

# JOURNEYMAN FARMER CERTIFICATE PROGRAM

## Small Farm Business Planning Participant Notebook



Supported  
by:



Beginning Farmer Rancher Development Program

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





## **Beginning Farmer Rancher Development Program:**

Developing the Next Generation of Sustainable  
Farmers in Georgia Grant



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.



# Participant Notebook

## Table of Contents

|                                                     |    |
|-----------------------------------------------------|----|
| Overview Agenda.....                                | 1  |
| Overview Learning Objectives.....                   | 2  |
| <br><b>Session 1</b>                                |    |
| Session 1: Agenda.....                              | 4  |
| Session 1: Power point Slides.....                  | 5  |
| SWOT Analysis Introduction .....                    | 11 |
| SWOT Analysis Exercise Sheet .....                  | 17 |
| SWOT Analysis Homework.....                         | 19 |
| Farm Risk Plans USDA .....                          | 20 |
| Session 1: Resources... ..                          | 23 |
| <br><b>Session 2</b>                                |    |
| Session 2: Agenda.....                              | 26 |
| Session 2: Power point Slides.....                  | 27 |
| NCAT Financial Record – Introduction... ..          | 32 |
| Chart of Accounts.....                              | 33 |
| Project Farm Budget... ..                           | 34 |
| Cash Budget... ..                                   | 35 |
| Income & Expense.....                               | 36 |
| Balance Sheet.....                                  | 37 |
| Income Records.....                                 | 38 |
| Expense Log.....                                    | 39 |
| Categorizing Financial Transactions Worksheet... .. | 40 |
| Generic – Long Form- Labor Records... ..            | 43 |
| Generic – Small Form – Labor Records.....           | 44 |

|                             |    |
|-----------------------------|----|
| Session 2: Resource Page... | 49 |
|-----------------------------|----|

### Session 3

|                                                |    |
|------------------------------------------------|----|
| Session 3: Agenda.....                         | 52 |
| Session 3: Power Point Slides.....             | 53 |
| AgPlan Business Plan: Gittin' There Farms..... | 55 |
| Organic Broccoli Budget.....                   | 60 |
| Alabama Meat Goat Budget Instructions.....     | 62 |
| Budget Input Sheet... ..                       | 66 |
| Enterprise Budget... ..                        | 67 |
| Session 3: Resource Page... ..                 | 74 |

### Session 4

|                                    |     |
|------------------------------------|-----|
| Session 4: Agenda.....             | 77  |
| Session 4: Power Point Slides..... | 79  |
| SWOT Analysis.....                 | 19  |
| Session 4: Resource Page... ..     | 101 |



## **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)

# JOURNEYMAN FARMER CERTIFICATE PROGRAM

## Small Farm Business Planning

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

### Session One

## **Session 1 – Small Farm Business Planning Agenda**

***Welcome to the Journeyman Farmer Program (10 min)***

***Introductions (10 min)***

***Lessons from Small Farm Success (15 min)***

- Examples from successful small farms and a look at their budgets

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

- 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?
- Goal setting
- Is your idea feasible?
- IRS Hobby Rules

***Learning Objectives:*** Describe the major strengths, weaknesses, opportunities, and threats for your farm

***Activity (35 min):*** Discuss example farm SWOT analysis from *USDA SWOT Analysis*, a tool for making better business decisions.

***Homework*** - Fill out a SWOT Analysis chart for your farm using the template in your notebook.

***Market Feasibility (7 min - Laura Katz, The University of Georgia Small Business Development Center)***

- Is there a market for what I want to sell?
- Who is my competition?
- What is my niche? (Where are market needs not being met?)
- What is my USP (unique selling proposition; what make my product better?)

***Learning Objectives:*** Identify four tools or resources to understand your target market, competition, and how much you expect to sell.

***Activity (35 min):*** Learn how to use the *USDA Custom Average Tool*, a tool for determining prices for crop commodities over specific time periods.

***Homework***- Find average retail prices for three other crops using CAT or from the grocery store or farmer's market for 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



---

---

---

---

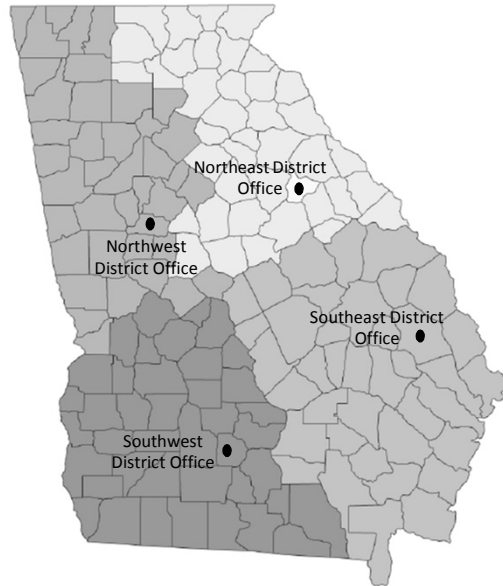
---

---

---



## UGA Extension



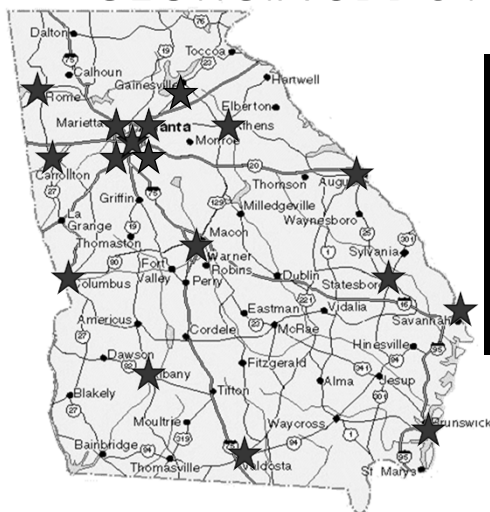
### LEGEND

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

Visit [Extension.UGA.edu](http://Extension.UGA.edu) to find your county office.



## GEORGIA SBDC NETWORK



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](http://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 naïve. 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, 2<sup>nd</sup> ed.



Source: Debbie Ross,  
<https://www.smallfarms.cs.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."

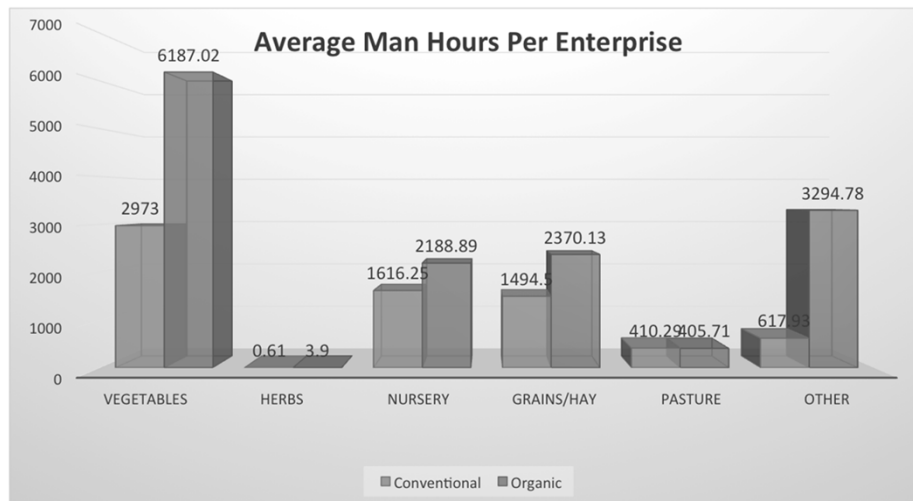
"Over the years they have gradually bought out their 17 original investors and now own the farm free and clear."

Source: The New American Farmer, 2<sup>nd</sup> ed.



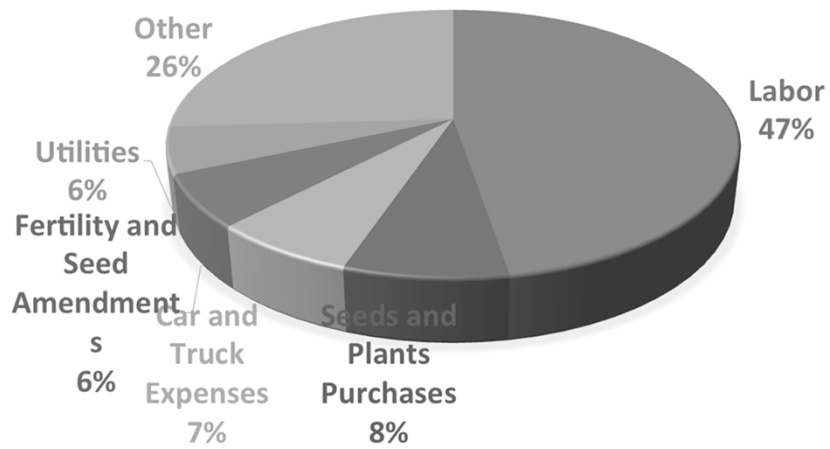
## It Can Be Done!

| 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/](http://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](http://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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Longevity — the Ryans have been farming for 50 years.</li> <li>• They raise their own replacements and feedstuffs.</li> <li>• Family's insurance is paid from an off-farm job.</li> <li>• They have off-farm income.</li> <li>• They use family for labor.</li> <li>• There are multiple generations living on the farm.</li> <li>• They are willing to explore alternatives.</li> <li>• They have good family communication.</li> <li>• They have available land and a building to use for an alternative business.</li> </ul> | <p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• They still need to withdraw \$30,000 per year for family living expenses.</li> <li>• They are located in a rural area.</li> <li>• The son is not interested in continuing the farming operation.</li> <li>• They need to set money aside for children's college expenses.</li> <li>• They will need to support multiple families in the near future.</li> <li>• They may need to hire some outside labor for the alternative enterprise.</li> <li>• No one has cheesemaking experience.</li> </ul> |
| <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• They are located close to a suburban area.</li> <li>• They have good road frontage.</li> <li>• The nearest city has 100,000 people.</li> <li>• Jane has a bachelor's degree from college.</li> <li>• Jane wants to return to the farming operation.</li> <li>• They are located on a well-traveled rural highway.</li> </ul>                                                                                                                                                                                                | <p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• There may be other cheesemakers in the area with the same marketing ideas.</li> <li>• They have a 76-mile round trip to the city.</li> <li>• This does not say if they have a vehicle to transport the cheese.</li> <li>• Need a steady workforce from a rural area.</li> <li>• Government regulations may dictate many aspects of the operation.</li> </ul>                                                                                                                                          |

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

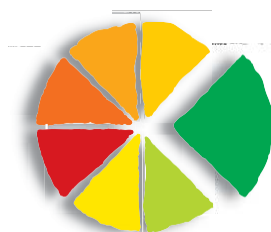
For your own possible enterprises, brainstorm about ideas related to the four areas below.  
Use this sheet to determine whether you should explore an enterprise idea further.

|                      |                   |
|----------------------|-------------------|
| <b>STRENGTHS</b>     | <b>WEAKNESSES</b> |
| <b>OPPORTUNITIES</b> | <b>THREATS</b>    |



### **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*



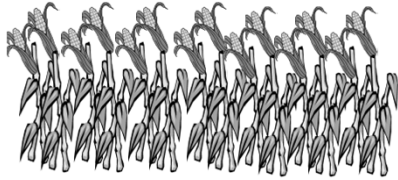
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.



## 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](http://www.growingformarket.com)
- Government Information
  - Census Bureau, [www.census.gov](http://www.census.gov)
  - U.S. Federal Statistics, [www.fedstats.gov](http://www.fedstats.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.ncat.org](http://www.attra.ncat.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](http://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 Report
  - 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.
- 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](http://www.georgiasbdc.org)

### **Georgia Organics Website**

- [www.georgiaorganics.org](http://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](http://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 Reports**

- <https://www.marketnews.usda.gov/mnp/fv-home>

### **Selling Local Food to Schools: A Resource for Producers**

- [www.fns.usda.gov/sites/default/files/f2s/FactSheet\\_Selling\\_Local.pdf](http://www.fns.usda.gov/sites/default/files/f2s/FactSheet_Selling_Local.pdf)

### **Growing for Market Magazine**

- [www.Growingformarket.com](http://www.Growingformarket.com)

### **Government resources**

- [www.census.gov](http://www.census.gov)
- [www.fedstats.gov](http://www.fedstats.gov)

### **ATTRA Sustainable Agriculture**

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

### **Georgia Farm Bureau**

- [www.gfb.org](http://www.gfb.org)

**NOTES:**

# JOURNEYMAN FARMER CERTIFICATE PROGRAM

Small Farm Business Planning

Financial Feasibility, Financial  
Record Keeping, Legal  
Structure and Compliance

## Session Two

## **Session 2 – Financial Feasibility & Record Keeping Agenda**

**Homework (15 minute)** - SWOT Analysis and CAT average prices. Questions and discussion.

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

- Start-Up Costs and On-Going Expenses
- Balance Sheet
- Income Statement
- Cash Flow

**Learning Objectives:** 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

**Activity (35 min):** Using examples from the *NCAT Financial Records Template*, categorize transactions with the Categorizing Financial Transactions Worksheet.

**Financial Record-Keeping (2 min - Laura Katz, The University of Georgia Small Business Development Center)**

- Quick Books
- Entry ledger

**Learning Objectives:** Recognize the records you should keep, list three reasons to keep records, name two methods for recordkeeping

**Activity (35 min):** Using *Veggie Compass*, a tool for managing whole farm profits, look at key inputs into the spreadsheet

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

- Legal structure
  - Sole Proprietorship
  - Partnership
  - 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? 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?

**Homework-** 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   |       |
|-------------------------|-------|
| <b>Income</b>           |       |
| CSA                     | 3,375 |
| Farmers market          | 935   |
| Eggs                    | 444   |
| Flower CSA              | 150   |
| Total sales             | 4,904 |
| <b>Expenses</b>         |       |
| 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 CASH EXPENDITURES         |     |     |     |       |       |      |     |     |     |     |     |     |       |       |
| 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   | 1,497 | 840  | 114 | 166 | 189 | 194 | 115 | 30  | 3,715 |       |
| Cash balance                        |     |     |     | -570  | 1,563 | -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

## NCAT Financial Record - Chart of Accounts

| Cloverleaf Chart of Accounts |                           |
|------------------------------|---------------------------|
|                              | <b>Assets (1000)</b>      |
| 1000                         | Cash                      |
| 1010                         | Checking Account          |
| 1020                         | Savings Account           |
| 1030                         | Accounts Receivable       |
| 5100                         | Tools                     |
| 5110                         | Fencing                   |
| 5120                         | Irrigation Equipment      |
|                              |                           |
|                              | <b>Liabilities (2000)</b> |
| 2000                         | Accounts Payable          |
| 2020                         | Loans Payable             |
|                              |                           |
|                              | <b>Equity (3000)</b>      |
| 3000                         | Total Investments         |
| 3010                         | Partner 1 investment      |
| 3020                         | Partner 2 investment      |
| 3030                         | Net Profit (Earnings)     |
|                              |                           |
|                              | <b>Revenue (4000)</b>     |
| 4000                         | Total Sales               |
| 4010                         | Sales CSA                 |
| 4020                         | Sales Farm Stand          |
| 4030                         | Sales Wholesale           |
|                              |                           |
|                              | <b>Expenses (5000)</b>    |
| 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           |
| <b>Income</b>                                |                  |                  |                |                |                |                |                |                |                |              |                |               |                 |
| 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         |
| <b>Total Income</b>                          | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>     | <b>\$3,000</b> | <b>\$3,250</b> | <b>\$2,000</b> | <b>\$2,000</b> | <b>\$5,500</b> | <b>\$5,000</b> | <b>\$500</b> | <b>\$0</b>     | <b>\$0</b>    | <b>\$21,250</b> |
| <b>Operating Expenses</b>                    |                  |                  |                |                |                |                |                |                |                |              |                |               |                 |
| 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>                       |                  |                  |                |                |                |                |                |                |                |              |                |               | <i>\$7,925</i>  |
| <b>Capital Expenses</b>                      |                  |                  |                |                |                |                |                |                |                |              |                |               |                 |
| Tools                                        | \$300            | \$250            | \$150          |                |                |                |                |                |                |              |                |               | \$700           |
| Fencing                                      |                  | \$1,000          |                |                |                |                |                |                |                |              |                |               | \$1,000         |
| Irrigation Equip                             | \$500            | \$500            | \$500          |                |                |                |                |                |                |              |                |               | \$1,500         |
| <i>Total Capital</i>                         |                  |                  |                |                |                |                |                |                |                |              |                |               | <i>\$3,200</i>  |
| <b>Total Expenses</b>                        | <b>\$4,400</b>   | <b>\$2,500</b>   | <b>\$550</b>   | <b>\$50</b>    | <b>\$1,375</b> | <b>\$300</b>   | <b>\$50</b>    | <b>\$550</b>   | <b>\$300</b>   | <b>\$50</b>  | <b>\$250</b>   | <b>\$50</b>   | <b>\$11,125</b> |
| <b>Monthly Net Profit/Loss</b>               | <b>(\$4,400)</b> | <b>(\$2,500)</b> | <b>(\$550)</b> | <b>\$2,950</b> | <b>\$1,875</b> | <b>\$1,700</b> | <b>\$1,950</b> | <b>\$4,950</b> | <b>\$4,700</b> | <b>\$450</b> | <b>(\$250)</b> | <b>(\$50)</b> | <b>\$10,125</b> |

## 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           |
| <b>Cash In</b>                          |                |                |                |                |                |                |                |                |                |              |              |                 |                 |
| 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         |
| <b>Total Income</b>                     | <b>\$8,000</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$6,000</b> | <b>\$2,850</b> | <b>\$1,230</b> | <b>\$2,750</b> | <b>\$6,120</b> | <b>\$2,900</b> | <b>\$300</b> | <b>\$150</b> | <b>\$0</b>      | <b>\$22,300</b> |
|                                         |                |                |                |                |                |                |                |                |                |              |              |                 |                 |
| <b>Operating Expenses</b>               |                |                |                |                |                |                |                |                |                |              |              |                 |                 |
| 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> |
| <b>Capital Expenses</b>                 |                |                |                |                |                |                |                |                |                |              |              |                 |                 |
| 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>  |
| <b>Total Expenses</b>                   | <b>\$3,725</b> | <b>\$3,450</b> | <b>\$2,700</b> | <b>\$1,705</b> | <b>\$425</b>   | <b>\$505</b>   | <b>\$210</b>   | <b>\$1,540</b> | <b>\$695</b>   | <b>\$485</b> | <b>\$190</b> | <b>\$210</b>    | <b>\$15,140</b> |
|                                         |                |                |                |                |                |                |                |                |                |              |              |                 |                 |
| <b>Monthly Net Profit/Loss</b>          | \$4,275        | (\$3,450)      | (\$2,700)      | \$4,295        | \$2,425        | \$725          | \$2,540        | \$4,580        | \$2,205        | (\$185)      | (\$40)       | (\$210)         | <b>\$7,160</b>  |
| <b>Total Cash Balance</b>               | \$4,275        | \$825          | (\$1,875)      | \$2,420        | \$4,845        | \$5,570        | \$8,110        | \$12,690       | \$14,895       | \$14,710     | \$14,670     | <b>\$14,460</b> |                 |

## NCAT Financial Record - Income & Expense

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

|                                 |                 |
|---------------------------------|-----------------|
|                                 |                 |
| <b>Income</b>                   |                 |
| CSA                             | \$12,000        |
| Farm Stand                      | \$6,900         |
| Wholesale                       | \$3,400         |
| <b>Total Income</b>             | <b>\$22,300</b> |
|                                 |                 |
| <b>Expenses</b>                 |                 |
| 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>  |
| <b>Total Operating Expenses</b> | <b>\$12,873</b> |
|                                 |                 |
| <b>Net Income (Profit/Loss)</b> | <b>\$9,427</b>  |



# NCAT Financial Record - Balance Sheet

## Balance Sheet (Dec 31, 2012)

|                                                  |                 |
|--------------------------------------------------|-----------------|
|                                                  |                 |
| <b>Assets</b>                                    |                 |
| 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> |
| <b>Total Assets</b>                              | <b>\$17,967</b> |
|                                                  |                 |
| <b>Liabilities</b>                               |                 |
| 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>      |
| <b>Total Liabilities</b>                         | <b>\$540</b>    |
|                                                  |                 |
| <b>Equity</b>                                    |                 |
| Partner 1 investment                             | \$4,000         |
| Partner 2 investment                             | \$4,000         |
| Net Profit or Loss (Retained Earnings)           | \$9,427         |
| <b>Total Equity</b>                              | <b>\$17,427</b> |
|                                                  |                 |
| <b>Assets = Total Liabilities + Total Equity</b> | <b>\$17,967</b> |
|                                                  |                 |
|                                                  |                 |



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) |               |                  |               |  |                        |                |  |           |

## 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/products-classifieds/product-reviews/agriculture-technology/software/buyers-guide-accounting-software\\_446-re7093](http://www.agriculture.com/products-classifieds/product-reviews/agriculture-technology/software/buyers-guide-accounting-software_446-re7093)
- Manually
  - One-Write System
  - Packet of ledger paper



---

---

---

---

---

---

---

## Activity – Recordkeeping Tools

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

Farm Name \_\_\_\_\_

Date

|                            | Greenhouse Hours    |                         |       |
|----------------------------|---------------------|-------------------------|-------|
|                            | Field Growing Hours | Harvest & Packing Hours | Notes |
| <b>Not Crop Specific:</b>  |                     |                         |       |
| 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 &amp; 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  
<https://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 <sup>1</sup> or C-EZ (Schedule F <sup>1</sup> for farm business) |
|                                       | Self-employment tax                                                                                                                                                         | 1040 and Schedule SE                                                                 |
|                                       | Estimated tax                                                                                                                                                               | 1040-ES                                                                              |
|                                       | Employment taxes: <ul style="list-style-type: none"><li>• Social security and Medicare taxes and income tax withholding</li><li>• Federal unemployment (FUTA) tax</li></ul> | 941 or 944 (943 for farm employees)<br>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 <sup>2</sup>                                                     |
|                                       | Self-employment tax                                                                                                                                                         | 1040 and Schedule SE                                                                 |
|                                       | Estimated tax                                                                                                                                                               | 1040-ES                                                                              |
| Corporation or S corporation          | Income tax                                                                                                                                                                  | 1120 (corporation) <sup>2</sup><br>1120S (S corporation) <sup>2</sup>                |
|                                       | 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 <sup>2</sup>                                                     |
|                                       | Estimated tax                                                                                                                                                               | 1040-ES                                                                              |

<sup>1</sup> File a separate schedule for each business.

<sup>2</sup> 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 [IRS Form 8832 \(PDF\)](https://www.irs.gov/pub/irs-pdf/f8832.pdf) to elect their business entity classification.
  - <https://www.irs.gov/pub/irs-pdf/f8832.pdf>

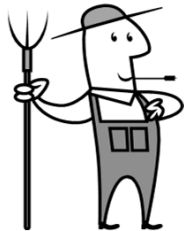
## Choosing a Trade Name

- All corporations & LLC's must register with the State
  - Check registered names at Georgia Corporations Division business search :
    - <https://ecorp.sos.ga.gov/BusinessSearch>
- Check the federal register of names patented and trademarked
  - [www.uspto.gov/trademark](http://www.uspto.gov/trademark)
- 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
    - Georgia Secretary of State Professional Licensing Boards: [www.sos.state.ga.us/plb](http://www.sos.state.ga.us/plb)
    - Food Sales – Ga. Dept. of Ag: [www.agr.state.ga.us](http://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
    - Georgia Department of Revenue: [www.dor.ga.gov](http://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
  - State Board of Worker's Compensation: <http://sbwc.georgia.gov>
- **State Unemployment Insurance Tax (SUTA)**
  - 2.7% of first \$8,500 of employees yearly earnings
  - Georgia Department of Labor: [www.dol.state.ga.us](http://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](http://www.irs.gov)
    - **Employment Issues:**
  - **FICA Insurance (S.S. & Medicare) – Form 941**
    - calculated based on employee's salary
    - [www.irs.gov](http://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](http://www.attra.ncat.org)
- IRS Starting a Business and Keeping Records
- Veggie Compass:
  - [www.veggiecompass.com](http://www.veggiecompass.com)
  - IRS publication 583: [www.irs.gov/pub/irs-pdf/p583.pdf](http://www.irs.gov/pub/irs-pdf/p583.pdf)
- Georgia Direct Farm Business Guide:
  - <http://nationalaglawcenter.org/wp-content/uploads/assets/articles/GA-DFM.pdf>

## 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

### 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](http://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](http://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/pub/irs-pdf/f8832.pdf>
- Georgia Corporations Division business search: <https://ecorp.sos.ga.gov/BusinessSearch>
- Federal Register of Names: [www.uspto.gov/trademark](http://www.uspto.gov/trademark)

### Permits, Licenses, Inspections

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

### Georgia Direct Farm Business Guide

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

**NOTES:**



# JOURNEYMAN FARMER CERTIFICATE PROGRAM

## Small Farm Business Planning

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

### Session Three

## **Session 3 — The Business Plan Agenda**

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

- The components of a business plan (People, Financial, Production, Marketing and Legal)
- Why business plans are important (The roadmap, future strategy, financial development, organizes every aspect of your business)
- Information needed and resources for preparing a business plan

**Learning Objectives:** 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

**Activity (30 Min):** Using *AgPlan*, a tool for helping business owners develop a business plan.

**Homework:** 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)***

- Pro forma projections, understanding startup costs and operating costs.
  - Understanding startup cost, loan repayment, accounts receivables, personnel plan, accounts payable...
  - Simple things like start-up costs, e.g. buying a building, inventory and supplies, business license, working capital.
  - What is the difference between a startup cost and an ongoing expense, i.e. operation costs?
  - Where do you get the “costs” information and who do farmers go to for help with accomplishing this?
  - Where can they go to get help with financial projections, and where do I get the information that goes into those financial projections.

**Learning Objectives:** Name resources for help with getting financial projections done.

**Activity (30 Min):** Enterprise budgets

### ***The Farmers’ Perspective (30 min)***

- Question and answer period (10 min)



## 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](http://www.agplan.umn.edu)

**AGPLAN**<sup>TM</sup>

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
  - US Small Business Administration
    - <http://www.sba.gov/content/agriculture>
  - USDA Farm Service Agency
    - [www.fsa.usda.gov](http://www.fsa.usda.gov)
  - Whole Foods Local Producer Loan Program



## USDA Grants & Loans



- USDA Grants and Loans for Small Farmers-  
Alternative Farming Systems Information  
Center
- <https://www.nal.usda.gov/afsic/grants-and-loans-farmers>



## Avoid Mistakes By . . .

- Watching cashflow
- 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. |
|------------------------------------|--------|----------|---------|-------------|------------------|
| <b>RECEIPTS</b>                    |        |          |         |             |                  |
| 1. Broccoli                        | Case   | 300      | 31      | 9,300       | _____            |
| <b>2. VARIABLE COSTS</b>           |        |          |         |             |                  |
| 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       | _____            |
| <b>15. FIXED COSTS</b>             |        |          |         |             |                  |
| 16. Machine & Equip.               | Acre   | 1        | 240     | 240         | _____            |
| 17. Irrigation                     | Acre   | 1        | 80      | 80          | _____            |
| 18. Land Charge                    | Acre   | 1        | 50      | 50          | _____            |
| Total Fixed Costs                  |        |          |         | 370         | _____            |
| <b>TOTAL COSTS</b>                 |        |          |         | 5,190       | _____            |
| <b>RETURN ABOVE VARIABLE COSTS</b> |        |          |         | 4,480       | =====            |
| <b>RETURN ABOVE TOTAL COSTS</b>    |        |          |         | 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\*

|                 | Purchase | Salvage  | Useful |          |                 |         |
|-----------------|----------|----------|--------|----------|-----------------|---------|
|                 | Price    | Value    | Life   | Acres    | Repair & Maint. | Total** |
| Item            | Price \$ | Value \$ | Yrs.   | Used/Yr. | \$/Ac.          | \$/Ac.  |
| 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

##### Herd Numbers & Size

|                                    |     |
|------------------------------------|-----|
| Number of Does                     | 50  |
| Doe Size (lbs) - Average           | 125 |
| Number of Bucks                    | 2   |
| Buck Size (lbs) - Average          | 225 |
| Kid Size When Sold (lbs) - Average | 70  |

|                         |    |
|-------------------------|----|
| Number of Kids Produced | 73 |
| Kids Sold for Meat      | 64 |
| Replacements needed     | 8  |

#### Market Prices

|                               |           |        |
|-------------------------------|-----------|--------|
| Market Kids                   | \$ 70.00  | /Head  |
| \$/ CWT Conversion            | \$100.00  | /CWT   |
| Cull Bucks                    | \$ 135.00 | /Head  |
| \$/ CWT Conversion            | \$60.00   |        |
| Cull Does                     | \$ 85.00  | /Head  |
| \$/ CWT Conversion            | \$68.00   |        |
| Breeding Bucks                | \$ 250.00 | / buck |
| Breeding Does                 | \$ 125.00 | / doe  |
| % buck kids sold for Breeding | 0%        |        |
| % doe kids sold for Breeding  | 0%        |        |
| Bucks Sold for Breeding       | 0         |        |
| Does Sold for Breeding        | 0         |        |

#### Marketing Assumptions

|                              |         |          |
|------------------------------|---------|----------|
| Number of Trips to Market    | 4       | trips    |
| Miles to Market (Round Trip) | 50      | miles    |
| Mileage Costs (\$ / Mile)    | \$ 1.50 | / mile   |
| Sales Commision (%)          | 7.00%   | /Hd Sold |
| Assoc./Membership Dues       | 25.00   | /year    |

#### Cull Rates

|                |     |
|----------------|-----|
| Buck Cull Rate | 33% |
| Doe Cull Rate  | 14% |

#### Fertility Rates

|                 |      |
|-----------------|------|
| Conception Rate | 95%  |
| Kidding Rate    | 180% |

#### Mortality Rates

|                     |     |
|---------------------|-----|
| Buck Mortality Rate | 1%  |
| Doe Mortality Rate  | 1%  |
| Kid Mortality Rate  | 15% |

#### Feeding

|                              |       |
|------------------------------|-------|
| Pasture Acreage              | 17.50 |
| Months on Hay                | 4.5   |
| Lbs Hay Fed (lbs/doe/day)    | 3.00  |
| Months on Concentrate Suppl. | 5.00  |
| Concentrate (lbs/doe/day)    | 1.25  |
| Salt/Mineral (Oz/head/day)   | 2.00  |

#### Feed Prices

|                                 |           |
|---------------------------------|-----------|
| Hay Costs (\$/ton)              | \$ 90.00  |
| Concentrate Costs (\$/cwt)      | \$ 13.00  |
| Pasture Costs Variable(\$/acre) | \$ 225.00 |
| Pasture Costs- Fixed (\$/acre)  | \$ 62.73  |
| Salt/Minerals (\$/cwt)          | \$ 25.00  |

#### Housing

|                            |         |
|----------------------------|---------|
| Square Feet / Adult Animal | 8.00    |
| Cost / Sq. Foot            | \$ 5.00 |
| Useful Life Housing- Years | 10.0    |
| Salvage Value-Housing      | 5.00%   |
| Repair & Maintenance       | 4.00%   |
| % of Building Cost         |         |

#### Health Costs / Procedures

|                                 |          |                      |
|---------------------------------|----------|----------------------|
| Dewormer Costs                  | \$ 0.85  | / dose               |
| Number of Times Dewormed        | 6        | / buck & does / year |
| Enterotoxemia C&D/T Vaccination | \$ 0.65  | / dose               |
| Number of Times Vac.            | 1        | / doe / year         |
| Kids Vaccination - Cost         | \$ 0.65  | / dose               |
| Number of Times Vac.            | 2        | / year               |
| Misc. Medication Costs (Herd)   | \$ 30.00 | / herd / year        |

#### Equipment / Supplies

|                       |           |               |
|-----------------------|-----------|---------------|
| Misc. Equipment costs | \$ 100.00 | / herd / year |
| Misc. Supplies        | \$ 55.00  | / herd / year |

#### Fencing and Corral

|                                           |             |              |
|-------------------------------------------|-------------|--------------|
| Cost of Fencing                           | \$ 1.50     | /linear foot |
| Usefull Life-Fence                        | 12.00       | years        |
| Salvage Value-Fence                       | 5.00%       | percent      |
| Working Facilities cost                   | \$ 1,650.00 | unit         |
| Usefull Life-Work. Fac.                   | 15.00       | years        |
| Salvage Value-Work Fac.                   | 10.00%      | percent      |
| Repair for Fencing and working facilities | \$ 85.00    | / year       |

#### Land and Labor

|                          |         |            |
|--------------------------|---------|------------|
| Land Rent/Ownership Cost | \$ 5.00 | /acre      |
| Labor - Hired            | 0.00    | /hours/doe |
| Labor Cost               | \$ 8.25 | /hour      |

#### General Overhead

|                    |       |   |
|--------------------|-------|---|
| General Overhead   | 3.00% | % |
| % of Variable Cost |       |   |

#### Financial

|                                 |    |        |
|---------------------------------|----|--------|
| Annual Interest Rate Applied to |    |        |
| Breeding Stock                  | 8% | / year |
| 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           |           |
| <b>Gross Revenue</b>            |      |          |            | <b>\$5,198.75</b> | <b>\$103.98</b> |           |

### 3. Variable Costs

|                                                      | Unit    | Quantity | Unit Price | Total             | \$/Doe          |  |
|------------------------------------------------------|---------|----------|------------|-------------------|-----------------|--|
| <b>Feed</b>                                          |         |          |            |                   |                 |  |
| 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           |  |
| <b>Vet &amp; Medicine</b>                            |         |          |            |                   |                 |  |
| 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            |  |
| <b>Other</b>                                         |         |          |            |                   |                 |  |
| 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 -<br>Fence & Working Facilities | Dollars |          | 85.00      | 85.00             | 1.70            |  |
| Land Rent/Ownership Cost                             | Acre    | 17.50    | 5.00       | 87.50             | 1.75            |  |
| <b>Total Variable Costs</b>                          |         |          |            | <b>\$8,091.89</b> | <b>\$161.84</b> |  |

### 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           |  |
| <b>Total Fixed Costs</b>             |         |          |            | <b>\$2,953.55</b> | <b>\$59.07</b> |  |

### 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 |
|------|----------|-----------|------------|---------|-------------|--------|
|------|----------|-----------|------------|---------|-------------|--------|

| 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                       |                |             |             |
| Feed                                 |                |             |             |
|                                      | Variable Costs | Fixed Costs | Total Costs |
| 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: 1 | 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         |
| <b>SECTION 1 - START UP COSTS / ASSET PURCHASES</b> |               |                |              |                |                |                |                |                |                |                |                |                |                |          |               |
| <b>Purchasing Long-Term Assets:</b>                 |               |                |              |                |                |                |                |                |                |                |                |                |                |          |               |
| 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                                           | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| <b>Organization Costs:</b>                          |               |                |              |                |                |                |                |                |                |                |                |                |                |          |               |
| Start-Up and Organization Costs                     | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| <b>Total Long-Term Assets</b>                       | <b>20,420</b> |                |              |                |                |                |                |                |                |                |                |                |                |          | <b>20,420</b> |
| <b>Purchasing Current Assets:</b>                   |               |                |              |                |                |                |                |                |                |                |                |                |                |          |               |
| Cash/Farm Checking (Working Capital)                | 345           | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Deposits                                            | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Accts / Recv.                                       | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Farm Supplies                                       | 12,000        | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Crop & Feed Inventory                               | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| <b>Total Current Assets</b>                         | <b>12,345</b> |                |              |                |                |                |                |                |                |                |                |                |                |          | <b>12,345</b> |
| <b>Accounts Payable</b>                             | <b>-</b>      |                |              |                |                |                |                |                |                |                |                |                |                |          | <b>-</b>      |
| <b>Previous LT Debt</b>                             | <b>26,212</b> |                |              |                |                |                |                |                |                |                |                |                |                |          | <b>26,212</b> |
| <b>Total Funding Needs</b>                          | <b>6,553</b>  |                |              |                |                |                |                |                |                |                |                |                |                |          | <b>6,553</b>  |
| <b>Owner Capital/Stock Investment</b>               | <b>6,553</b>  |                |              |                |                |                |                |                |                |                |                |                |                |          | <b>6,553</b>  |
| Owner Drawing                                       | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Proposed Loan                                       | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Line of Credit Proceeds                             | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Line of Credit Payments                             | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| Remaining Balance                                   | -             | -              | -            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -        | -             |
| <b>Cash Flow Ending Balance</b>                     |               | <b>1,601</b>   | <b>(249)</b> | <b>(1,838)</b> | <b>(3,780)</b> | <b>(4,728)</b> | <b>(5,598)</b> | <b>(6,449)</b> | <b>(7,422)</b> | <b>(5,512)</b> | <b>(4,412)</b> | <b>(4,945)</b> | <b>(5,997)</b> |          |               |

## Revenues Year 1

|                                                         |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
|---------------------------------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|--------|------------|
| Latest Update:                                          | 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 | % of Total |
| 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  |            |
| <b>Option A: Sales based on monthly unit projection</b> |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
| <b>CSA</b>                                              |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
| 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%     |
| <b>Farmers Mkt / Tomatoes</b>                           |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
| 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%      |
| <b>Eggs</b>                                             |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
| 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%      |
| <b>Flowers</b>                                          |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
| 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%     |
| <b>Farmers Mkt / Greens</b>                             |        |         |         |         |         |         |         |         |         |         |          |          |          |        |            |
| 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  | % of 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    |        |            |         |
|                                         | 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     |        |            |         |
|                                         | 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     |        |            |         |
|                                         | 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     |        |            |         |
|                                         | 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     |        |            |         |
|                                         | 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           | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -      |  |
| 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     | 135     | 136     | 133     | 133     | 130     | 129     | 127     | 126     | 126      | 123      | 122      | 1,261  |  |
| Labor hired                     | -       | -       | -       | 200     | -       | -       | -       | -       | -       | -        | -        | -        | 200    |  |
| Licenses & Permits              | -       | -       | -       | -       | -       | -       | -       | -       | 144     | -        | -        | -        | 144    |  |
| Maintenance & Repairs           | -       | -       | -       | -       | -       | 45      | -       | -       | -       | -        | -        | -        | 45     |  |
| Miscellaneous                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -      |  |
| Office Supplies & Postage       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -      |  |
| Operating Supplies              | -       | -       | -       | 300     | 30      | -       | 60      | 20      | -       | -        | -        | -        | 410    |  |
| Payroll                         | 833     | 833     | 833     | 833     | 833     | 833     | 833     | 833     | 833     | 833      | 833      | 833      | 10,000 |  |
| Payroll Taxes & Benefits        | -       | -       | -       | 275     | -       | -       | -       | -       | -       | -        | -        | -        | 275    |  |
| Rent or Lease                   | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -      |  |
| Seeds & Plants                  | -       | -       | 230     | -       | -       | -       | -       | -       | -       | -        | -        | -        | 230    |  |
| Storage & Warehousing           | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -      |  |
| Taxes                           | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -      |  |
| Telecommunications              | -       | -       | -       | -       | -       | -       | -       | -       | 70      | -        | -        | -        | 70     |  |
| Utilities (Farm Share)          | -       | -       | 10      | 20      | 20      | 20      | 20      | 20      | 10      | -        | -        | -        | 105    |  |
| Veterinary, breeding & medicine | -       | -       | -       | 50      | -       | -       | -       | 25      | -       | -        | -        | -        | 50     |  |
| 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

|                                                |          |         |         |         |         |         |         |         |         |         |          |          |          |           |
|------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|-----------|
| 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     |
| <b>SECTION 7 - PROPOSED AND EXISTING LOANS</b> |          |         |         |         |         |         |         |         |         |         |          |          |          |           |
| <b>EXISTING DEBT #1, LT DEBT AMORTIZATION:</b> |          |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Amount                                         | 26,212   |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Interest Rate                                  | 6.25%    |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Months                                         | 84       |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Payment Amount                                 | 366.07   |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Month #                                        |          | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | 10       | 11       | 12       |           |
| Principal                                      |          | 248.55  | 250.85  | 252.15  | 253.47  | 254.79  | 256.11  | 257.45  | 258.79  | 260.14  | 261.49   | 262.85   | 264.22   | 3,081.86  |
| Interest                                       |          | 136.52  | 135.22  | 133.91  | 132.60  | 131.28  | 129.95  | 128.62  | 127.28  | 125.93  | 124.58   | 123.21   | 121.85   | 1,550.96  |
| Principal Balance                              | 26,212   | 25,962  | 25,712  | 25,459  | 25,206  | 24,951  | 24,695  | 24,438  | 24,179  | 23,919  | 23,657   | 23,394   | 23,130   | 23,130.14 |
| <b>Monthly LT Debt Service Schedule:</b>       |          |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Principal                                      |          | 248.55  | 250.85  | 252.15  | 253.47  | 254.79  | 256.11  | 257.45  | 258.79  | 260.14  | 261.49   | 262.85   | 264.22   | 3,081.86  |
| Interest                                       |          | 136.52  | 135.22  | 133.91  | 132.60  | 131.28  | 129.95  | 128.62  | 127.28  | 125.93  | 124.58   | 123.21   | 121.85   | 1,550.96  |
| Total                                          |          | 386.07  | 386.07  | 386.07  | 386.07  | 386.07  | 386.07  | 386.07  | 386.07  | 386.07  | 386.07   | 386.07   | 386.07   | 4,632.82  |
| Total LT Debt:                                 | 26,212   | 25,962  | 25,712  | 25,459  | 25,206  | 24,951  | 24,695  | 24,438  | 24,179  | 23,919  | 23,657   | 23,394   | 23,130   | 23,130    |
| <b>LINE OF CREDIT:</b>                         |          |         |         |         |         |         |         |         |         |         |          |          |          |           |
| Int Rate                                       | 0.00%    | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%    | 0.00%    |           |
| Proceeds                                       |          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -         |
| Re-Payment                                     |          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -         |
| Balance                                        | -        | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -         |
| Interest Expense                               |          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -        | -        | -         |
| Total Interest Expense (All Debt)              |          | 136.52  | 135.22  | 133.91  | 132.60  | 131.28  | 129.95  | 128.62  | 127.28  | 125.93  | 124.58   | 123.21   | 121.85   | 1,550.96  |
| <b>TOTAL DEBT</b>                              |          | 26,212  | 25,962  | 25,712  | 25,459  | 25,206  | 24,951  | 24,695  | 24,438  | 24,179  | 23,919   | 23,657   | 23,394   | 23,130.14 |

| Projected Balance Sheets<br>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  |
| <b>Current Assets</b>                                |           |           |        |         |         |         |         |         |         |         |         |         |         |
| 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    | 12,000.00 | 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       |
| <b>Current Assets</b>                                | 12,345    | 13,600.60 | 11,751 | 10,162  | 8,220   | 7,272   | 6,402   | 5,551   | 4,578   | 6,488   | 7,588   | 7,055   | 6,003   |
| <b>Long-Term Assets</b>                              |           |           |        |         |         |         |         |         |         |         |         |         |         |
| Office Equipment                                     | 0         | 0.00      | 0      | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| Farm Machinery                                       | 15,000    | 15,000.00 | 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       |
| <b>Long-Term Assets</b>                              | 20,420    | 20,224.32 | 20,029 | 19,833  | 19,637  | 19,442  | 19,246  | 19,050  | 18,855  | 18,659  | 18,463  | 18,267  | 18,072  |
| <b>Total Assets</b>                                  | 32,765    | 33,824.92 | 31,780 | 29,995  | 27,858  | 26,713  | 25,648  | 24,601  | 23,432  | 25,147  | 26,051  | 25,322  | 24,075  |
| <b>Current Liabilities</b>                           |           |           |        |         |         |         |         |         |         |         |         |         |         |
| 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     |
| <b>Current Liabilities</b>                           | 250       | 250.85    | 252    | 253     | 255     | 256     | 257     | 259     | 260     | 261     | 263     | 264     | 266     |
| <b>Long Term Liabilities</b>                         |           |           |        |         |         |         |         |         |         |         |         |         |         |
| 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  |
| <b>Total Liabilities</b>                             | 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  |
| <b>Owner's Equity</b>                                |           |           |        |         |         |         |         |         |         |         |         |         |         |
| 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) |
| <b>Total Equity</b>                                  | 6,553     | 7,862.46  | 6,068  | 4,535   | 2,652   | 1,762   | 953     | 164     | (746)   | 1,228   | 2,394   | 1,928   | 945     |
| <b>Total Liabilities &amp; Equity</b>                | 32,765    | 33,824.92 | 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<br>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<br>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](http://www.agplan.umn.edu)
- SBA
  - <http://www.sba.gov/content/agriculture>
- USDA
  - [www.fsa.usda.gov](http://www.fsa.usda.gov)
- Government Statistics & Information
  - [www.census.gov](http://www.census.gov)
  - [www.fedstats.gov](http://www.fedstats.gov)
- Ag Associations
  - [www.gfb.org](http://www.gfb.org) – Georgia Farm Bureau
  - [http://georgiaorganics.org](http://http://georgiaorganics.org) – Georgia Organics
  - [www.SustainAgGa.org](http://www.SustainAgGa.org) – UGA Cooperative Extension
  - [www.gfvga.org](http://www.gfvga.org) – Georgia Fruit and Vegetables Growers Association

## Resources

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

## THANK YOU

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



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

### AgPlan

- [www.agplan.umn.edu](http://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://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](http://www.sba.gov/content/agriculture)

### USDA Farm Service Agency

- [www.fsa.usda.gov](http://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](http://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

## **Session 4 — Marketing & Regulations Agenda**

***Homework Discussion (10 min)-Production description from AgPlan***

***Selling Your Product – The 4 Ps of Your Marketing Mix (20 min- Matthew Kulinski, 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- Matthew Kulinski, 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)

***Activity (20 min):*** Bring in individual SWOT analysis. Name five strategies to reduce risk identified in your SWOT. Discuss two to three examples

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

***Wrap Up***

- Please fill out paper training evaluations.
- You must pass the knowledge evaluation if you want to receive a certificate. The knowledge evaluation is available online, you have 2 weeks to complete it and you can take it multiple times.
- Your extension agents will let you know about upcoming sessions that may interest you.



## Small Farm Business Planning



## Session 4 Selling Your Product

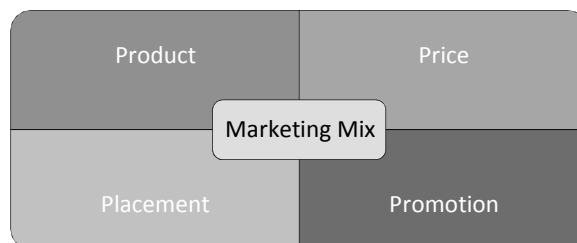
Matthew Kulinski, Marketing Division  
Georgia Dept of Agriculture



### 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?



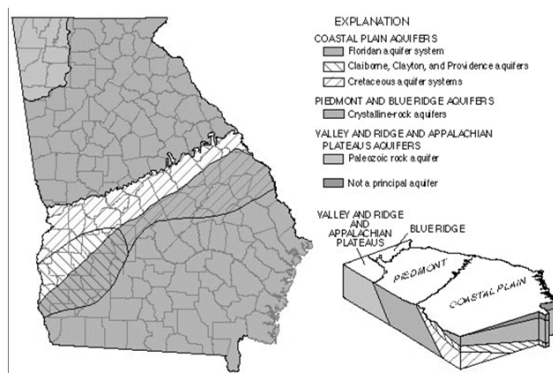
Or Urban?





## 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?



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## Is Your Product Unique?



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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                                                            |

JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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

JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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)



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## CSA (Community Supported Agriculture)

Characteristics:

- You 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)



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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 pricepoint
- 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.



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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 3<sup>rd</sup> 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 3<sup>rd</sup> party certifications



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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 3<sup>rd</sup> 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 3<sup>rd</sup> party certifications



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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.



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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.



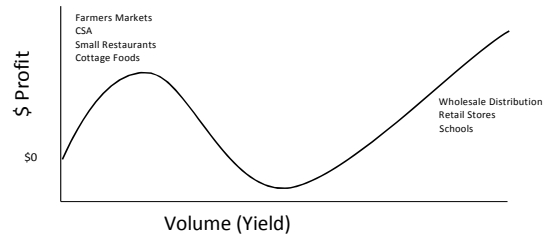
JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## How to Find Prices

- USDA Market News Reports:  
<http://www.ams.usda.gov/AMSv1.0/marketnews>
- USDA ERS Custom Average Tool
- Georgia 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.



## Scale Is Important When Determining Price



2

## 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.



## 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:

- Economic Development
- Marketing, Education & Outreach
- Nutrition & Wellness
- Environmental
- Culture & Lifestyle

"We Help"



4

## 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

JOHNNYMAN FARMER  
CERTIFICATE PROGRAM

## 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](http://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

JOHNNYMAN FARMER  
CERTIFICATE PROGRAM

## 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.



## 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 Square: <https://squareup.com/>
- World Pay has offered special rates for members of Georgia Grown.
- MarketLink: [www.marketlink.org](http://www.marketlink.org)
- Facebook is a must. Social media is required to help market and sell your products.



## 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





## 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



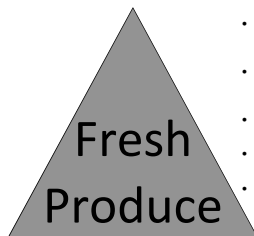
## Food Safety – Food Processing



- 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.



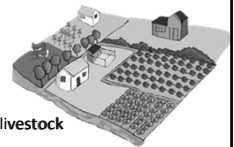
## Food Safety – Fresh Produce



- 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 3<sup>rd</sup> party auditors that verify farms are following GAP.
- If interested in selling large scale you will need to have 3<sup>rd</sup> 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 Activities**
  - 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



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## What about Organic Certification?



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

# 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.



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## 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.



JOURNEYMAN FARMER  
CERTIFICATE PROGRAM



## Additional Resources

- 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 & Vegetable Growers Assoc.) -  
<http://www.producefoodsafetyservices.com/>



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



# JOURNEYMAN FARMER CERTIFICATE PROGRAM

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”





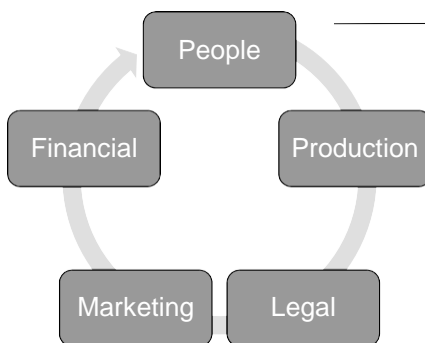
## 5 Areas of Business Risk

### 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

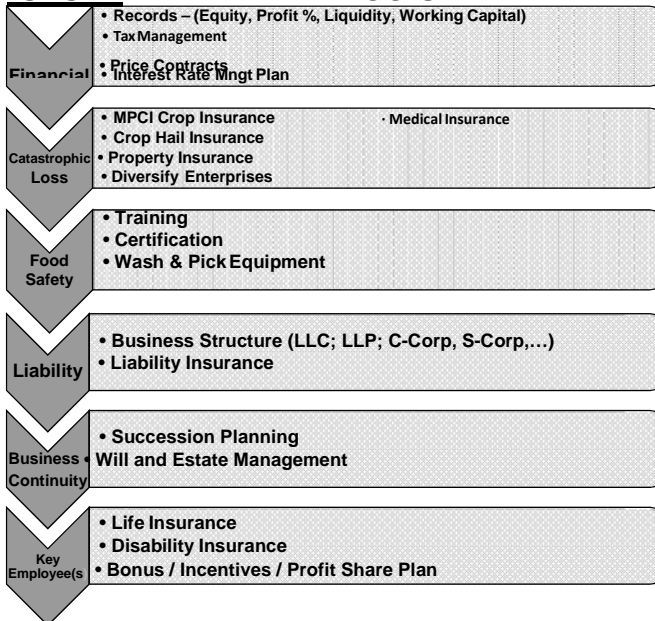
Growing or Raising your Product  
Disease / Weather / Insects / Regulation

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

JOURNEYMAN FARMER  
CERTIFICATE PROGRAM

## Risks

## Tools



Return → Risk

JOURNEYMAN FARMER  
CERTIFICATE PROGRAM



## Putting The Puzzle Together 5 Steps of Risk Management



JOURNEYMAN FARMER  
 CERTIFICATE PROGRAM

### 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 |
|---------------------------------------------------------------------------------|--------|-----------|------------|-----------|-------|
| <b>#1 – Identify:</b><br>What are the risks on my farm?                         |        |           |            |           |       |
| <b>#2 – Prioritize:</b><br>What will have the biggest impact on my farm?        |        |           |            |           |       |
| <b>#3 – Evaluate:</b><br>What risk management tools are available?              |        |           |            |           |       |
| <b>#4 – Select:</b> This is the one (or more!) strategies to mitigate the risk. |        |           |            |           |       |
| <b>#5 – Review:</b> 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                                        |
|---------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------|----------------------------------------------|
| <b>#1 – Identify:</b><br>What are the risks on my farm?                         | 1. Labor<br>2. Key Man<br>3. Family                      | 1. Cash Flow<br>2. Interest Rate<br>3. Capital Avail              | 1. Disease<br>2. Weather<br>3. Insects                | 1. Customer<br>2. Food Safety<br>3. Mkt Access    | 1. Labor Injury<br>2. Fire Loss              |
| <b>#2 – Prioritize:</b><br>What will have the biggest impact on my farm?        | 1. Key Man                                               | 1. Capital Availability                                           | 1. Weather                                            | 1. Food Safety                                    | 1. Labor Injury                              |
| <b>#3 – Evaluate:</b><br>What risk management tools are available?              | 1. Bonus Pay<br>2. Profit Sharing<br>3. % Ownership      | 1. Line of Credit<br>2. Build Wk Cap                              | 1. Crop Insurance<br>2. Irrigation<br>3. Crop Variety | 1. Training<br>2. Certification<br>3. Wsh/Pck Eq. | 1. Insurance<br>2. Training<br>3. Mitigation |
| <b>#4 – Select:</b> 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<br>2. Training                  |
| <b>#5 – Review:</b> How did your strategy work?                                 | 1. Gain Efficiency<br>2. Higher Profit<br>3. Happy K Man | 1. Review Cash Flow Budget<br>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

## **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





## 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
- ManagementsAbility
  - Farm, Financial, Production, Marketing
- PastHistory
  - 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



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](http://www.GeorgiaGrown.com)

### Technology to sell your product

- <https://squareup.com>
- [www.marketlink.org](http://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:**