smaller farm have all this machinery? If you don't have a plastic layer, for example, what happens to labor?

- *As you grow more crops on smaller areas and use less machinery, labor costs go up. Better idea would be to look for enterprise budgets on 1,000 sq ft or 100ft or row basis. Call attention to Resources list with UFI Enterprise budgets on 100 ft row basis.*

7. Pull up **Alabama Meat Goat Enterprise Budget 09** excel sheet on the computer.

8. Click on **INPUT SHEET**. This is where you could put in your farm records if you have them. If not, here are some cost estimates. Notice these are from 2009 and things may be different.

What are some things here that apply specifically to animals?

- *Cull rates, Fertility rates, mortality rates, vet bills, fencing*

NOTE: This again gives you a good reference to begin a budget, gives you specifics on records you need to keep, and gives you a way to pull in your own numbers as you begin to generate them.

Remember –" If you can't pencil in a profit, it's not likely you can grow one!"

The Farmers' Perspective (30 min)

- Question and answer period (10 min)

Find a local farmer that is willing to come in during this session to talk about farming from a business

perspective. Please emphasize that this is from a business perspective not so much about production and operations. While the farmer does not need to share intimate details about their finances they should be prepared to talk about the business with some real world examples from their experiences.

They should be prepared to answer questions like:

- Do they have a business plan?
- Do they use their business plan?
- How did they find their markets?
- What worked and what didn't work?
- What business software (if any) do they use?
- Who does the accounting/bookkeeping?
- Couple of things they wished they had known business wise before they got started.
- Etc



Small Farm Business Planning



Session 3

The Business Plan
Developing Financial Projections
The Farmers' Perspective

Laura Katz, The University of Georgia Small
Business Development Center



The Business Plan



Why a Business Plan?

- It forces you to **focus**
- It tests your **commitment**
- It brings you down to **reality**
- It gives you a **benchmark**
- Required by banks and investors

Preparing a Business Plan

Narrative

- Executive Summary
- Business Description
- Mission Statement
- Market Analysis
- Competition
- Location
- Market Strategy
- Management
- Personnel
- Operations



Preparing a Business Plan

Financials

- Sources & Uses
- Assumptions
- Balance Sheets
- Cash Flows
- Income Statements
- Breakeven Analysis
- Collateral Offering



Preparing a Business Plan

Supporting Documents

- Resumes
- Personal Financial Statements
- Income Tax Returns
- Lease Agreements
- Purchase Agreements
- Construction Estimates
- Market Research
- Explanations



Preparing a Business Plan

AgPlan is a free business plan template for agriculture, fisheries and small business.

www.agplan.umn.edu

AGPLAN[™]

The Agriculture, Fisheries and
Small Business Planning Website



Activity – Business Plans

- Introduction to AgPlan
- HOMEWORK – Write a brief description of the Products section of an Operations Plan for your business plan. Use the “Tips” and “Samples” in AgPlan to guide your description.

Gittin' There Farms

Your Source for Local Organic Produce

1011 Hwy 11

Ruraltown, GA

Business Plan for Farm Expansion

August 20, 2015

Table of Contents

- Executive Summary 1
- Business Description..... 1
 - Ownership Structure..... 1
- Operations 1
 - Products 1
- Marketing Plan..... 2
- Management & Organization..... 2
- Financial Plan..... 2
 - Historical Performance 2

Executive Summary

Gittin'There Farms is a 14 acres family farm that had not been farmed for 10 years until the younger generation took it over. The farm currently grows vegetables on two acres that are sold at a local farmers market. John Doe farms full time. Jane, his wife, works in the local school system. The farm is making a small profit but wants to expand the business to allow the wife to also work full time on the farm. Market research shows there is a strong demand for locally grown, certified organic produce by high end groceries. The farm has 12 acres that can be certified and put into production to meet this demand; however, we will need to expand its infrastructure and will need financing to purchase the needed equipment. We project we can increase our profits by 20% and generate enough income to allow Jane to work on the farm.

Business Description

Ownership Structure

Sole Proprietorship.

Operations

Products

The vegetables are certified organic. Currently we grow up to 20 crops in a given year, though typically 6-10 in a season with several varieties of each crop. In spring/summer our crops are squash, cucumber, snap beans, southern peas, tomatoes, peppers, eggplant, sweet corn and sweet potatoes. Fall and winter crops include greens, broccoli, potatoes, beets, carrots and green onions. The field is divided into eight 1/4 acre plots that have a complex rotation between plant families and summer and winter cover crops. In addition to grain and legume cover crops, some part of the fields is sown to buckwheat and/or sweet alyssum for pollinator and beneficial insect habitat. Strips of sunflowers are planted and harvested to give to customers at the farmers market.

We plan to expand to another 12 acres, which is divided into four 3-acre fields in a simplified rotation that focuses on a wholesale market. Major crops for this field are fall greens, spring lettuce, snap beans and hard squash, summer sweet potatoes and sweet corn and fall-planted onions. We have chosen these crops because we have experience with growing them, most of these are easily direct seeded, and our market research indicates there is demand. In addition, the greens, snap beans, and corn can all be cooled using a hydrochiller. The onions, sweet potatoes and hard squash can be cured and have easy storage requirements for wholesaling. These major crops are interspersed with cover crop to maintain soil organic matter, suppress weeds and provide nitrogen as required by the USDA National Organic Program. This rotation gives us summer income from sweet corn, fall income from sweet potatoes and fall greens, and spring income from lettuce, snap beans, and hard squash.

Marketing Plan

Management & Organization

Financial Plan

Historical Performance

How do I find this data?

Back to Financial Resources

Financial Sources

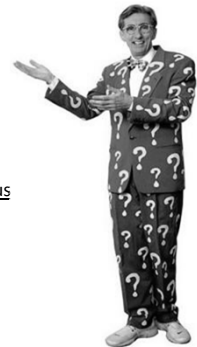
- Self
- Family/Friends
- Banks
- Conventional loans
 - SBA
 - <http://www.sba.gov/content/agriculture>
 - USDA
 - www.fsa.usda.gov
 - Whole Foods Local Producer Loan Program



USDA Grants & Loans



- http://www.usda.gov/wps/portal/usda/us e?navid=GRANTS_LOANS



Avoid Mistakes By . . .

- Watching cash flow
- Developing time management skills!!!
- Proper recordkeeping
- Seeking advice from qualified experts
- Training your employees
- Paying attention to customers
- On-going market research
- Community Involvement
- PLAN ! PLAN ! PLAN!



Developing Financial Projections



Activity – Financial Projections

- Finding information for Financial Projections
- Locate CFSA Organic Broccoli Budget 2015 in your notebook. Participate in discussion.
- Alabama Meat Goat Enterprise Budget excel sheet discussion
- REMINDER – Bring your SWOT Analysis for Session 4!

Carolina Farm Stewardship Association, 2015
Organic Broccoli – Irrigated – Wholesale Market – 20 lb Case

Budget Based on 1 acre of broccoli on a 10 acre mixed organic vegetable farm.

Estimated Costs and Returns per Acre.

	UNIT	QUANTITY	\$/UNIT	TOTAL \$/AC	YOUR FARM \$/Ac.
RECEIPTS					
1. Broccoli	Case	300	31	9,300	_____
2. VARIABLE COSTS					
3. Organic certification	Acre	1	80	80	_____
4. Seedlings	Thous.	18	45	810	_____
5. Compost/Manure	Ton	2	40	80	_____
6. Cover Crop	Acre	1	80	80	_____
7. Lime (prorated)	Ton	0.33	40	13	_____
8. Organic Pest. Sprays	Oz.	296	0.70	207	_____
9. Fuel	Gal.	20	2.50	50	_____
10. Box and Cool	Each	300	2.00	600	_____
11. Labor	Hrs.	170	10	1700	_____
12. Irrigation Supplies	Acre	1	1000	1000	_____
13. Plastic Mulch	Acre	1	200	200	_____
14. Other					_____
Total Variable Costs				4,820	_____
15. FIXED COSTS					
16. Machine & Equip.	Acre	1	240	240	_____
17. Irrigation	Acre	1	80	80	_____
18. Land Charge	Acre	1	50	50	_____
Total Fixed Costs				370	_____
TOTAL COSTS				5,190	_____
RETURN ABOVE VARIABLE COSTS				4,480	_____
RETURN ABOVE TOTAL COSTS				4,110	_____

Notes – Budget estimates for planning only.

1. Yield extrapolated from Mississippi State University Budgets 2013. Price taken from Carolina Farm Stewardship Assoc. (CFSA) Organic Produce Marketing Survey, 2013.
2. Variable costs are those costs that a farmer incurs because he/she decided to grow this specific crop.
3. Average organic certification cost from USDA Farm Services Administration.
4. Extrapolated from organic seedling prices found in Internet search, and Mississippi State University enterprise budgets.
5. Average price of 1 ton of compost, chicken litter, or manure found in Internet search.
6. Average of various cover crop seed and planting cost. Estimated from farmer interviews, and Mississippi State University enterprise budgets, 2013.
7. Equals 1 ton of lime per acre every 3 years. Price from Internet search.
8. Used only when mechanical and physical control methods are ineffective. Application rates and weighted average price for Dipel DF, PyGanic & Trilogy taken from 2013 CFSA pest control worksheets.
9. Mississippi State University, Traditional Vegetables 2013 Planning Budgets, and farmer reviews.
10. Cost estimate from Internet search of various suppliers.
11. Labor estimates vary widely. This estimate is extrapolated from enterprise budgets developed by University of Georgia 2009 and Mississippi State University 2013.
12. Irrigation supplies include 1.5 rolls of drip tape and 6 acre inches of rural water cost. Derived from the Mississippi State University 2013 enterprise budgets.
13. Price from Internet search.
14. Purposely left blank for other unspecified farm costs.
15. Fixed costs are costs that a farmer incurs whether or not a crop is grown.
16. See table below.
17. Annual fixed cost for irrigation setup.
18. Average of farm rental values for North and South Carolina. Estimated from USDA National Agricultural Statistics Service 2010 published cropland rents.

Machinery and Equipment Costs*

Item	Purchase Price \$	Salvage Value \$	Useful		Repair & Maint. \$/Ac.	Total** \$/Ac.
			Life Yrs.	Acres Used/Yr.		
Tractor	17,000	4,000	20	10	3.00	68
Chisel Plow	2,500	600	15	10	0.30	13
Transplanter	2,600	600	20	4	0.20	25
Pest. Sprayer	9,400	1,900	20	10	9.50	47
Trailer	1,100	200	20	10	0.10	5
Disk	4,450	900	15	10	0.20	24
Manure Spreader	3,000	1,500	20	10	0.20	8
Bed Shaper	2,500	600	20	5	1.50	21
200 Buckets	1,000	0	5	7	0	29

Total \$/ Acre = 240

*Estimates derived from Mississippi State University, Traditional Vegetable 2013 Planning Budgets; Why Cows Need Names, and More Secrets of Amish Farms, Randy James, Kent State University Press, 2013 and Internet search of various machinery suppliers.

**Total \$/Ac. = Purchase Price – Salvage Value/Useful Life/ Acres Used + Repair & Maintenance.

Prepared and updated by: Randy James, PhD, Professor Emeritus, The Ohio State University; Karen RM McSwain, MS, Farm Services Director, Carolina Farm Stewardship Association; and farmers who attended the Developing Enterprise Budget workshop at CFSA's Organic Commodities and Livestock Conference, 2015.

Alabama Meat Goat Budgets

This information in this publication is intended to be used with the Alabama Meat Goat Budget spreadsheet. This interactive spreadsheet for these budgets that can be found at: <http://www.ag.auburn.edu/agec/pubs/budgets/Meatgoats.php> or the Alabama Cooperative Extension System's Small Ruminant Publications and Links' Web Site: <http://www.ag.auburn.edu/ansc/goat-sheep/>

There are two printed budgets included. High Input and Low Input.

The Auburn Interactive Meat Goat budget is based on an interactive budget developed by Dr. Jay Lillywhite, New Mexico State University, for the Agriculture Utilization Research Institute (AURI) in Crookston Minnesota.

Special thanks is extended to the following individuals for input and comments:

Carla Shoemaker-Hopkins

Patty Tyler

Dr. Diego Gimenez Jr.

Dr. Darrell Rankins

Dr. Maria Lenira Leite-Browning

Robert Spencer

Numerous Alabama goat producers

Alabama Meat Goat Budgets

This Alabama Meat Goat budget is designed to assist in estimating the potential costs and returns for Alabama meat goat operations. This budget is not a production or how to guide, but a planning and estimation tool.

Prices and costs are based on the best estimates available at the time the budget was prepared. Because of the wide variety of alternative inputs, locations, and production systems, it is important that producers develop their own budgets using the appropriate values.

Meat Goat Budget Overview

The Meat Goat budget is divided into 7 sections.

1. Herd Information – This includes the number and average weight of does and bucks in the operation. It also has the number of kids that are marketed (sold) and average weight if kids sold.

NOTE: The number of kids marketed is based on several factors. Conception rate, kidding rate, mortality rates and cull rates all affect the number of kids that are available to be sold.

The producer enters all this information on the Input Sheet except number of kids marketed. This number is calculated based on cull rates, fertility rates and mortality rates. It is assumed that doe replacements are produced from within the herd.

2. Gross Receipts - This is the amount that the producer receives from the sale of the market/breeding kids and any cull animals that are sold.

3. Variable Cost –These are out-of-pocket costs associated with producing the animals. Some of the costs include hay, feed, pasture costs (fertilizer, lime, seed, etc.) medicine, marketing costs, transportation, etc. Land rent and labor are also included. It is assumed that labor will be provided by the producer

4. Income Above Variable Costs - This is Gross Receipts minus Total Variable Cost. This measurement allows the producer to determine if the out-of-pockets costs covered.

5. Fixed Costs - These costs are incurred whether you produce or not. These include depreciation, interest, insurance, property taxes etc. These costs may be difficult to allocate to a specific enterprise. Some of the fixed costs do not require a payment, such as depreciation but the assets that are depreciated must be replaced. Fixed cost includes a charge for land and general farm overhead. Even if the land is owned, there is a cost involved. This cost may be the opportunity to rent the land or just the property taxes.

6. Net Returns to Risks and Management - This figure is sometimes referred to as profit; however, it is more correct to call it a return to all resource costs except management. If the figure is positive, the producer will be rewarded for his management efforts and the entrepreneurial risk he has taken. This is the figure that management should use to make decisions and compare alternatives.

7. Capital Investments - This reflects the investments that are made in the enterprise that are capitalized over a number of years. Breeding Livestock and Buildings and Equipment are included in these budgets.

Alabama Interactive Goat Budget Terms and Assumptions

The Alabama Interactive Goat Budget requires input from the producer. Keep in mind that for most of these inputs, there isn't a right or wrong number.

Herd/Animal Characteristics

Enter the number of does in your operation.

Doe Size – average weight of your doe.

Number of Bucks

Buck Size – average weight of your buck

Market Prices

Enter price you expect to receive.

Enter price per head. The price on a hundred weight (CWT.) basis is calculated from price per head and weight.

Prices for Breeding Buck and Breeding Does are prices that you paid for your breeding stock AND the price you would receive if you sold Kids for breeding purposes.

Marketing Assumptions

Enter the number of trips and mileage to the market.

It is assumed that most operations will have a pick up available but that it is not used exclusively for the meat goat operation. Mileage cost is assumed to be \$1.00 per mile. This should cover expenses for fuel, repair and maintenance for the truck and the livestock trailer costs

Cull Rates

Enter the appropriate number for your operation.

Buck cull rate is shown at 50%.

Doe cull rate is shown as 14%. Does would be culled at 7 years of age.

Fertility Rates

Enter the appropriate number for operation. These numbers will depend on a number of factors, including but not limited to feeding and nutrition, health program, breed and breeding management.

Mortality Rates

Enter the appropriate number for your operation.

Feeding

Individual feeding program will vary greatly. Enter the appropriate number and/or price for each item as it fits your operation.

Feed Prices

Enter the appropriate/expected price for each feed and pasture cost.

50 pound square bales assumed.

The pasture cost includes the cost to maintain and fertilize a pasture.

Budgets for Major Forage Crops in Alabama may be used as a guide if this amount is not known. The amount shown is comes from the Hybrid Bermuda Grass Pasture budget with land rent taken out. Fertilizer and lime make up the majority of the variable cost and the proration for establishing the permanent pasture cost makes up most of the fixed cost.

Note: Actual pasture cost could be much less if the pasture has been established for many years or shared with cattle.

The cost may be higher if over seeding is used.

Housing

Some operations may not have any housing while others may have elaborate facilities. It is recommended that enough housing be provided to provide a warm dry area for does and kids.

Health Cost/Procedures

Health programs for meat goat herds are very important. Buck and does should be dewormed 6 times a year. Enterotoxemia C&D/T vaccination should be given once year to mature animals and kids twice.

Equipment/Supplies

This includes may include feed bunks, water troughs, buckets, syringes etc.

Fencing and Corral

This may vary widely. If you are using fences that have been previously established, the cost will not be as great. Repairs need to be considered also.

Land and Labor

Enter the appropriate number/price for each.

General Overhead

This will help cover miscellaneous cost such as utilities, telephone, postage, etc.

Financial

Enter the appropriate number/price for each.

Note: There is no charge in this budget for a truck, livestock trailer, tractor and equipment, feed and hay storage building, or expensive water/feed troughs. It is assumed that hauling and tractor work is custom hire. Feed and hay are bought in quantities that require minimal facilities and the water/feed troughs are built on the farm.

Input Sheet

Estimated Costs and Returns for Alabama Meat Goat Enterprise

Column 1

Column 2

Column 3

Herd / Animal Characteristics		Cull Rates		Health Costs / Procedures	
Herd Numbers & Size		Buck Cull Rate	33%	Dewormer Costs	\$ 0.85 / dose
Number of Does	50	Doe Cull Rate	14%	Number of Times Dewormed	6 / buck & does / year
Doe Size (lbs) - Average	125	Fertility Rates		Enterotoxemia C&D/T Vaccination	\$ 0.65 / dose
Number of Bucks	2	Conception Rate	95%	Number of Times Vac.	1 / doe / year
Buck Size (lbs) - Average	225	Kidding Rate	180%	Kids Vaccination - Cost	\$ 0.65 / dose
Kid Size When Sold (lbs) - Average	70	Mortality Rates		Number of Times Vac.	2 / year
Number of Kids Produced		Buck Mortality Rate	1%	Misc. Medication Costs (Herd)	\$ 30.00 / herd / year
Kids Sold for Meat		Doe Mortality Rate	1%		
Replacements needed		Kid Mortality Rate	15%	Equipment / Supplies	
				Misc. Equipment costs	\$ 100.00 / herd / year
				Misc. Supplies	\$ 55.00 / herd / year
Market Prices		Feeding		Fencing and Corral	
Market Kids	\$ 70.00 /Head	Pasture Acreage	17.50	Cost of Fencing	\$ 1.50 /linear foot
\$/ CWT Conversion	\$100.00 /CWT	Months on Hay	4.5	Usefull Life-Fence	12.00 years
Cull Bucks	\$ 135.00 /Head	Lbs Hay Fed (lbs/doe/day)	3.00	Salvage Value-Fence	5.00% percent
\$/ CWT Conversion	\$60.00	Months on Concentrate Suppl.	5.00	Working Facilities cost	\$ 1,650.00 unit
Cull Does	\$ 85.00 /Head	Concentrate (lbs/doe/day)	1.25	Usefull Life-Work. Fac.	15.00 years
\$/ CWT Conversion	\$68.00	Salt/Mineral (Oz/head/day)	2.00	Salvage Value-Work Fac.	10.00% percent
Breeding Bucks	\$ 250.00 / buck	Feed Prices		Repair for Fencing and	\$ 85.00 / year
Breeding Does	\$ 125.00 / doe	Hay Costs (\$/ton)	\$ 90.00	working facilities	
% buck kids sold for Breeding	0%	Concentrate Costs (\$/cwt)	\$ 13.00	Land and Labor	
% doe kids sold for Breeding	0%	Pasture Costs Variable(\$/acre)	\$ 225.00	Land Rent/Ownership Cost	\$ 5.00 /acre
Bucks Sold for Breeding	0	Pasture Costs- Fixed (\$/acre)	\$ 62.73	Labor - Hired	0.00 /hours/doe
Does Sold for Breeding	0	Salt/Minerals (\$/cwt)	\$ 25.00	Labor Cost	\$ 8.25 /hour
Marketing Assumptions		Housing		General Overhead	
Number of Trips to Market	4 trips	Square Feet / Adult Animal	8.00	General Overhead	3.00% %
Miles to Market (Round Trip)	50 miles	Cost / Sq. Foot	\$ 5.00	% of Variable Cost	
Mileage Costs (\$ / Mile)	\$ 1.50 / mile	Useful Life Housing- Years	10.0	Financial	
Sales Commision (%)	7.00% /Hd Sold	Salvage Value-Housing	5.00%	Annual Interest Rate Applied to	
Assoc./Membership Dues	25.00 /year	Repair & Maintenance	4.00%	Breeding Stock	8% / year
		% of Building Cost		Buildings/Working Facilities	8% / year
				Operating Capital	8% / year

BOTTOM LINE

Total \$/Doe

Alabama Meat Goat Enterprise Budget

Estimated Costs and Returns

Following Recommended Management Practices

1. Herd Information:

Number of Does	50.00	Average Weight - Lbs.	125
Number of Bucks	2.00	Average Weight - Lbs.	225
Kids Marketed	64.50	Average Weight - Lbs. (Sold)	70

2. GROSS RECEIPTS

	Unit	Quantity	Unit Price	Total	\$/Doe	Your Farm
Market Kids Sold For Meat	Head	64.5	70.00	4,514.65	90.29	
Buck Kids Sold For Breed. Stock	Head	0.0	250.00	0.00	0.00	
Doe Kids Sold For Breed. Stock	Head	0.0	125.00	0.00	0.00	
Cull Bucks Sold	Head	0.66	135.00	89.10	1.78	
Cull Does Sold	Head	7.0	85.00	595.00	11.90	
Gross Revenue				\$5,198.75	\$103.98	

3. Variable Costs

	Unit	Quantity	Unit Price	Total	\$/Doe	
Feed						
Hay	Pounds	20,250	0.05	911.25	18.23	
Concentrate	Pounds	9,375	0.13	1,218.75	24.38	
Pasture	Acres	17.50	225.00	3,937.50	78.75	
Salt & Minerals	Pounds	2,281	0.25	570.31	11.41	
Vet & Medicine						
Dewormer	Dose	312.00	0.85	265.20	5.30	
Enterotoxemia C&D/T Vaccination	Dose	52.00	0.65	33.80	0.68	
Kids Vaccination	Dose	145.35	0.65	94.48	1.89	
Misc. Antibiotics / Medications	Year	1.00	30.00	30.00	0.60	
Other						
Hired Labor	Hours	0.00	8.25	0.00	0.00	
Sales Commission	Head	72.16	0.07	5.05	0.10	
Association Dues	Herd		25.00	25.00	0.50	
Misc. Equipment/Supplies	Year	1.00	155.00	155.00	3.10	
Interest on Operating Capital	Dollars	3623.17	0.08	289.85	5.80	
Transportation	Mile	200.00	1.50	300.00	6.00	
Repair & Maintenance-Buildings	Dollars		83.20	83.20	1.66	
Repair & Maintenance - Fence & Working Facilities	Dollars		85.00	85.00	1.70	
Land Rent/Ownership Cost	Acre	17.50	5.00	87.50	1.75	
Total Variable Costs				\$8,091.89	\$161.84	

4. Income Above Variable Costs

-\$2,893.14 -\$57.86

5. Fixed Costs

	Unit	Quantity	Unit Price	Total	\$/Doe	
Depreciation (Livestock)	Dollars		355.90	355.90	7.12	
Depreciation (Buildings & Equipment)	Dollars		628.38	628.38	12.57	
Interest (Livestock)	Dollars		270.00	270.00	5.40	
Interest (Buildings & Equipment)	Dollars		358.74	358.74	7.17	
Pasture Fixed Cost	Acre	17.50	62.73	1,097.78	21.96	
General Overhead	Dollars	8,091.89	0.03	242.76	4.86	
Total Fixed Costs				\$2,953.55	\$59.07	

6. Returns to Risks and Management

-\$5,846.70 -\$116.93

Alabama Meat Goat Enterprise Budget

7. Capital Investments

Unit	Quantity	Unit Cost	Total Cost	Salvage	Useful Life	Annual
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Item				Value		(Years)	Deprec.
Livestock							
Breeding Does	Head	50	\$ 125.00	\$ 6,250.00	\$ 4,250.00	7.1	\$ 280.00
Breeding Bucks	Head	2	\$ 250.00	\$ 500.00	\$ 270.00	3.0	\$ 75.90
Buildings and Equipment							
Housing	Sq. Ft.	416	\$ 5.00	\$ 2,080.00	\$104.00	10.0	\$ 197.60
Fencing	Ln Ft.	3,492	\$ 1.50	\$ 5,238.59	\$261.93	15.0	\$ 331.78
Working Facilities	Each	1	\$ 1,650.00	\$ 1,650.00	\$165.00	15.0	\$ 99.00

Cost Breakdown - Percentage

Percentage of...			
Variable Costs	Variable Costs	Fixed Costs	Total Costs
Feed			
Hay	11.26%	#N/A	8.25%
Concentrate	15.06%	#N/A	11.03%
Pasture	48.66%	#N/A	35.65%
Salt & Mineral	7.05%	#N/A	5.16%
Sub Total	82.03%		60.10%
Vet. & Medicine	5.23%	#N/A	3.83%
Other	12.74%	#N/A	9.33%
Fixed Costs			
Depreciation (Livestock)	#N/A	12.05%	3.22%
Depreciation (Buildings & Equipment)	#N/A	21.28%	5.69%
Interest (Livestock)	#N/A	9.14%	2.44%
Interest (Buildings & Equipment)	#N/A	12.15%	3.25%
Pasture Fixed Cost	#N/A	37.17%	9.94%
General Overhead	#N/A	8.22%	2.20%

For more information go to:

<http://www.ag.auburn.edu/ansc/goat-sheep/>

This interactive enterprise budget was adopted from work developed Dr. Jay M. Lillywhite's for the Agricultural Utilization Research Institute in conjunction with the "Feasibility of Meat Goats in Minnesota" study.

Issued in furtherance of Cooperative Extension work in agriculture and home economics, Acts of May 8 and June 30, 1914, and other related acts, in cooperation with the U.S. Department of Agriculture. The Alabama Cooperative Extension System offers educational programs, materials, and equal opportunity employment to all people without regard to race, color, national origin, religion, sex, age,

Back to Developing Financial Projections

Start Up Costs

Latest Update:	10/10/14	Beginning	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annual
Start Year:	2015	Start Month	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
SECTION 1 - START UP COSTS / ASSET PURCHASES															
Purchasing Long-Term Assets:															
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farm Machinery	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Farm Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Livestock	120	-	-	-	-	-	-	-	-	-	-	-	-	-	120
Perennial Plants	300	-	-	-	-	-	-	-	-	-	-	-	-	-	300
Farm Buildings	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Farm Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Organization Costs:															
Start-Up and Organization Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Long-Term Assets	20,420														20,420
Purchasing Current Assets:															
Cash/Farm Checking (Working Capital)	345	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accts / Recv.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farm Supplies	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crop & Feed Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	12,345														12,345
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previous LT Debt	26,212	-	-	-	-	-	-	-	-	-	-	-	-	-	26,212
Total Funding Needs	6,553														6,553
Owner Capital/Stock Investment	6,553	-	-	-	-	-	-	-	-	-	-	-	-	-	6,553
Owner Drawing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remaining Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Ending Balance		1,601	(249)	(1,838)	(3,780)	(4,728)	(5,598)	(6,449)	(7,422)	(5,512)	(4,412)	(4,945)	(5,997)		

Revenues Year 1

Latest Update:	10/10/14	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annual	
Start Year:	2015	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total	% of Total
Option A: Sales based on monthly unit projection															
CSA															
Units Sold	5	-	-	-	-	-	-	-	-	5	-	-	-	-	-
Average Price	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	-	-
Monthly Sales	2,500	-	-	-	-	-	-	-	-	2,500	-	-	-	5,000	41.67%
Farmers Mkt / Tomatoes															
Units Sold	-	-	-	-	-	100	144	100	100	-	-	-	-	-	-
Average Price	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
Monthly Sales	-	-	-	-	-	200	288	200	200	-	-	-	-	888	7.40%
Eggs															
Units Sold	-	-	-	24	24	24	24	24	16	16	16	-	-	-	-
Average Price	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-	-
Monthly Sales	-	-	-	96	96	96	96	96	64	64	64	-	-	672	5.60%
Flowers															
Units Sold	-	-	-	-	40	40	40	40	40	40	40	40	40	-	-
Average Price	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	-	-
Monthly Sales	-	-	-	-	200	200	200	200	200	200	200	200	200	1,600	13.33%
Farmers Mkt / Greens															
Units Sold	-	-	-	60	60	30	-	-	30	60	-	-	-	-	-
Average Price	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	-	-
Monthly Sales	-	-	-	210	210	105	-	-	105	210	-	-	-	840	7.00%

Revenues Year 1

2Year Financial Plan														
Company Name: Small Farm Example 1 Acre														
Latest Update:														
Start Year:	2015	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annual
		Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
Pumpkins														
Units Sold		-	-	-	-	-	-	-	-	50	200	50	-	
Average Price		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	
Monthly Sales		-	-	-	-	-	-	-	-	500	2,000	500	-	3,000
														25.00%
Category 7														
Units Sold		-	-	-	-	-	-	-	-	-	-	-	-	
Average Price		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Monthly Sales		-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Category 8														
Units Sold		-	-	-	-	-	-	-	-	-	-	-	-	
Average Price		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Monthly Sales		-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Category 9														
Units Sold		-	-	-	-	-	-	-	-	-	-	-	-	
Average Price		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Monthly Sales		-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Category 10														
Units Sold		-	-	-	-	-	-	-	-	-	-	-	-	
Average Price		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Monthly Sales		-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total Revenue														
		2,500	-	-	306	506	601	584	496	3,569	2,474	764	200	12,000
														100.00%

Expenses Year 1

Latest Update:													
Start Year: 2015													
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annual
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
SECTION 8 - EXPENSES													
Advertising / Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Auto and Truck Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debts	25	-	-	3	5	6	6	5	36	25	8	2	120
Bank/Merchant Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservation Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight & Trucking	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	196	196	196	196	196	196	196	196	196	196	196	196	2,348
Employee benefit programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Feed	-	30	30	30	30	30	30	30	30	30	30	30	330
Fertilizers & Lime	-	500	-	-	-	-	-	-	-	-	40	-	540
Freight & Trucking	-	-	-	-	-	-	-	-	-	-	-	-	-
Gasoline, Fuel & Oil	-	100	100	150	150	150	100	150	150	100	-	-	1,150
Insurance (other than health)	137	137	137	133	133	130	129	122	120	120	123	122	1,261
Labor hired	-	-	-	200	-	-	-	-	-	-	-	-	200
Licenses & Permits	-	-	-	-	-	-	-	-	144	-	-	-	144
Maintenance & Repairs	-	-	-	-	-	45	-	-	-	-	-	-	45
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies & Postage	-	-	-	-	-	-	-	-	-	-	-	-	-
Operation Supplies	-	-	-	300	30	-	60	20	-	-	-	-	410
Payroll	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Payroll Taxes & Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent or Lease	-	-	-	275	-	-	-	-	-	-	-	-	275
Seeds & Plants	-	-	230	-	-	-	-	-	-	-	-	-	230
Storage & Warehousing	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-	-	70	-	-	-	70
Utilities (Farm Share)	-	-	10	20	20	20	20	20	10	-	-	-	100
Veterinary, breeding & medicine	-	-	-	50	-	-	-	25	-	-	-	-	75
Custom hire (machine work)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses													
	1,191	1,794	1,533	2,190	1,395	1,410	1,373	1,406	1,595	1,308	1,230	1,183	17,608

Loans

[illegible]

Projected Balance Sheets For the 12 Months Ending													
	Beg. Bal.	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Current Assets													
Cash/Farm Checking	345	1,600.60	(249)	(1,838)	(3,780)	(4,728)	(5,598)	(6,449)	(7,422)	(5,512)	(4,412)	(4,945)	(5,997)
Deposits	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Accounts Rec.	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Farm Supplies	12,000	2,000.00	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Crop & Feed Inventory	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Current Assets	12,345	3,600.60	11,751	10,162	8,220	7,272	6,402	5,551	4,578	6,488	7,588	7,055	6,003
Long-Term Assets													
Office Equipment	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Farm Machinery	15,000	5,000.00	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Farm Vehicles	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Livestock	120	120.00	120	120	120	120	120	120	120	120	120	120	120
Perennial Plants	300	300.00	300	300	300	300	300	300	300	300	300	300	300
Farm Buildings	5,000	5,000.00	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Farm Land	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Accum. Depr.	0	(195.68)	(391)	(587)	(783)	(978)	(1,174)	(1,370)	(1,565)	(1,761)	(1,957)	(2,153)	(2,348)
Organization Costs	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Amortization	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Long-Term Assets	20,420	2,224.32	20,029	19,833	19,637	19,442	19,246	19,050	18,855	18,659	18,463	18,267	18,072
Total Assets	32,765	5,824.92	31,780	29,995	27,858	26,713	25,648	24,601	23,432	25,147	26,051	25,322	24,075
Current Liabilities													
Accounts Payable	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Line of Credit	0	0.00	0	0	0	0	0	0	0	0	0	0	0
Current-LT Debt	249.55	250.85	252	253	255	256	257	259	260	261	263	264	266
Current Liabilities	250	250.85	252	253	255	256	257	259	260	261	263	264	266
Long Term Liabilities													
Long Term Debt	25,962	25,711.60	25,459	25,206	24,951	24,695	24,438	24,179	23,919	23,657	23,394	23,130	22,865
Total Liabilities	26,212	25,962.45	25,712	25,459	25,206	24,951	24,695	24,438	24,179	23,919	23,657	23,394	23,130
Owner's Equity													
Stock / Owner Capital	6,553	6,553.00	6,553	6,553	6,553	6,553	6,553	6,553	6,553	6,553	6,553	6,553	6,553
Ret. Earnings	0	0.00	0	0	0	0	0	0	0	0	0	0	0
YTD Earnings	0	1,309.46	(485)	(2,018)	(3,901)	(4,791)	(5,600)	(6,389)	(7,299)	(5,325)	(4,159)	(4,625)	(5,608)
Total Equity	6,553	7,862.46	6,068	4,535	2,652	1,762	953	164	(746)	1,228	2,394	1,928	945
Total Liabilities & Equity	32,765	32,765	31,780	29,995	27,858	26,713	25,648	24,601	23,432	25,147	26,051	25,322	24,075

Projected Income Statements For the Months Ending															
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Year 1	Percentage	
Total Revenue	2,500	0	0	306	506	601	584	496	3,569	2,474			12,000	100.0%	
Advertising / Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Auto and Truck Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Bad Debts	25	-	-	3	5	6	6	5	36	25	8	2	120	1.0%	
Bank/Merchant Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Chemicals	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Conservation Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Freight & Trucking	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Depreciation	196	196	196	196	196	196	196	196	196	196	196	196	2,348	19.6%	
Employee benefit programs	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Feed	-	30	30	30	30	30	30	30	30	30	30	30	330	2.8%	
Fertilizers & Lime	-	500	-	-	-	-	-	-	-	-	40	-	540	4.5%	
Freight & Trucking	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Gasoline, Fuel & Oil	-	100	100	150	150	150	100	150	150	100	-	-	1,150	9.6%	
Interest on Loans	137	135	134	133	131	130	129	127	126	125	123	122	1,551	12.9%	
Insurance (other than health)	-	-	-	200	-	-	-	-	-	-	-	-	200	1.7%	
Labor hired	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Licenses & Permits	-	-	-	-	-	-	-	144	-	-	-	-	144	1.2%	
Maintenance & Repairs	-	-	-	-	-	45	-	-	-	-	-	-	45	0.4%	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Office Supplies & Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Operating Supplies	-	-	-	300	30	-	60	20	-	-	-	-	410	3.4%	
Payroll	833	833	833	833	833	833	833	833	833	833	833	833	10,000	83.3%	
Payroll Taxes & Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Rent or Lease	-	-	-	275	-	-	-	-	-	-	-	-	275	2.3%	
Seeds & Plants	-	-	230	-	-	-	-	-	-	-	-	-	230	1.9%	
Storage & warehousing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Telecommunications	-	-	-	-	-	-	-	70	-	-	-	-	70	0.6%	
Utilities (Farm Share)	-	-	10	20	20	20	20	20	10	-	-	-	120	1.0%	
Veterinary, breeding & medicine	-	-	-	50	-	-	-	25	-	-	-	-	75	0.6%	
Custom/hire (machine work)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Total Expenses	1,191	1,794	1,533	2,190	1,395	1,410	1,373	1,406	1,595	1,308			17,608	146.7%	
Profit (Loss)	1,309			(1,884)	(889)	(809)	(789)	(910)	1,974	1,166	(466)	(983)	(5,608)	-46.7%	

Projected Cash Flow Statements For the 12 Months Ending															
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Year 1		
Beginning Cash	345	1,601	(249)	(1,838)	(3,780)	(4,728)	(5,598)	(6,449)	(7,422)	(5,512)	(4,412)	(4,945)	345		
Operating Inflows:															
Sales (& Collections)	2,475	0	0	303	501	595	578	491	3,533	2,449	756	198	11,880		
Operating Outflows:															
Current Operating Expenses	833	1,463	1,203	1,858	1,063	1,078	1,043	1,078	1,237	963	903	863	13,589		
Cash Purchases - CGS	0	0	0	0	0	0	0	0	0	0	0	0	-		
Payments of A/P Balance	0	0	0	0	0	0	0	0	0	0	0	0	-		
Cash Flow: Operations	1,642			(1,555)	(562)	(483)	(465)	(587)	2,296	1,486	(147)	(665)	(1,709)		
Financing/Investing Inflows:															
LT Debt Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	-		
Equity Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	-		
Line of Credit Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	-		
Financing/Investing Outflows:															
Fixed Asset Additions	0	0	0	0	0	0	0	0	0	0	0	0	-		
Dividends / Distributions	0	0	0	0	0	0	0	0	0	0	0	0	-		
Line of Credit Payment	0	0	0	0	0	0	0	0	0	0	0	0	-		
LT Debt Principal Payment	250	251	252	253	255	256	257	259	260	261	263	264	3,082		
Interest	137	135	134	133	131	130	129	127	126	125	123	122	1,551		
Cash Flow: Finance/Invest	(386)			(386)	(386)	(386)	(386)	(386)	(386)	(386)	(386)	(386)	(4,633)		
Total Cash Flows	1,256			(1,941)	(948)	(869)	(851)	(973)	1,910	1,100	(533)	(1,051)	(6,342)		
Ending Cash	1,601			(3,780)	(4,728)	(5,598)	(6,449)	(7,422)	(5,512)	(4,412)	(4,945)	(5,997)	(5,997)		

The Farmer's Perspective

- Now let's hear from a local farmer about his approach to small farm business planning

Resources

- AgPlan Business Plan Template
 - www.agplan.umn.edu
- SBA
 - <http://www.sba.gov/content/agriculture>
- USDA
 - www.fsa.usda.gov
- Government Statistics & Information
 - www.census.gov
 - www.fedstats.sites.usa.gov/
- Ag Associations
 - www.gfb.org – Georgia Farm Bureau
 - <http://georgiaorganics.org> – Georgia Organics
 - www.SustainAgGa.org – UGA Cooperative Extension
 - www.gfvga.org – Georgia Fruit and Vegetables Growers Association

Resources

- Georgia Secretary of State
 - <https://sos.ga.gov/>
- Federal Registry of Names, Patents & Trademarks
 - www.uspto.gov
- Georgia Dept of Agriculture
 - www.agr.state.ga.us
- Georgia Dept. of Revenue
 - www.dor.ga.gov
- Georgia Dept. of Workers Compensation Insurance
 - <http://sbwc.georgia.gov>
- Georgia Dept. of Labor
 - www.dol.state.ga.us

THANK YOU

To Schedule an consulting Session Contact:
(706) 542-7436 / sspinks@georgiasbdc.org
www.athenssbdc.org



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**Beginning Farmer Rancher
Development Program**
Developing the Next Generation
of Sustainable Farmers in Georgia Grant



Resource Page

AgPlan

- www.agplan.umn.edu
- A free business plan template for agriculture, fisheries, and small businesses.

Conventional Loans

- <http://www.sba.gov/content/agriculture>
- www.fsa.usda.gov
- <http://usda.gov/wps/portal/usda/use?navid=GRANTS> LOANS

Alabama Enterprise Budget Summaries

- <http://www.aces.edu/agriculture/business-management/budgets/>
- Alabama enterprise budgets are designed to assist producers, Extension agents, lenders, and others in estimating the potential costs and returns associated with agricultural enterprises. The enterprise budgets available on this website are a good resource for Georgia producers.

Southern Sustainable Agriculture Working Group – Growing Farm Profits:

- <http://www.ssawg.org/growing-farm-profits/>
- This is an online course to help farmers be more profitable. Under **recordkeeping** there are enterprise budgets for several crops such as basil, carrots, garlic, etc.

Small Business Administration

- www.sba.gov/content/agriculture

USDA Farm Service Agency

- www.fsa.usda.gov

USDA Grants and Loans for Small Farmers-Alternative Farming Systems Information Center

- www.nat.usda.gov/afsic/grants-and-loans-farmers

NOTES:

JOURNEYMAN FARMER CERTIFICATE PROGRAM

Small Farm Business Planning
Selling Your Product, Licensing
Regulations & Certifications, Risk
Management, Financial Resources
& Obtaining Credit

Session Four Facilitator Notebook

Session 4 – Small Farm Business Planning **Learning Activities & Notes to Facilitators**

BEFORE SESSION BEGINS: Print strips of paper with knowledge evaluation link to hand out. Print training evaluations to hand out. Pull up webinars. Find whiteboard/chalkboard to write on for SWOT activity.

Homework Discussion (10 min)

Products Description for Business Plan – Ask several volunteers to read their product description. Does it detail how much they will produce annually and/or what proportion a product is in the product mix? Does it describe a particular niche the product or products can exploit? Does it describe or list machinery or other equipment needed to produce these products?

Selling Your Product (20 min – Matt Kulinski – Marketing Division- Georgia Department of Agriculture)

1. Product
 - Determining your product
 - Markets for your product
 1. Farmers markets, CSAs, Farm stands, Restaurants, Retail outlets, Schools/Institutional, Online farmers markets. Pros and cons of each.
2. Price
 - How to set prices
3. Placement
4. Promotion
 - Georgia Grown
 - Certifications
 1. Organic, Certified Naturally Grown, GAPs Certifications that help marketing – Humane, Grass-fed, etc
 2. Explain what's required for wholesale vs direct marketing
 - Technology that can help sell products

Learning Objectives: Name two avenues to sell your product. Describe the pros and cons of both. Name a technology that can help sell your product.

Licensing, Regulations, & Certifications (20 min - Matt Kulinski – Marketing Division- Georgia Department of Agriculture)

1. Licensing, regulations, certifications for small fruits and vegetables
 - i. Whole produce vs. Processing
 - ii. Cottage industry regulations
 - iii. Good Agricultural Practices (GAPs)
2. Licensing, regulations, certifications for meats
 - i. Selling live animals
 - ii. Selling meat must go to an inspected abattoir to sell – state and federal inspections
 - iii. Mobile meat sales license

Learning Objectives: Recognize when you would need a Dept. of Ag permit or license, identify a market that would require organic certification

Risk Management (20 min - Van McCall, AgSouth Farm Credit)

1. Five steps for a risk management plan
 - a. Identify risks
 - b. Prioritize
 - c. Evaluate risk management tools
 - d. Select a tool
 - e. Review strategy

Learning Objectives: Name five strategies to reduce risk (e.g. insurance, keep day job, crop diversity, time off or vacation), List three actions you can take to keep your identity and data safe (anti-virus, software updates, strong passwords)

Learning Activity - After the Risk Management presentation (20 min)

Bring in individual SWOT analysis. Name 5 strategies to reduce risk identified in your SWOT. Discuss 2-3 examples.

This exercise is designed to get the class thinking about risk management strategies that can help them address the specify threats or weaknesses they have identified for their operation.

1. Make sure a blackboard, whiteboard or large paper posted on walls is available to write on.
2. Ask for a volunteer to briefly present their SWOT analysis. Write the Threats and Weaknesses up on the board or paper (leave space underneath to list risk management strategies).
3. Ask class to come up with specific risk management strategies to address the Threats and Weaknesses.
4. If there is time, ask for another volunteer and repeat the process.

Financial Resources & Obtaining Credit (15 min - Van McCall, AgSouth Farm Credit)**Wrap Up (15 min)**

- **BEFORE THE SESSION** – please make slips of paper to pass out with the link to the online knowledge evaluation.
- Remind participants if they want to take the next step with production training, they need to complete the online evaluation. There are two options – **Small Fruit & Vegetable Production or Small Ruminant. Both may not be offered in their area.**
- Pass out slips and encourage participants to take the evaluation and the next step.



Small Farm Business Planning



Session 4 Selling Your Product

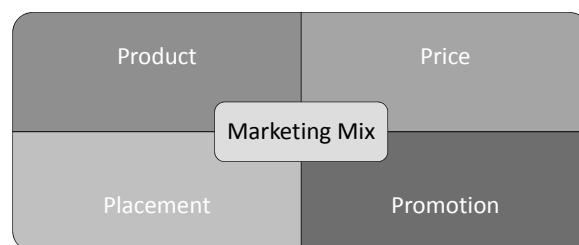
Matthew Kulinski, Marketing Division
Georgia Dept of Agriculture



Learning Objectives

- Name two avenues to sell your product. Describe the pros and cons of both.
- Name a technology that can help sell your product.

The 4 Ps of your Marketing Mix



Product

Products are the goods and services that you provide for sale to your target market.



Determining Your Best Product

- Refer back to SWOT analysis
- What is your land best suited for?
- What do you know how to grow?
- How do you plan on selling your product?
- What is in demand in your market?



What is your land best suited for?

Is it Rural?

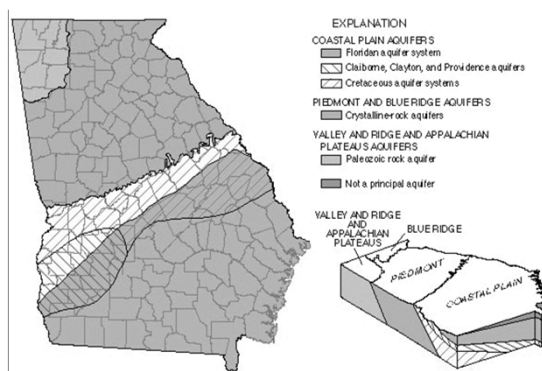


Or Urban?



What is your land best suited for?

- Is it a large piece of land?
- Does it have access to water?
- What is the soil type?
- All these questions will get you closer to determining the products that are available to you.
- To start answering these questions contact you local extension agent: <http://extension.uga.edu/>



What do you know how to grow?

- Think about the products you have the most experience growing.
- How much time do you have dedicated to growing your product?
- Is there a season that provides you with more time than others?



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Is Your Product Unique?



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Developing a Product for your Market

Farmers Markets	CSA	On Farm Retail	Restaurant	Large Retail/Institutional
Need a variety of products or items that taste good and catch the eye. Easy to prepare	Large variety of products that consumers could use throughout the week and season. May need to balance the normal with one unique item	Variety of standard products, maybe with good name recognition	Restaurants want unique items that will wow their patrons.	Looking for items not typically grown in this region and/or outside normal growing seasons and in large quantities
Peaches, apples, watermelons, berries. A variety of easy to prepare vegetables. Honey.	Leafy greens, Variety of fruits and vegetables	Peaches, berries, apples, Vidalia onions, tomatoes	Unique colored vegetables, "baby" sized items and micro greens, keep it new and different	Strawberries, Asparagus, carrots, multi-colored peppers

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Placement

Placement is in regards to distribution, location and methods of getting the product to the customer. This includes the location of your business, shop front, distributors, logistics and the potential use of the internet to sell products directly to consumers.



Placement and display tips:

- Clear signs with variety and price
- Pile high to give appearance of plenty
- Attractive and clean containers

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Farmers Market

Characteristics:

- Markets operate roughly 4 hours once a week
- Various locations to choose from throughout the week
- Rules vary by market, some market charge vendor fees
- May be waiting list for popular markets
- More variety the better

Pros:

- Easy level of entry. Low overhead.
- Can sell at high price point
- Sell your current product mix

Cons:

- Sales can be unpredictable
- May waste time sitting at slow markets
- May not be able to sell all your product
- Need to grow many different crops and varieties (low efficiency)



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CSA (Community Supported Agriculture)

Characteristics:

- Your send a portion of your farm's produce or product to "members" of the CSA on a regular interval
- Requires a lot of coordination and a variety of products.

Pros:

- Funding for your farm can come upfront as you sell memberships
- Predictable and high value sales
- Risk is better managed through your members

Cons:

- You have to heavily market your CSA to potential members
- There is a lot of coordination and organization (delivery, sales, boxing)
- May not be able to sell all your produce if you don't have enough members
- May be difficult for new growers to supply what they promise (bad reputation)



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Farm Stand

Characteristics:

- You set up an on farm store or pick your own at the farm.
- Farm must have good visible location
- You have to advertise your location

Pros:

- Easy level of entry. Convenient.
- Can sell at high price point
- Sell your current product mix

Cons:

- Sales can be unpredictable
- Must do your own marketing
- May run into local government regulatory issues with business licenses and zoning.



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Restaurants

Characteristics:

- You sell agricultural products directly to restaurants.
- Typically, you send an email out to a number of different restaurants letting them know what you have available and they tell you what they want. You provide delivery.

- Variety and uniqueness of product is key

Pros:

- Easy level of entry. Low overhead.
- Can sell at moderate to high price
- If you build good relationships you can have consistent sales

Cons:

- Sales can be competitive with other farms
- Chef's taste can be fickle and you may have to try several types of products.
- May not be able to sell all your product



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Retail

Characteristics:

- You sell your products through a distributor to a retail outlet
- May have to coordinate distribution
- Will need a large scale production
- Will have to have 3rd party food safety audits

Pros:

- Little need to market or sell your product
- Can spend most of your time growing your products
- Consistent sales at predictable prices

Cons:

- Very low margins – must sell a lot to make a profit.
- Will have to spend money of 3rd party certifications



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Schools/Institutional

Characteristics:

- You sell your product through a distributor to a school or institution
- Won't need as large of production as retail
- Will require 3rd party certification or audits

Pros:

- Little need to market or sell your product
- Can spend most of your time growing your products
- Consistent sales at predictable prices

Cons:

- Very low margins – must sell a lot to make a profit.
- Will have to spend money of 3rd party certifications



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Online Farmers Markets E-Commerce

Characteristics:

- Join an online farmers market community
- Consumers order products that they want online from a variety of producers
- You are notified of purchased products, and you deliver to drop off point
- Customers pick up products at predesignated time/place.

Pros:

- Lower level of time commitment for sales than traditional farmers markets
- Low startup costs to start selling products
- Less marketing is necessary.

Cons:

- Relatively new form of sale, issues may not have been ironed out.
- May be difficult finding online community in your area.
- Coordination can be tricky with receiving purchase information and making deliveries to drop off point.



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Price

Price concerns the amount of money that customers must pay in order to purchase your products. There are a number of considerations in relation to price including price setting, discounting, credit and cash purchases as well as credit collection.



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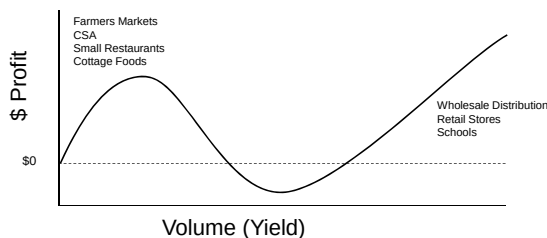
How to Find Prices

- USDA Market News Reports:
<http://www.ams.usda.gov/AMSv1.0/marketnews>
- USDA ERS Custom Average Tool
- Livestock Sales Prices:
<http://www.cattle.com/markets/states.aspx?state=Georgia>
- Visit nearby markets and view competitor websites
- Determine the cost of your inputs and the time, energy, and labor costs to grow and sell the product.



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Scale Is Important When Determining Price



14

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Promotion

Promotion refers to the act of communicating the benefits and value of your product to consumers. It then involves persuading general consumers to become customers of your business using methods such as advertising, direct marketing, personal selling and sales promotion.



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What is Georgia Grown?

- Georgia Grown is a marketing, community and economic development platform designed to grow local economies throughout our state.
- Georgia Grown Goals:
"We Help Georgia Grow"
 - Economic Development
 - Marketing, Education & Outreach
 - Nutrition & Wellness
 - Environmental
 - Culture & Lifestyle



15

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Who is Georgia Grown for?



Entities involved in Georgia agriculture or that use Georgia agri-products in its offering.

For Example:

- Fruit, vegetable, and nut growers that sell to the public and other businesses
- Artisanal food businesses i.e. honey, jam, cheese and wine growers/manufacturers
- Restaurants, Retailers and local suppliers
- Agri-tourism operations
- Ag equipment and supplies dealers

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How does Georgia Grown work?



Free Website Listing

- Interested agricultural producers can sign up for a free listing on the Georgia Grown website at www.GeorgiaGrown.com
- Being listed on our highly searchable statewide directory designed to connect your company with buyers and consumers
- Connected to all the sales events and educational opportunities that Georgia Grown Sponsors throughout the year.

Silver Membership – \$100 Annually

- Allows use of the logo on your packaging and marketing materials
- Access to additional benefits as the program evolves over time
- Higher level memberships are available for companies with greater marketing needs or wanting more Georgia Grown involvement

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Certification Overload

There are many certification that will help you sell your products.

However, the number of options can be confusion and overwhelming. To determine which certifications may be beneficial to your business, start by identifying your target market.



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Technology to Sell your Product

Technology is now necessary to selling your agricultural products

- SNAP at Farmers Markets and Wholesome Wave
- The ability to accept a credit card for purchase is now expected by most consumers
- There are many options that exist for farmers to accept credit cards including: <https://squareup.com/>
- World Pay has offered special rates for members of Georgia Grown.
- Market Link: Free iPhone for farmers selling directly to consumers at www.marketlink.org
- Facebook is a must. Social media is required to help market and sell your products.



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USDA Beginning Farmer Rancher Development Program

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Small Farm Business Planning



Session 4

Licensing, Regulations, Certifications

Matthew Kulinski, Marketing Division
Georgia Dept of Agriculture

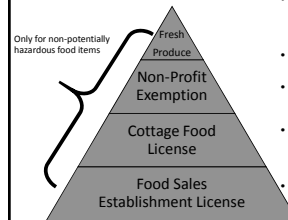


Learning Objectives

- Recognize when you would need a Dept. of Ag permit or license
- Identify a market that would require organic certification



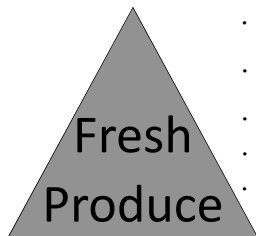
Food Safety – Food Processing



- The sale of fresh – unadulterated – produce is possible with out license or regulation. However, processed produce could be something as simple as sliced cucumbers and that requires a license.
- There is a small exception for non profit events (bake sales)
- A cottage food license is available for non-potentially hazardous food processing in a home kitchen – items must also be sold directly to the consumer
- Non-potential hazardous items are baked goods, jams, jellies, and honey. Anything that has to be controlled by time or temperature (pickles, dairy, bbq sauce, salsa) are not eligible.
- The food sales establishment licenses is necessary for the processing of most all major food items.



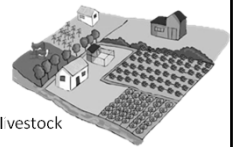
Food Safety – Fresh Produce



- While there are limited regulations on fresh produce, following Good Agricultural Practices (GAP) is highly recommended.
- GAPs recommend farmers be aware of potential contaminations (microbial, chemical and physical hazards) and manage operations as to minimize potential risks.
- There are several programs and companies they help farms understand and follow GAP.
- There are also 3rd party auditors that verify farms are following GAP.
- If interested in selling large scale you will need to have 3rd party verification and certification for GAP



More on GAP



- Water Usage
 - Sewage treatment, animals/wildlife/livestock
- Manure and Biosolids
 - Raw manure applied at least 120 days before harvest
 - What was the previous land use?
- Field Harvest and Field Packing Activates
 - Sanitation and hygiene
 - Clean containers, covered during storage and transportation
- Packing Facilities
 - Washing process, worker health and hygiene, clean surfaces, pest control
- Documentation and Traceability
 - Document everything



Food Safety Modernization Act



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Food Safety - Meat Products

- Live animal sales may only take place at licensed livestock sale facilities.
- All processed or butchered meat products must be from a state or federally licensed facilities and display a inspection mark
- A mobile meat sales license is required for sales of processed meat products to consumers.

Inspection mark on carcass
beef, pork, lamb, and goat



Inspection mark on
processed beef, pork,
lamb and goat



Inspection mark on
raw and processed
poultry



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What about Organic Certification?



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Do I need to be Certified to use the term Organic?

In short, Yes. Most farms and businesses that grow, handle, or process organic products must be certified, including:

- Farms that sell more than \$5,000 in organic products per year (gross sales).
- Handlers that sell more than \$5,000 of organic processed food, including handlers that place bulk products into smaller packages or that repackage/relabel products.
- Processors that sell more than \$5,000 of organic processed products, unless all products contain less than 70 percent organic ingredients or only identify the organic ingredients in the ingredient statement.
- Vendors that handle (e.g. package) and sell products online (but not in stores) or otherwise deliver organic products.

Overall, if you make a product and want to claim that it or its ingredients are organic, your final product probably also needs to be certified.



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Using “Organic” in Processed Products

Organic products can be labeled differently depending on the percentage of organic ingredients that they contain. There are three distinct labeling categories for organic products:

- **100 Percent Organic** - Agricultural products in the “100 percent organic” category contain only ingredients that are certified organic, including any processing aids.
- **Organic** - Agricultural products in the “organic” category must contain no less than 95 percent of certified organic ingredients (excluding salt and water). The remaining five percent of ingredients must be organically produced, unless commercially unavailable or allowed on the National List.
- **“Made With” Organic** - Multi-ingredient agricultural products in the “made with” category contain at least 70 percent certified organic ingredients (excluding salt and water). Any remaining agricultural products are not required to be organically produced, but must be produced without excluded methods – for example, genetic engineering.



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Additional Resources

- Online basics of food safety course - <http://www.fcs.uga.edu/extension/enroll-produce-courses>
- Georgia Dept of Agriculture. Food Safety Division - <http://agr.georgia.gov/foodsafety.aspx>
- UGA Extension Food Safety - <http://extension.uga.edu/food/safety/>
- Produce Food Safety Services (part of Georgia Fruit & Vegetable Growers Assoc.) - <http://www.producefoodsafety-services.com/>



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Beginning Farmer Rancher Development Program

Developing the Next Generation
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Van McCall
AgSouth Farm Credit
Education, Outreach & Special Program Manager

Session #4: Risk Mitigation / Risk Management



Workshop Topics

- Define Risk "Protecting Your Investment"
- Five Areas of Business Risk
- Potential Risks & Management Tools
 - Multi Peril Crop Insurance
- Putting Together the Risk Management PUZZEL
- The One Page Risk Management Plan



The Storm Clouds of Risk



Protecting Your Investment



- Risk
 - The uncertainty that an adverse event will occur.
 - In Farming always unsure of outcome at time planted
 - "Its Your Attitude before you start that determines you Location at the finish".
- Risk Management
 - Process to protect a farmer's investment from the risks associated with the operation.
- Risk – The fine line between "Thrill of Victory & Agony of Defeat"



A Plan to "Get In Out Of Rain"





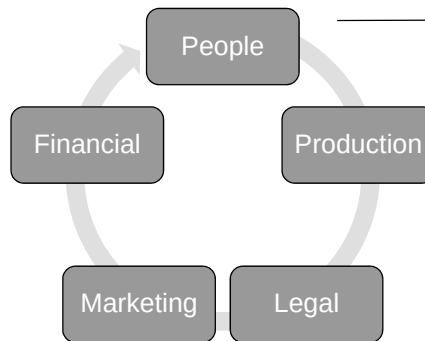
5 Areas of Business Risk

Economic & Financial Considerations

Cash Flow / Interest Rates / Capital
Technology
Identify Theft
CBI
Change Passwords
Anti Virus & Spyware

Do you Sell what you Grow or Growing What you Can Sell?

Customer / Food Safety / Market Access



The Key People
Family / Key Man / Labor

Growing or Raising your Product
Disease / Weather / Insects / Regulation

Liability
Injury
Workman Comp
Fire or Loss
Legal Structure
Succession , Will
Disability

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Risks

Tools

Financial

- Records – (Equity, Profit %, Liquidity, Working Capital)
- Tax Management
- Price Contracts
- Interest Rate Mngt Plan

Catastrophic Loss

- MPCl Crop Insurance
- Crop Hail Insurance
- Property Insurance
- Diversify Enterprises
- Medical Insurance

Food Safety

- Training
- Certification
- Wash & Pick Equipment

Liability

- Business Structure (LLC; LLP; C-Corp, S-Corp,...)
- Liability Insurance

Business Continuity

- Succession Planning
- Will and Estate Management

Key Employee(s)

- Life Insurance
- Disability Insurance
- Bonus / Incentives / Profit Share Plan



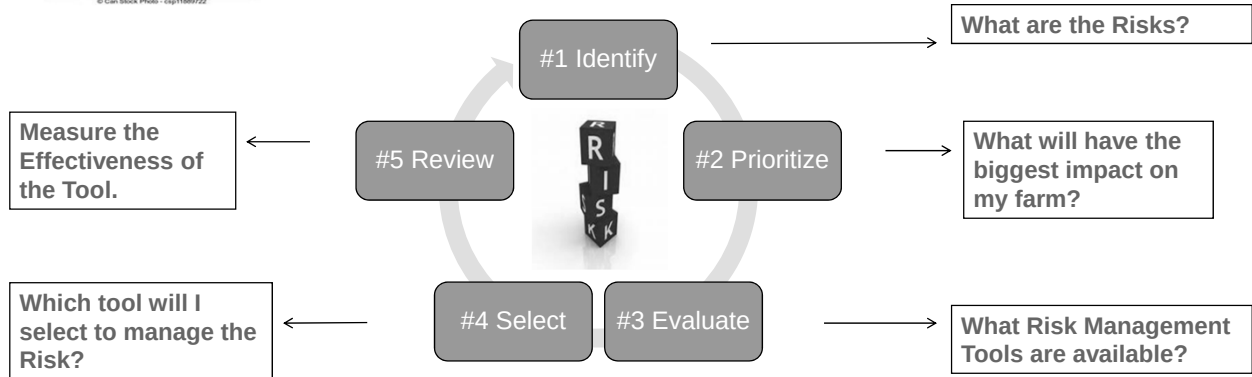
Return Risk

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Putting The Puzzle Together

5 Steps of Risk Management



One-Page Risk Management Plan

The 5 Key Areas of Risk Management



Follow the 5 step process for each area of Risk Management	People	Financial	Production	Marketing	Legal
#1 – Identify: What are the risks on my farm?					
#2 – Prioritize: What will have the biggest impact on my farm?					
#3 – Evaluate: What risk management tools are available?					
#4 – Select: This is the one (or more!) strategies to mitigate the risk.					
#5 – Review: How did your strategy work?					

One-Page Risk Management Plan

The 5 Key Areas of Risk Management

Follow the 5 step process for each area of Risk Management

↓

	People	Financial	Production	Marketing	Legal
#1 – Identify: What are the risks on my farm?	1. Labor 2. Key Man 3. Family	1. Cash Flow 2. Interest Rate 3. Capital Avail	1. Disease 2. Weather 3. Insects	1. Customer 2. Food Safety 3. Mkt Access	1. Labor Injury 2. Fire Loss
#2 – Prioritize: What will have the biggest impact on my farm?	1. Key Man	1. Capital Availability	1. Weather	1. Food Safety	1. Labor Injury
#3 – Evaluate: What risk management tools are available?	1. Bonus Pay 2. Profit Sharing 3. % Ownership	1. Line of Credit 2. Build Wk Cap	1. Crop Insurance 2. Irrigation 3. Crop Variety	1. Training 2. Certification 3. Wsh/Pck Eq.	1. Insurance 2. Training 3. Mitigation
#4 – Select: This is the one (or more!) strategies to mitigate the risk.	1. Bonus tied to Efficiency, Production & Profit	1. Build Savings / cycle	1. Crop Variety Selection	1. Certification	1. Insurance 2. Training
#5 – Review: How did your strategy work?	1. Gain Efficiency 2. Higher Profit 3. Happy K Man	1. Review Cash Flow Budget 2. Monitor Liquidity Position on BS	1. Maintained sales across the season	1. Sales to Regional Chains	1. No Lawsuits

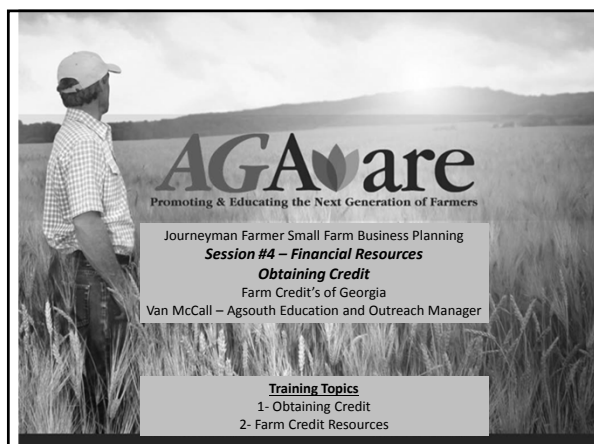
Risk Management Plan Project #4

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Beginning Farmer Rancher Development Program

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Obtaining Credit

Items/information required for a loan application

- Purpose and Plan
- Balance Sheet
- Last 2 years' W2s or, if self-employed, last 2 years' tax returns
- Location / Type of all real estate owned
- Loan information for all Liabilities
- Collateral Description

How can you influence your lender to make your loan?

- Keep good records.
- Reduce the risk to yourself and your lender whenever possible.
- Have a reasonable plan ready for your lender to review.
- Keep your lender informed.
- When you get a loan, use it for the purpose intended.
- Properly structure loan terms.

Character

- Who is the borrower?
 - Reputation, Experience
- Managements Ability
 - Farm, Financial, Production, Marketing
- Past History
 - Farm Credit History, Credit Scores, CBI

Conditions

- Environment in which loan is being made...
 - Industry / Commodity
 - Markets
 - Operation

Capital

- Learn from Balance Sheet
 - Liquidity (ability to pay bills)
 - Equity (ownership % in assets)
 - Trends (growing equity)
 - Compare to peers in industry

Collateral

- Should not be most important concern!
- Insurance in case we **guess** wrong
- Value is always uncertain.
- Specialty operations are hard to value

Capacity!!!

- **By far, the most important factor!**
- Can they repay on time?
- Primary Source
 - Secondary Source
- “Do what is best for the Customer.”
 - May not always be what they want.

FSA 90% Guarantee & SBA 7(a) Loan Programs

- Guarantee loan programs available to offset risk in ag loans.
- Fees, rates and loan terms for ag operations.



Our mission

*To provide sound, dependable
funding for American
agriculture and rural America*

Farm Credit is...

- A federally chartered and regulated lender to farmers, agribusinesses and country homeowners
- A customer-owned **cooperative**

Nearly 100 years old!

- President Woodrow Wilson signed the **Federal Farm Loan Act** in **1916**
 - ❖ Providing financing with repayment terms that coincide with the planting and harvesting of crops.

Structure

- There are 4 Farm Credit Banks and 76 Farm Credit associations across the U.S.
- There is a Farm Credit association serving every county in the nation.

Farm Credit System Bank Chartered Territories



Structure

- AgFirst Farm Credit Bank serves 15 eastern states and Puerto Rico
- 19 Farm Credit associations own AgFirst FCB

AgFirst Farm Credit District



Structure

- 3 Associations make up the Farm Credit Associations of Georgia.
 - AgGeorgia Farm Credit
 - AgSouth Farm Credit
 - SW Georgia Farm Credit



FARM CREDIT

ASSOCIATIONS OF GEORGIA



Find your Area office – <http://farmcredit.com>

Types of Loans...

- Agricultural or Rural Real Estate
- Improvements to farm real estate
- Purchase Livestock
- Farm operating loans
- Farm Equipment
- Agribusiness
- Homes

Types of Loans...

Young, Beginning and Small Farmer Loans

- Micro Loan Program
- Beginning Farmer Down Payment Program
- Quick Credit Program
- Farm Credit Express

Other Services Offered

- Leases
- Appraisals
- Crop insurance
- Life insurance
- Rural American Bonds

What is Patronage?

- A major difference between Farm Credit and other lenders is that Farm Credit can return a portion of profits to our borrower/members
- A Patronage Refund is a way of distributing the association's net income to our borrower/members
- A Patronage Refund is basically a refund of the interest a member has paid on his/her loan
- A Patronage Refund reduces the cost of borrowing

Patronage

In 2015, Associations in Georgia paid patronage back to their customers in the amount of:

\$45,000,000

Thank You...

**...for allowing us to tell the
Farm Credit Story**

Resource Page

Extension webpage

- <http://extension.uga.edu/>

USDA Market News Reports

- <http://www.ams.usda.gov/AMSV1.0/marketnews>

Livestock Sales Prices

- <http://www.cattle.com/markets/states.aspx?state=Georgia>

Georgia Grown

- www.GeorgiaGrown.com

Technology to sell your product

- <https://squareup.com>
- www.marketlink.org

UGA FACS Enhancing the Safety of Locally Grown Produce Courses

- <http://www.fcs.uga.edu/extension/enroll-produce-courses>

Georgia Dept of Agriculture-Food Safety Division

- <http://agr.georgia.gov/foodsafety.aspx>

UGA Extension Food Safety

- <http://extension.uga.edu/food/safety/>

Produce Food Safety Services (Part of Georgia Fruit and Vegetable Growers Association)

- <http://www.producefoodsafetyservices.com/>

NOTES: