

## FARM BEGINNINGS

Learn with Douglas County Extension about the basics of starting your small local farm!

**VIRTUAL WEBINAR SERIES**  
**Jan 28: Farm Management**  
**Feb 4: Soil & Cover Crops**  
**Feb 11: Pest Management**  
**Feb 18: Food Safety & Adding Value**  
**Feb 25: Chickens**  
**March 4: Small Grazers**  
**March 11: Large Grazers**

\*All webinars are noon-1pm



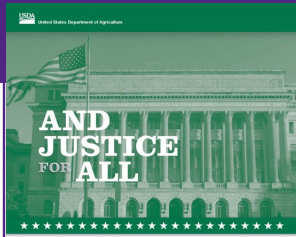

Register online at:  
<http://bit.ly/DgCofarm>

**K-STATE**  
 Research and Extension  
 Douglas County

## Intro to Farm Management

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**AND JUSTICE FOR ALL**

### Kansas State University is an affirmative-action, equal-opportunity employer.

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## FARM MANAGEMENT

### Your Farm as a Business

- Find your Niche
- Make A Plan
- Financial Management
- Resources



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## FIND YOUR NICHE



*In a Wistful Age, Farmers Find a New Angle: Chore TV*


It's hard for small farmers to earn a living selling their products. Enter the "farmer-influencer," who can cure ills by chronicling farm life, in all its comforting monotony, to a growing online audience.

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www.nytimes.com/2020/08/07/us/farmer-influencer-  
 youtube.html?action=click&module=Top%20Stories&pgtype=Homepage

## SWOT ANALYSIS


- Strengths
- Weaknesses
- Opportunities
- Threats





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## SMART GOALS

- Specific (simple, sensible, significant).
- Measurable (meaningful, motivating).
- Achievable (agreed, attainable).
- Relevant (reasonable, realistic and resourced, results-based).
- Time bound (time-based, time limited, time/cost limited, timely, time-sensitive).



## BUSINESS PLANNING

What's in a Business Plan

- Cover Page
- Executive Summary
- Business Description
- Operations
- Marketing Plan
- Management and Organization
- Financial Plan/Report






## BUSINESS PLANNING

Business Description

- Overview
- Location
- Facilities
- Business History
- Ownership Structure






## BUSINESS PLANNING

Operations

- Products/Services
- Customer Service
- Licenses, Permits, Regulations
- Risk Management
- Quality Control
- Etc.






## BUSINESS PLANNING

Marketing Plan

- Market Trends
- Customers
- Contracts
- Strategic Partners
- Promotion
- Distribution
- Competitive Advantage






## BUSINESS PLANNING

Management and Organization

- Management Team
- Personnel
- Board of Directors/Advisory Board
- Professional Services (accounting, etc.)




## FINANCES

### Financial Management

- Current Position (Balance Sheet)
- Enterprise Budgets or Historical Performance
- Financial Projections
- Benchmarks
- Capital Request

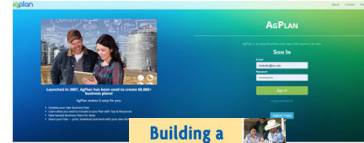


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## RESOURCES

### • AGPLAN.UMN.EDU



Sare.org

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## RESOURCES

### • KU Small Business Development Center-

<https://business.ku.edu/partnerships/sbdc/advising>



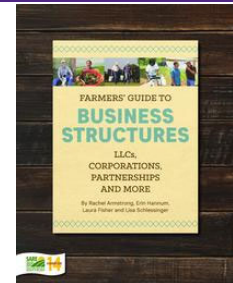
Find a Mentor

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### Business Structures

- *Sole Proprietorship*
- *Partnership*
- *LLC*
- *S Corp*



Sare.org

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## FARM FINANCES

- Basic Model
- Getting Capital
- Financial Management Tools
  - Income Statement and Balance Sheet
  - Cash Flow
  - Enterprise Budgets
- Taxes
- Management Tools

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**INCOME - EXPENSES**



**=**

**PROFIT**

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## INCOME – OVERHEAD/FIXED EXPENSES – VARIABLE EXPENSES = PROFIT

## FINANCES



**How to get Capital**


- Personal Loans
- Off Farm Jobs
- Partnerships
- Grants?
- Commercial Loans
  - Small Business
  - Farm Service Agency
- Ownership and Operations Loans




## FINANCIAL MANAGEMENT TOOLS

Standard Tools

- Balance Sheet and Income Statement
- Cash Flow
- Enterprise Budget






## BALANCE SHEET AND INCOME STATEMENT

Table 1. Balance Sheet and Income Statement Highlights



Financial Measures 12/31/2007			
Balance Sheet		Income Statement	
Current assets	8,500	Gross revenue	60,000
Current liabilities	4,200	Operating expenses	16,250
Total assets	70,000	Labor (paid)	12,500
Total liabilities	42,000	Interest expense	3,750
		Depreciation expense	2,000
		Net farm income	25,500

<https://aqmanager.info/ksu-integrated-financial-statements>



## CASH FLOW

ANNUAL OPERATING BUDGET													
Income	Annual Projection	Details	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Sales-Farmers Market	\$	# market x avg sales / market (or more detailed)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CSA	\$	# members x price per share	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wholesale	\$	Estimated weekly sales	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other sales	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Total</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>													
Bank Charges	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contract Labor	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Education, subscriptions	\$	Conferences, Growing for Market	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equipment Rental	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fuel	\$	Fuel for tractors, mowers	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Inspection Fees	\$	Certification, backflow inspections, etc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Insurance	\$	general liability	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Market Fees	\$	application fee plus weekly	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing & Merchandising	\$	shop site, advertising, etc.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Mileage	\$	estimate assuming federal rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Misc.	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Office Supplies	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Payroll- farmer	\$	Realistically, what do you want to make?	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Payroll- crew	\$	Use the payroll worksheet!	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Payroll- teens	\$	project a 40% FICA/Medic	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Pest Control	\$	pesticides, row cover, etc. could be covered in with Supplies	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Postage	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Preventative/Future	\$	Preventative/Maintenance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

## CASH FLOW

- Not the same as profit
- Cash flow can make or break your business
- Must figure out expenses over smaller period of time (month, week, etc.)
- Make a plan, then revise based upon experience

## ENTERPRISE BUDGETS



**Iowa Vegetable Farm - Bell Pepper Budget Example**

High Tunnel Size (sq. ft.) (30 x 72)      2,160 ft.  
 Utilization      94%  
 Approximate Original High Tunnel Cost      \$7,000.00

Receipts	Yield	Sq. Ft.	\$/lb	Total
Peppers - Bell (520 plants)	3,248.6	2030	1.30	4,223.23
<b>Total Receipts</b>				<b>\$4,223.23</b>

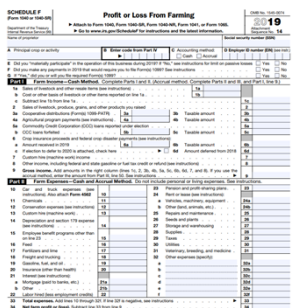
  



Annual Expenses	Total
Seeds/Transplants	175.00
Fertilizers	108.00
Miscellaneous Supplies	125.00
Water	86.40
Water Test	17.00
Irrigation Supplies	122.00
<b>Total Annual Expenses</b>	<b>\$633.40</b>

## TAXES



- Income Tax- Schedule F
- Depreciation
- Sales Tax



## INCOME TAXES

- **Records of Income**
  - Bank Deposits can serve as a record
  - Large income streams get 1099
  - Otherwise self reporting
- **Written Records of Expenses**
  - Receipts
  - Mileage Log

## SALES TAX

**What you Pay**

*If you are buying certain things for the farm you are exempt from paying sales tax*

**INGREDIENT OR COMPONENT PART- Example**  
 Feed  
 CONSUMED IN PRODUCTION:-Example  
 pesticide  
 PROPANE FOR AGRICULTURAL USE  
 FARM OR AQUACULTURE MACHINERY AND EQUIPMENT



**SEEDS AND TREE SEEDLINGS**

*Not exempt food for pets, seeds for home garden etc*

**What you collect**



*Full amount if you are selling products direct to end consumer in Kansas*

*(This includes food or food products for home consumption, seeds and plants for use in gardens to produce food for personal consumption and food items refrigerated or at room temperature. )*

## HOW LONG TO KEEP RECORDS

Generally, you must keep your records that support an item of income, deduction or credit shown on your tax return until the period of limitations for that tax return runs out.

## FARM SMARTER, NOT HARDER

- Use your plans and financial management tools to guide your decisions
- Make it realistic but not too complicated
- Remember to pay yourself
- Think of your farm as a system, and get the pieces to work together




## RESOURCES



K-State Agricultural Economics presents

### Finances and the Farm: An online class to enhance your farm management skills

An applied approach to developing and using farm financial statements for management decision-making for farmers and ranchers of all types

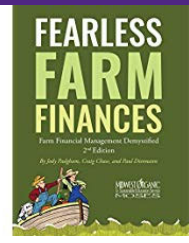
**This is a self-paced course you can take when  
it is convenient for you!**

This course can be taken for education only or to fulfill FSA borrower's requirements.



Six Lessons: Recordkeeping, Balance Sheet, Income Statement, Cash Flow, Goal Setting and Managing Family Living Expenses




## RESOURCES



<https://mosesorganic.org/fearless-farm-finances-online-course/>

## RECORD-KEEPING TOOLS


- Spreadsheets/Databases
  - MS Excel or Open Office ([www.openoffice.org](http://www.openoffice.org))
  - Google Gsuite- Sheets/Forms/Drive
- Accounting Software
  - Quicken
  - Quickbooks (online or desktop?)
  - Freshbooks
  - Xero
- Integrated Apps
  - Agrivi, Tend, Croptracker






## ENTERPRISE BUDGET TEMPLATES

Iowa State Decisionmaker-  
<https://www.extension.iastate.edu/aqdm/crops/html/a1-19.html>

Veggie Compass  
[www.veggiecompass.com](http://www.veggiecompass.com)



## LEARN MORE

- K-State Research and Extension
 



Douglas County
- Growing Growers
  - [Growinggrowers.org](http://Growinggrowers.org)






## CONNECT WITH SUPPORT

- USDA-FSA- Farm Service Agency, Loans, payment programs
- USDA- NRCS- Natural Resource Conservation Service- National Conservation programs
- Douglas County Conservation District- Local Conservation Programs
- KDA- Food Safety










## CONNECT WITH OTHER FARMERS








**WWW.KSCGA.ORG**



**DOUGLAS COUNTY FARM BUREAU**  
The Voice of Agriculture



## Farmers' Market/Direct-to-Consumer 2021 Virtual Workshops

Farmers' markets and direct-to-consumer opportunities are growing across the state and continue to be an important source of fresh fruit, vegetables, meat, dairy and other agricultural products. In 2020, 76 farmers' markets were registered with the Kansas Department of Agriculture's Central Registration of Farmers Markets.

**Friday, February 19 • 8:30 a.m. - 12:30 p.m.**  
Lunch and Learn Sessions: February 16-18, noon to 1 p.m. each day

**Virtual Lunch and Learn Sessions**

**February 16, 2021, 12 p.m. to 1 p.m.**

- Food Safety for Value Added Food Products
- K-State Value Added Foods Lab

**February 17, 2021, 12 p.m. to 1 p.m.**

- Meat and Poultry Regulations

**February 18, 2021, 12 p.m. to 1 p.m.**

- Sales Tax
- Accepting Supplemental Nutrition Assistance Program (SNAP)/EBT

**Scales Certification:**  
Kansas residents can get their scales tested and certified by the Kansas Department of Agriculture as part of their registration fee. Visit the website for more information.

\*An interactive training session for the Kansas Senior Farmers Market Nutrition Program is required for all new farmers who wish to participate in the SNMF interactive training program or during an online training such as this one hosted during the Farmers Market/Direct-to-Consumer Workshop. Attending farmers will receive a training date available on the COVID webpage. All farmers must submit an annual agreement to KDFE. Visit [www.kdfe.org/online](http://www.kdfe.org/online).

**Virtual Workshop**

**February 19, 2021, 8:30 a.m. to 12:30 p.m.**

- Michael Kilpatrick of Thriving Farmer Product with Marketing Tips
- COVID-19 Related Changes
- Senior Farmers Market Nutrition Program\*
- From the Land of Kansas and the Central Registration for Kansas Farmers Markets
- Double Up Food Bucks Program Overview
- And More!

**Registration:**  
Register online at [FromTheLandOfKansas.com/VMWorkshop](http://FromTheLandOfKansas.com/VMWorkshop)  
Registration is \$5 per participant, for any or all of the sessions.

For more information, contact Robin Blumer at [Robin.Blumer@ksu.edu](mailto:Robin.Blumer@ksu.edu) or 785-564-4756.

If you do not have internet access or you have limited connectivity, please contact your local extension office to ask about making an appointment to watch session recordings.

For more information, please visit [FromTheLandOfKansas.com/VMWorkshop](http://FromTheLandOfKansas.com/VMWorkshop)





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### QUESTIONS?

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785-843-7058

Register online at:  
<http://bit.ly/DgCofam>



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