

IOWA

Local Food Organizational Toolkit

STRUCTURE ■ MANAGEMENT ■ FINANCE

Part 3: Funding your local food organization



IOWA STATE UNIVERSITY
Extension and Outreach



LEOPOLD CENTER

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Introduction

The purpose of this toolkit is to lay out the business and financial elements of starting and coordinating a local foods organization in Iowa. The information in this toolkit is applicable to farmers markets, advocacy groups (Food Access and Health Work Group, Iowa Farmers Union), coalitions and multi-stakeholder groups (Regional Food Systems Working Group, Flavors of Northwest Iowa, Northeast Iowa Food and Fitness Initiative), food hubs, educational and civic groups, food policy councils, farmer cooperatives, and others.

This is **Part Three** of a toolkit which is divided into three parts: 1) Defining your organization's focus and leadership, 2) Organizational structure, and 3) Funding your local food organization. Although each section can be read independently, we strongly encourage you to review all three sections together. You will also find worksheets, references and examples to help you move each concept from idea to action.

Ongoing business or organizational management, food safety and health regulation, insurance, or marketing will not be covered in this toolkit. However, other resources on these topics are available at the Iowa State University Extension and Outreach Food Safety website <http://www.extension.iastate.edu/foodsafety/>, the Legal Guide For Direct Farm Marketing by the Drake Agricultural Law Center <http://directmarketersforum.org/the-legal-guide-for-direct-farm-marketing/>, and the Iowa Department of Inspections and Appeals Food and Consumer Safety Bureau <http://dia.iowa.gov/page3.html>.

Table of Contents

- Introduction.....2**
- Funding a Local Food Organization 4
- In-kind Gifts 4
- Membership Fees and Campaigns..... 5
- Merchandise Sales 8
- Is it Tax Deductible?..... 8
- Events..... 9
- Sponsorships..... 9
- Crowdfunding..... 10
- Commissions or Markups on Food Sales..... 10
- Grants 11
- Investors 16
- Loans 16
- Putting it all Together: Budgets and Fundraising Plans..... 17
- Appendices.....21**
- Appendix A: Sample letter of recognition..... 22
- Appendix B: Sample Organizational Budget - Blank 23
- Appendix C: Fundraising Plan Template 24
- Appendix D: Sample Stakeholder Evaluation Survey –
 Regional Food System Working Group (RFSWG)..... 25
- Acknowledgments31**
- References.....31**

Funding a Local Food Organization

There are many different ways to fund the operations of a local food organization. The purpose for this guide is to provide information applicable to organizations that serve a nonprofit function or provide a public good, including local food marketing organizations, farmers markets, advocacy organizations, health or food assistance organizations, and local food coalitions. Your funding strategy will depend largely on your mission and how you are structured, so it's important to understand how your organization's structure affects the ways in which you can earn and manage funds. For more information about the differences between nonprofit, for-profit and cooperative structures, see Part 2 of this toolkit.

Some of our fundraising suggestions will be helpful for for-profits and nonprofits. If you have an organization that will sustain itself primarily using the revenue generated by business activities, such as a farm, food hub, or a cooperative, your business plan and financial statements will look significantly different from what is described here. For for-profit business planning, we recommend the following resources:

- **The Agricultural Marketing Resource Center** <http://www.agmrc.org>.
- **Iowa State University Extension and Outreach – Value Added Agriculture** <http://www.extension.iastate.edu/valueaddedag>.
- **Drake University Agricultural Law Center's guide to Forming a Producer Marketing Association**, available at the National Agricultural Law Center website http://nationalaglaw-center.org/wp-content/uploads/assets/articles/obrien_producermarketing_book.pdf.
- **SCORE** <https://www.score.org>. Check national resources and links to Iowa chapters.
- **Small Business Administration** <http://www.sba.gov>.
- **Small Business Development Centers of Iowa** <https://www.iowasbdc.org>.
- **National Good Food Network – Food Hubs** <http://www.ngfn.org/resources/food-hubs>.

If you are unsure how your organization will generate revenue, or would like to explore a range of available options, read on!

Evaluating sources of revenue

Not all sources of revenue for local food organizations

are created equal – some are small, some are big, some are reliable, some are not. Marketumbrella.org, an online toolkit for farmers markets, recommends: “don't look for grants to solve your financial problems. In fact, to build sustainability you should continuously seek to minimize your need for outside funds—which means you have to create your own internal revenue streams.” <http://www.marketumbrella.org/marketshare>.

Both nonprofits and for-profits can earn revenue through services, fees, merchandise, and ticketed events. This kind of revenue should be a part of your budget because it is usually unrestricted. Unrestricted income can be used for any organizational purpose, not just for the specific purpose indicated in a grant proposal. The key to staying afloat is to know how much it costs to run your core operations, and to make sure that the most reliable revenue streams are enough to cover your base operating budget. Special grants can then be sought for activities that are important to the organization, but could be eliminated in an emergency situation. This might include equipment investments, special projects in marketing and education, or others.

An overview of some different sources of revenue, including pros and cons of each, is provided in Table 1. The rest of this section provides additional information on each source of revenue.

In-kind Gifts

In-kind gifts, which include non-cash goods and services donated by partners or volunteers, are a great way to get resources without having to handle money. Because handling money requires accounting, reporting, a business structure, and recordkeeping for tax purposes, it can be expensive. Before putting an expense on your budget, always ask yourself: would it be cheaper in terms of the time investment from your paid and unpaid leadership to fill this need with donated goods or volunteers, instead of paying for it?

Involving volunteers and accepting donated goods has the added benefit of letting people support you who might not otherwise have the resources to do so. It helps them get involved with your mission, and may lead to more help down the road. The Internet is full of resources on how to recruit volunteers, manage them, reward them, and keep them involved. One such resource is the library at <http://managementhelp.org/staffing/volunteers.htm>. The Farmers Market Federation of New York also posts volunteer management information in their Resources for Market Managers section. <http://nyfarmersmarket.com>.

Tracking in-kind gifts received by your organization is a good way to show potential donors, supporters or funders what your work is really worth. Many grant applications require you to show a “match” contribution in your proposed budget stating how much money your organization will raise in addition to the grant. In-kind contributions often can count as a match. If possible, try to keep records of all in-kind donations, including volunteer hours contributed by board members, community volunteers, and the staff of other organizations. If you need to calculate the monetary value of volunteer hours, the estimated dollar value of volunteer hours is updated annually and is available at http://independentsector.org/volunteer_time. (In 2014 it was \$23.07/hour.) The monetary value of hours donated by expert partners or advisors is often higher and can be calculated using wage information from the Bureau of Labor Statistics by searching for the occupation that most closely matches the volunteer’s occupation. <http://www.bls.gov/ooh/occupation-finder.htm>.

Membership Fees and Campaigns

Having a paid membership program can be appealing even if your organization is not structured around a voting membership base. Depending on your business structure, mission and business model, “members” can mean people who have voting rights in your organization, people who sign up for specific services and privileges, or annual donors who support the general mission of your organization. It’s important to note that cooperatives, 501(c)(5) agricultural organizations, and 501(c)(6) business leagues are required to have members vote on key issues, and are subject to rules about how they treat their membership. On the other hand, 501(c)(3) organizations usually don’t have formal voting members except for their board members, so they must create their own policies around membership.

Member fees vary with the type of organization, but all members should receive some kind of service or recognition in exchange for joining. Farmers markets often charge vendors a regular fee in exchange for participation in the market. Cooperatives may charge members an annual fee for being allowed to do business with the co-op. Charitable organizations that lack a formal, voting membership can create a “members” program that asks supporters to donate some amount each year in return for such benefits as a newsletter, branded merchandise, and VIP event access. Iowa Farmers Union is one example of an organization that raises a portion of its funds through

memberships while providing farm-related advocacy, insurance services, and other services that make the investment worthwhile for members. Buy Fresh Buy Local chapters also use a membership-based business model. Local members who wish to use the national Buy Fresh Buy Local Brand pay an annual fee of between \$20 and \$250, depending on the chapter and the type of membership, in order to receive access to a comprehensive set of branding and marketing tools. Members also can gain publicity in local food directories and participate in local food promotion events. <https://sites.google.com/site/bfbliowa>.

Member fees should be a reliable source of income. Depending on the cost of your operations and your business model, you could aim to raise a large portion of your minimum budget through member fees. For example, if you need \$30,000 for basic operations, you could plan to raise \$20,000 through membership fees and the rest through grants and sponsorships. If membership is \$100 per person per year, your organization will need to recruit or renew at least 200 members for the year. Setting clear goals is critical to a successful membership program.

If memberships are from voluntary donors, you might consider suggesting that they contribute a little more each time – for example, a 10 percent increase per year. This requires keeping records not only of who contributed each year, but of what they contributed. Compared to people who have never joined, people who have been members in the past are probably more likely to renew and increase their contribution over time.

Communication with members is very important. Consider providing members with a monthly newsletter, a list of volunteer opportunities, or a small token of gratitude such as a tote bag. Larger donors might receive more substantial benefits, such as free participation to a local foods dinner or other VIP events. Be sure that the costs of providing member benefits, including the staff time needed to recruit members and communicate with them, are considerably less than what you are charging for membership. For example, you might decide that for every dollar of money raised from members, you will spend \$0.30 on member benefits and management. We recommend creating a project budget for membership programs. A sample project budget example is available later in this publication. An annual organization budget template is also included for your use.

TABLE 1

LOCAL FOOD FUNDING SOURCES AND FINANCING: AT A GLANCE

REVENUE SOURCE	DESCRIPTION	WHO CAN BENEFIT	FUNDING POTENTIAL	GOOD FOR...	WHAT YOU NEED TO GET STARTED	PROS	CONS
In-Kind Gifts	Goods or services offered by volunteers and partners (e.g., mailing services from an Extension office, food donated for an event, free office space)	Nonprofits and sometimes for-profits if perceived as socially positive	Non-monetary donation	Meeting needs that might otherwise require staff, purchases, rent, etc.	<ul style="list-style-type: none"> List of in-kind needs Way to publicize needs or list of people to ask for help 	Reduces need for other fundraising. No need to handle donation money or deal with paperwork. Easier to ask for than money.	Donated goods or services may not be exactly what you need. Requires constant checking with donors or volunteers to make sure they follow through, especially with services.
Membership fees and campaigns	Annual or periodic fees from individuals who are affiliated with your organization or receive your services	Nonprofits AND for-profits	\$	Basic operations, special programs	<ul style="list-style-type: none"> Good reputation Good database Benefits for members Time to recruit members, track renewals and send reminders 	Revenues are unrestricted except for cost of member benefit and can be used for any of the organization's needs.	Automated payments and mass emails can save time, although it may be time consuming to handle payments and send reminders through PayPal, and provide member benefits. Need to have a budget.
Merchandise sales	Sales of t-shirts, tote bags, stickers, etc.	Nonprofits AND for-profits	\$	Basic operations, special programs	<ul style="list-style-type: none"> Willingness to market and sell Good products or services to sell Cash to invest in inventory for sale 	Branded items raise visibility and remind people about your organization. Revenues are unrestricted.	Need logo and design. Could be risky because unsold inventory ties up cash until sold. Profit may be small after expense of producing item.
Individual donations	Donation jars, raffle tickets sold at events, online donations, donation drives	Nonprofits	\$	Basic operations, special programs	<ul style="list-style-type: none"> Good reputation 501(c)(3) status for donations to be tax deductible 	Requires little effort to create many opportunities for people to donate.	Tax deductible donations require a receipt and may be difficult to manage through a fiscal sponsor.
Events	Events charging entry fees, such as local food dinners, workshops, or harvest festivals. Events where attendees spend money, such as silent auctions or ticketed food tastings.	Nonprofits AND for-profits	\$\$	Basic operations, special programs, infrastructure	<ul style="list-style-type: none"> Volunteers or staff who have time and event experience Cash or in-kind for event costs Good mailing lists, news media relations 	Fun way to build support and raise public awareness. Revenues usually unrestricted.	Very time consuming to organize, risky and sometimes unprofitable. Make an event budget to predict earnings and control costs.
Sponsorships	Charitable contributions provided by a local business, nonprofit, or local government	Nonprofits, sometimes for-profits	\$\$\$	Basic operations, special programs, infrastructure	<ul style="list-style-type: none"> Credibility Persuasive pitch Ways to publicly thank sponsors 	Easy. Larger than donations from individuals. Revenues often unrestricted.	May need to put logos of sponsors on your materials. Affiliations may affect your public image.

Table 1 (Continued)

Crowdfunding campaign	Online fundraising campaigns through platforms like Kickstarter, Indiegogo and Fundly.	Nonprofits AND for-profits	\$\$	Special programs, infrastructure	<ul style="list-style-type: none"> • REALLY strong online presence (Facebook, Twitter, email lists) • Many supporters • Time to promote • Depending on platform, may also need: video, donor rewards 	Quickly raise funds for a specific project that has a lot of public appeal	LOTS of work to drum up donations. Some services will not let you keep the money unless you meet your fundraising target by the deadline.
Commissions or markups on food sales	If the organization facilitates sales or buys and resells food, a percentage is added to the selling price so the organization can keep a portion of the revenue.	Nonprofits AND for-profits	\$\$\$\$ Depends on sales volume	Paying costs of food marketing, brokerage or distribution	<ul style="list-style-type: none"> • Sufficient volume of food and farmers to make it worthwhile • Food storage areas and other applicable equipment • Business acumen and food industry knowledge 	Covers costs of activities that get food from farmers to consumers	Profit margins on food brokerage and distribution are very narrow. Do not expect to make enough money for activities beyond the brokerage or distribution itself. May be hard to break even.
Grants	Foundation, corporate, federal and state financial awards to advance a specific purpose, usually requiring a written application and reporting.	Nonprofits, sometimes for-profits	\$\$\$	Special programs, infrastructure	<ul style="list-style-type: none"> • Credibility • Research capacity • Grant writing ability • Accounting system • Reporting capacity 	Larger sums. Can help build partnerships with grant partners.	Usually restricted to specific expenses and activities. Often not reliable from year to year. Application process, reporting and management may be burdensome.
Investors / Shareholders	For-profit corporations and cooperatives may have investors who own a portion of the company and receive a dividend of profits. Co-ops also can accept member equity. Individual arrangements vary.	For-profits	\$\$\$	Expansions that require capital and will ultimately generate more revenue for facility purchases or renovation	<ul style="list-style-type: none"> • Business structure allowing investors • Investors who care about your market, not just its profits • Good investor communication • Expectation of profitability 	Quick infusion of cash. Investors also may become advisors, similar to board members. Community ownership of your organization.	Assumes that the business will eventually make a profit. Investors may influence decisions based on profitability. Investors could "cash out" at any time. Co-op equity holders usually cash out at a pre-specified time.
Loans	Loans must be paid back; interest rates and specifics vary. In addition to bank loans, there are subsidized loans from agencies like USDA Rural Development or Community Development Financial Institutions, and peer-to-peer lending from platforms like Kiva.org .	Nonprofits AND for-profits	\$\$\$ Must be paid back	Expansions that require capital and will ultimately generate more revenue, e.g. construction	<ul style="list-style-type: none"> • Detailed financial statements, with the possible exception of microloans or peer-to-peer lending • Financial stability and accountability • Ability to pay interest • Revenue to pay back loan 	Larger amounts of money for market expansion.	Assumes that loan will result in enough new revenue to pay down the debt. Interest costs may be substantial. Usually need detailed financial statements and a strong financial position. Traditional lenders may not understand your organization.

The Friends of the Market toolkit available from the Farmers Market Federation of New York provides ideas about how to run a membership program for a community project like a farmers market. The toolkit is in the Market Managers Resources section. <http://nyfarmersmarket.com>.

Merchandise Sales

Nonprofits and for-profits can sell branded merchandise which will raise the visibility of your organization. To create merchandise, you will need cash to purchase sellable items and an eye-catching design. Before you sell merchandise we recommend creating a project budget to see how much revenue will be generated from the sales. An example is found in Appendix B of this toolkit. Sometimes, funders allow nonprofits to use grant funds to pay for merchandise which will be resold. Selling merchandise becomes more appealing in this situation because it allows grant money to be converted into unrestricted funds, which the organization can use for any aspect of its operations. Consult with funder guidelines to determine if this is allowed.

Both nonprofits and for-profits must pay attention to sales tax requirements. Most food items are exempt from sales tax, but there are many exceptions including prepared foods, alcohol, and medicinal items. See the Iowa Department of Revenue for details. <https://tax.iowa.gov/iowa-sales-and-use-tax-guide>.

Individual donations

A typical donation jar, raffle ticket, mail-in-a-check and online fundraising from individuals through a payment system like PayPal are considered individual donations, and there are hundreds of ways to solicit them.

Conventional wisdom says that each member of a nonprofit's board of directors should be required to make a substantial donation to the organization every year. For a small rural organization this may be difficult, especially if you have made an effort to include beginning farmers or low-income consumers on your board. However, it may be useful for the board to agree on a standard donation amount, like \$50, that most board members feel comfortable donating every year. This creates another reliable, if small, source of annual funding.

Is it Tax Deductible?

To be eligible for a tax deduction, donations must be given to a 501(c)(3) nonprofit or one of a handful of

other types of organizations. If you are using a fiscal sponsor, find out whether they are willing to accept small donations for you. If they are, make sure that all donation checks are made out to your fiscal sponsor. Checks made out to a non-501(c)(3) organization usually are not tax deductible.

Cash donations and in-kind contributions of certain items generally are tax deductible, while donations of volunteer hours or services are not. A useful article on tax deductions from the Larned A. Waterman Nonprofit Resource Center has helpful information. http://inrc.law.uiowa.edu/files/inrc.law.uiowa.edu/files/FallNews2014_0.pdf.

“Charitable Contributions Substantiation and Disclosure Requirements,” Internal Revenue Service (IRS) Publication 1771, explains how to provide documentation so that donors can deduct donations from their taxes with their list of the following requirements:

1. A donor must have a bank record or written communication from a charity for any monetary contribution before the donor can claim a charitable contribution on his/her federal income tax return.
2. A donor is responsible for obtaining a written acknowledgment from a charity for any single contribution of \$250 or more before the donor can claim a charitable contribution on his/her federal income tax return.
3. A charitable organization is required to provide a written disclosure to a donor who receives goods or services in exchange for a single payment in excess of \$75. <http://www.irs.gov/pub/irs-pdf/p1771.pdf>.

Written acknowledgments confirming a donation must include: (a) the name of the organization, (b) the amount of cash contribution OR a description of the non-cash contribution (whichever is applicable); and (c) a statement that no goods or services were provided in return for the contribution, OR a description and good faith estimate of the value of goods or services that the organization provided in return for the contribution. An example of a donation recognition letter is included in Appendix A.

A payment made to a nonprofit in exchange for goods and services, such as food or an event ticket, is not considered a donation unless the payment was substantially more than the market value of the item purchased, in which case the item's ordinary value must be listed in the written statement. Small tokens

of appreciation and certain kinds of member benefits may be exempt from this. Consult the IRS website or a tax lawyer for details.

Events

Events can be used to raise money by charging entry fees and/or by creating an opportunity for attendees to spend money while they are there.

Here are some ideas for events with entry fees:

- Local food dinners
- Canning, cooking or gardening workshops
- Farm tours
- Short distance farm tours on bikes
- Walking or running races that start or end at a farmers market or local food store
- Concerts or barn dances
- Farm fun days for kids

Here are some ways to get people to spend money at your event:

- Tickets for food items or samples
- Silent auction offering solicited donated items, arranged with bid sheets
- Sales of merchandise or memberships

Creative partnering with others on an event is effective as well. For example, some communities have a “dine around” day where locals are encouraged to eat at local restaurants, and the participating restaurants donate a portion of the day’s proceeds to a specific charity.

Events can be costly to organize, and good planning is required to make sure that the event earns more than it costs to stage. Always use a project budget to estimate costs and revenues for your next event.

Sponsorships

Sponsorships are charitable contributions provided by another business entity, including local businesses or nonprofits, or a public entity. Securing a sponsorship may require a formal presentation or request letter, but unlike most grants, sponsorships usually do not require you to go through a competitive selection process in order to be funded. Sponsorships can be a very easy way to receive donations in larger sums than individuals can provide, without all the legal and reporting limitations of grants. Do not confuse these sponsorships with fiscal sponsorships, described in the “Legal Structure” section in Part 2 of our toolkit series,

which are a type of legal arrangement between two organizations.

Public entities and local government

Requesting a sponsorship or appropriation from a public entity typically requires having a conversation with an elected official or clerk from that entity, getting on the agenda for their next meeting, giving a presentation in which you publically make your request, and receiving an official vote to allocate funds to your market. If you are invited to present a funding request to public officials, it is a good idea to bring a written summary of your successes, proposed activities and budget, with enough copies for all the officials and their staff members. Bringing along plenty of supporters, such as farmers and consumers, provides positive audience support for your presentation. So that no one is caught by surprise, make sure you know how much time you have on the agenda and have an accurate idea of how much money it is realistic to request.

Public entities that may sponsor local food organizations include:

- County boards of supervisors
- Extension councils
- Municipalities
- Local school boards (for farm to school programming)
- Conservation districts

Economic development organizations, chambers of commerce, and local organizations and small businesses may be willing to provide sponsorships, especially if they receive recognition on signage and marketing materials.

Here are a few to try:

- Banks and agricultural lenders
- Farm insurance companies
- Commodity organizations
- Agricultural suppliers
- Churches and church organizations
- Food pantries
- Restaurants
- Car dealerships
- Private colleges or schools
- Private or community foundations

In addition, extension offices may offer administrative services and technical assistance rather than sponsorships or funding. It doesn't hurt to ask!

For information on requesting larger grants from companies that have a corporate giving program, see the Grants section later in this publication.

Crowdfunding

Crowdfunding, or donation-based fundraising through an online portal, has become a popular way to raise a lot of money in a short period of time. However, successful crowdfunding campaigns often take more time and energy than their organizers expect. Just as any other fundraising campaign, a broad network of support, effective outreach, and continual promotion are necessary. You should have a mailing list of supporters, media contacts, a Facebook page, and other social media outlets already established, with hundreds of "likes" or listings, before attempting crowdfunding. For example: Farmtable Delivery, a local food delivery service based in Harlan, Iowa, used Kickstarter to raise over \$25,000 in one month to buy a delivery truck. Their outreach strategies included creating a video about their business, promoting heavily to their Facebook followers, and securing free media coverage from the Des Moines Register. They provided a range of rewards to their contributors; small contributors were eligible to receive local eggs or yogurt, while large contributors were eligible to receive one-quarter of a local beef or the opportunity to put an advertisement on side of the truck.

In looking at different crowdfunding platforms like Kickstarter, Indiegogo and Fundly, you'll encounter varying policies. "All or Nothing" crowdfunding sites require you to meet a pre-determined fundraising goal by a set date, and if you don't meet your goal, you cannot collect any of the pledged donations. "Keep it All" sites allow you to keep all pledged donations, regardless of whether you meet your goal. Some sites are meant for nonprofits, while some are intended for for-profits, and many serve both. Some require you to provide a reward or gift for your donors. The website Barnraiser is geared toward putting "billions of dollars into the hands of food innovators as they reshape a healthy food world." <https://www.barnraiser.us>. Be sure to do your research before choosing a crowdfunding site.

A great resource focusing mainly on local food projects is the "Guide to Crowdfunding for Wealthworks Value Chains." It can be found at <http://wealthworks.org/economic-development-resources>

in the How-to section. A fairly complete and constantly updated listing of crowdfunding services and their funding models can be found at http://en.wikipedia.org/wiki/Comparison_of_crowd_funding_services.

Commissions or Markups on Food Sales

Organizations or businesses that are buying and re-selling food, such as food hubs or local food retail stores, often charge a percent commission or markup on food sales. Additionally, organizations that are somehow facilitating food sales, such as brokers or farmers markets, may choose to charge a commission fee without taking ownership of products.

Commissions and markups are a good way to pay for the activities necessary of marketing local food, and are useful if that is an end in itself. However, it usually is not a good idea to try to use local food sales commissions as a way to fundraise for other activities. Profit margins in the food industry, even with high-value niche products, are very tight. Results of the 2014 Food Hub Benchmarking Study found that out of 48 food hubs the average experienced a negative profit of 1.79 percent.¹ This illustrates the fact that local food wholesale and distribution, while it may be a useful and important way to create new market opportunities for farmers, is not in itself a money-making endeavor.



For organizations and businesses that wish to try their hand at brokering, aggregating or distributing local food, the National Good Food Network has

an excellent library of training webinars, planning resources, and sample feasibility studies. <http://ngfn.org/resources/food-hubs>. The Leopold Center for Sustainable Agriculture website also houses a portal of information for Iowa food hubs. <http://www.leopold.iastate.edu/marketing/food-hubs>.

Grants

Many local food organizations, including nonprofits, businesses and cooperatives, choose to utilize at least some charitable funding, including grants, public dollars, donations from the community, or a combination. A grant is a financial award that is meant to advance a specific goal or purpose, and unlike a loan, it does not need to be paid back. Grants generally require a written application and formal progress reports, while charitable donations or sponsorships usually do not have these requirements. Most grants are competitively awarded, meaning that your application will be evaluated alongside other applications to decide which ones will be funded. The following section explains how to find, apply for, and manage grants.

Are grants for us?

Grants are an appealing way to pay for projects or activities that are too big to fund with small donations or earned income. However, they are not “free money.” Grant writing takes time, and a 30 percent success rate of acquiring funding is considered to be very good, meaning that it is normal to be rejected more than 70 percent of the time. Managing grants is time-consuming as well. Many grants, especially if they come from the government, have complicated reporting requirements that require detailed recordkeeping, report writing, and a good accountant. If your market does not have staff or volunteers who can do these things reliably and well, then grants are not for you.

Managing grants responsibly can be a challenge for a small organization. When thinking about whether to apply for a grant, an organization should ask itself these questions:

1. Does the grant opportunity align well with our mission and strategic plan, or will it cause us to go off track?
2. How many hours do we estimate our volunteers and/or staff will spend writing this application, tracking results, and reporting to the funder? Do we have those hours available?

3. Would the grant funding be big enough to justify the administrative hours we would spend managing the grant? Could it help pay for those hours?
4. Would it be cheaper and simpler for volunteers to use their hours simply to do the proposed activities, instead of using them on grant management?
5. Would it be possible to fund the proposed activities through private donations or sponsorships from the community, which require less formal reporting?
6. Does anyone from our board or staff have experience managing grants? If not, can we find a partner to help us?
7. Do we have a way of accounting for expenses and compiling all of our expenses in a report?
8. Will our accounting system still be reliable and stable when the grant period ends and reports are due the next year or the year after? If our treasurer is a volunteer, will that person still be around when the reports are due? Are their records of grant expenses easily transferred to another person through shareable files in QuickBooks or a spreadsheet, as opposed to a handwritten or paper record?
9. Can one person commit to managing the grant until it is completed? Is this person responsible and reliable?
10. What will we do after the grant money is spent? Will we need to raise more money to continue the same activities?

Grants have many advantages, too. The success of receiving a grant for a local food project can get people excited about the project and can entice volunteers to become more involved. However, organizational leaders should always revisit the questions above before embarking on a new grant application.

Grant eligibility

The business structure that is most universally eligible for grants is the 501(c)(3) charitable nonprofit recognized by the IRS. Cooperatives, other types of nonprofits, government entities, and even private for-profit businesses also can be eligible for certain kinds of grants, but this is subject to the policies of each funder as well as the limitations of federal law.

For example, a charitable foundation usually cannot transfer grant money to a for-profit company. Instead, the foundation can sometimes make a loan to the business through a program-related investment or it can pay directly for services, consulting, or other costs that the business is incurring.

As mentioned earlier, an organization that is not yet incorporated or does not have IRS-determined charitable status, can use a fiscal sponsor to receive grants, although this arrangement also is subject to IRS rules. Read more in the “Legal Structure” section of Part 2 of this toolkit.

Seven things you can do NOW be ready to submit grants

As you start to apply for grants, there are seven steps you can take in advance that will help avoid last-minute scrambles when grant deadlines approach:

1. **Have a plan.** All funders prefer to fund applicants who have a big-picture vision and plan for their activities beyond the grant proposal. A good strategic plan for the upcoming year will not only help you impress funders and donors, but also will help you decide whether a particular grant opportunity really fits with what you want to do. (See Part 1 of this toolkit for suggestions on developing a plan.) Saying “no” to grant opportunities that don’t fit well with your goals can save a lot of time and effort. If you look at a grant and see that it’s not a natural fit for your organization, then it probably won’t seem like a natural fit to the potential funder either.
2. **Know your Federal Employer Identification Number (EIN).** Almost all public and private grant makers require you to supply an EIN, which is like a social security number for business entities. In order to obtain an EIN number, you need to file with the state to create a business entity and then fill out a federal request for an EIN. Refer to Part 2 of this toolkit for details. If you are using a fiscal sponsor, you will supply the EIN number from your fiscal sponsor when applying for grants.
3. **Apply for a Dun and Bradstreet (DUNS) number.** Entities who wish to do business with the government must apply for a DUNS number; federal and some state grant programs will ask for it on their applications. To get a DUNS number for your organization, you can call 866-705-5711 to receive a number immediately, or apply online.

<http://fedgov.dnb.com/webform>. This process takes one to two business days. If you are using a fiscal sponsor, you will use the DUNS number from your fiscal sponsor. Make sure you know this number.

4. **Get a System for Award Management (SAM) number and complete your registration with grants.gov.** Almost all federal grants are now submitted online through [grants.gov](https://www.grants.gov) since most federal grant programs no longer accept paper or emailed applications. The entire process of getting registered in the system, which is required before you can submit a federal grant application, can take up to four weeks, which makes it imperative to take these steps before you hear about an upcoming grant deadline. The process only needs to be completed once, and then you can apply for grants anytime, if you keep your account updated and active. Once you do have an account, we suggest trying to log in at least a week before you submit any grant, to make sure your account is still in good standing. Problems with an outdated [grants.gov](https://www.grants.gov) account can pose huge difficulties if you are trying to submit a grant at the last minute.

Visit this website to review and complete the process for registering with [grants.gov](https://www.grants.gov), which also involves registering with SAM: www.grants.gov/web/grants/applicants/organization-registration.html. If you are using a fiscal sponsor, you will use your fiscal sponsor’s [grants.gov](https://www.grants.gov) account. Make sure your fiscal sponsor has an account. Find out if they are willing to give you their [grants.gov](https://www.grants.gov) username and password or if they would prefer that you give your completed forms to the sponsor for review and submission.

5. **Agree on a protocol with your fiscal sponsor.** If you are using a fiscal sponsor, they may have certain requirements on how to submit grants. For example, submitting online grant applications often requires an e-signature or other authentication from a responsible party in the organization, usually an organization’s executive director. Grants also require internal documents such as budgets and financial information that your fiscal sponsor will need to provide. A sample list of documents can be found later in this section. You should speak to your fiscal sponsor in advance and fine tune details about how they want you to handle grant submission. Having written permission from your fiscal

sponsor stating you are allowed to submit and authorize grants in their name will help prevent misunderstandings in your organization.

Possible requests your fiscal sponsor may make before you submit a grant:

- One to two weeks to review the draft grant proposal and budget before it is submitted.
 - One to two weeks to assemble and provide the necessary supporting documents.
 - A percentage of the total grant budget to cover administrative and bookkeeping costs (A typical rate for administrative expenses is ten percent). In addition, grant announcements usually say whether the grant can cover administrative costs, and often list a maximum allowable percent that can be charged for administration.
 - A written, signed agreement specifying how you will collaborate on the grant, as outlined in the Legal Structure section in part 2 of this toolkit series.
 - Submission of the actual application by fiscal sponsor's staff, as opposed to you submitting the application in their name.
6. **Create an organizational budget.** Many funders, especially private foundations, require an overall annual budget along with grant applications. An overall budget shows all expected expenses and revenues for the year. It differs from the project or grant budget, which only shows expenses relevant to the grant proposal. Even if you are using a fiscal sponsor, it is a good idea to create an annual budget just for your organization, for planning purposes and for grant applications. When submitting a grant through a fiscal sponsor, talk to your potential funder to find out whether they want an organizational budget from your fiscal sponsor, from just your local food initiative, or both. Read more about budgets in in the “Putting it All Together” section later in this publication.
7. **Get the right documents in order.** There is a wide range of other documents that funders may require along with your application that you can start assembling ahead of time. If you're using a fiscal sponsor, find out how to get access to these documents. If you have your own organization, you may need to assemble the information yourself. Read the requirements for each grant application closely well in advance so

you are familiar with the requirements. Possible requirements may include:

For nonprofits only (including nonprofit fiscal sponsors):

- IRS tax-exempt determination letter;
- Most recent audited financial statements (from the past one to two years);
- Completed “Return of Organization Exempt From Income Tax,” IRS Form 990, which is required from nonprofits.

For all types of businesses or organizations, including nonprofits:

- Organizational mission statement, description, and brief history;
- Annual organizational budget, listing all funding sources and expected expenditure, and total budgeted dollar amount for the year (make sure you know which fiscal year is required by the grant – the current year or projections for the upcoming year);
- Income statement, also called a profit and loss statement, usually from the past fiscal year;
- List of board members or fiscal sponsor's board members and their contact information;
- Authorizing signature for grant documents, usually from executive director or board president;
- Other documents as specified in individual grant requirements.

Things can move fast in the world of grant making. Having all of this information ready will make it much easier to respond to new grant opportunities in a timely manner.

Finding grants

Categories of funding programs include private and community foundations, corporate giving, federal grant programs and state grant programs. Their characteristics are summarized in Table 2, along with examples of funders actively funding local food efforts in Iowa.

The Internet offers a wealth of information on where to find grants and how to apply for them. We suggest the following starting places to find grants for local food projects:

Table 2 Categories of Grants for Local Food Organizations and How They Work

Where to find them	Examples that fund Iowa local food efforts	How they work	Strategies
<p>Compiled lists of grants noted in previous two pages of this publication, community foundation lists</p>	<p>Robert Wood Johnson Foundation, Ag Ventures Alliance, Farm Aid, community foundations in each region</p>	<p>Often have more than one deadline per year, or a rolling grant cycle. May require a Letter of Inquiry before an organization is invited to submit a full proposal. May require a site visit, meeting, or phone call before awarding a grant. Visit website and/or send inquiry to find out each funder's process. Program staff often can give advice and help you determine if your proposal is a good fit for the grant.</p>	<p>Often very relationship-based. Frequently have multiple funding programs or priorities. Find out which grant officer or staff person deals with the program that applies to you and ask to meet with them. It may be helpful to ask a mutual contact, such as a current grantee or a partner organization that works with the foundation, to make an introduction. Educate grant officers about your organization and ask them well-informed questions that will help you match your grant application to their mission. Include them on invitations to events, mailing lists, etc., (within reason) to boost your visibility.</p>
<p>Visit official website for any corporation in your region and look in the "corporate giving," "social responsibility" or "community" sections.</p>	<p>Wellmark Foundation, Wal-Mart Foundation, Hy-Vee One Step Community Gardens Program</p>	<p>Similar to private foundations above. Some accept formal, detailed grant applications on a regular schedule (e.g. Wal-Mart) while others may review applications monthly or have a more informal process. Make sure that you are within the region served by the corporate giving program.</p>	<p>Works best in communities served by the company that is making the grant. Find out which corporate staff person is in charge of corporate giving in your region and talk to that person. It also may help to leverage personal relationships in other parts of the company. Plan to give ample recognition to this type of funder on your signage and outreach materials. Try to avoid companies associated with politically contentious activities in your area.</p>
<p>Grants.gov, Farmersmarketcoalition.org, sustainableagriculture.net, National Sustainable Agriculture Coalition (NSAC) Guide to Federal Funding for Local and Regional Food Systems as detailed in previous section.</p>	<p>U.S. Department of Agriculture (USDA) Community Food Projects, USDA Farmers Market Promotion Program, USDA Local Food Promotion Program, North Central SARE grants, USDA Rural Development Grants</p>	<p>Usually have one deadline per year. Applications are lengthy and detailed and often require weeks of preparation. Program officers in charge of grant making can answer technical questions about the grant, but usually can't give advice on the content of the application. Grants are submitted online, usually by filling out a pdf form and attaching other documents; some technical savvy is required. SAM registration, DUNS number and grants.gov registration may be required.</p>	<p>Federal grants tend to be extremely competitive. Read instructions VERY carefully, as applications are often rejected due to technical issues like page length, missing attachments, forms filled out incorrectly or lateness. Grants.gov tends to have technical problems on grant due dates, so try to submit at least 1-2 days before due dates. Applications are reviewed for completeness and eligibility by federal employees, but may be ranked and scored by peer reviewers who are "regular people" – market managers, farmers, extension agents, so write an application that is thorough and detailed, but makes sense to an ordinary person.</p>
<p>Contact state agencies such as Iowa Department of Agriculture and Land Stewardship</p>	<p>Specialty Crop Block Grant Program (USDA money managed through the Iowa Department of Agriculture and Land Stewardship), Leopold Center for Sustainable Agriculture grants (state money managed through Iowa State University)</p>	<p>Vary widely according to which state agency is managing the grant and how it is funded. Contact the agency for details. DUNS number may be required, but state grants are not usually managed through grants.gov.</p>	<p>In terms of complexity and the importance of relationships, state grants are somewhere in between federal grants and private foundation grants. State officials may or may not be able to help you with your application. Reaching out to the official in charge of the grant and asking well-informed question, is a good idea.</p>

Funding Opportunities in Local Foods

This publication from the Leopold Center for Sustainable Agriculture and Iowa State University Extension and Outreach lists local and federal grants for local foods. <http://www.leopold.iastate.edu/pubs-and-papers/2014-10-funding-opportunities-local-foods>.

National Sustainable Agriculture Coalition (NSAC)

NSAC's blog contains up-to-date information on many federal grants for agriculture as they are released. Sign up for updates on their website to get a regular newsletter including grant announcements. <http://sustainableagriculture.net/category/grants-and-programs>. NSAC also publishes a very comprehensive "Guide to Federal Funding for Local and Regional Food System." Note that it may not contain the newest Farm Bill grant programs. <http://sustainableagriculture.net/wp-content/uploads/2008/08/6.18-FINAL-Food-System-Funding-Guide2.pdf>.

Grants.gov

A comprehensive, searchable list of federal grants is available on this site. Select "Manage Subscriptions" to sign up for federal grant announcements on topics of your choice. www.grants.gov.

Iowa Community Foundations

Contact a local community foundation to learn about local giving programs in your area. <http://www.iowacommunityfoundations.org>.

Farmers Market Coalition

Refer to the Funding and Grants section for a variety of resources. <http://farmersmarketcoalition.org/education/resource-library>.

The Foundation Center

Provides a free "Foundation Directory Online" that gives access to searchable lists of ALL charitable foundations operating in a given city, county or state. Refer to them for funders' names and contact information, then learn more about them by visiting their websites or using an online search engine to check out their names. To conduct more refined searches or to access more detailed information about funders through the

Foundation Center you must sign up for a paid account. <http://foundationcenter.org>.

The application process

If your local food organization is just beginning to apply for grants, we strongly suggest finding an experienced volunteer, board member, partner or staff person who has written multiple successful grants in the past, to help you with the first few applications. If you can find someone who has been in the position of reviewing and ranking grant proposals for a foundation or agency, they can provide a useful perspective as well. Hiring a professional grant writer is an option but may not be necessary unless the grant amount is large, the application is complicated and/or there are numerous partners involved.

If your board, staff or volunteers are looking for grant writing training, here are some resources:

The Nonprofit Management Academy, offered by Iowa State University Extension and Outreach, includes grant writing as one of its topics. For more information, contact Brian Perry at Iowa State University Extension (501-772-8988), bmperry@iastate.edu or visit www.extension.iastate.edu/communities/npma.

The Foundation Center offers some free online resources, while others are available only to paid members. Look under Training Courses for the free Grantseeking Basics Webinar at grantspace.org, a service of the Foundation Center. A variety of free resources and online class listings are also available.

<http://foundationcenter.org>.

<http://www.grantspace.org>.

Nonprofit Association of the Midlands, serving western Iowa and Nebraska, offers online access to fundraising training as part of the benefits of membership. <http://www.nonprofitam.org>.

The Larned A. Waterman Iowa Nonprofit Resource Center offers a newsletter that includes fundraising topics and also posts information about upcoming training opportunities. <http://inrc.law.uiowa.edu>.

Often, and especially with foundation funding or corporate giving, relationships can be the key to successful grant submissions. An ounce of personal relationship with a foundation grant officer is worth a pound of well-worded grant applications. With federal

grants, on the other hand, the written application is everything. Careful attention to application requirements as well as clear and specific goals, outcomes, timelines and budgets are essential. Refer to Table 2 for a summary of the different types of grants and their characteristics, including strategies for successful applications.

Investors

For-profit companies that are structured as corporations or cooperatives can take on investors. Investors generally provide cash in exchange for a share of ownership in the company. Most of us are familiar with publicly traded corporations, which have a strong drive to make profits because they have a lot of shareholders that expect them to make money. However, businesses also have the option to make a private placement offering to investors of their choosing. This is very different from making a public offering because you have control over who your investors are. If desired, you can select a community-minded set of investors who may have modest expectations of profit and may even help the organization fulfill its mission. Such investors might be willing to provide expert advising or volunteer services, similar to a board of directors, but they ultimately will expect to make money from the venture and may choose to cash out, or sell their shares back to you, if they are not satisfied.

Because selling stock means selling a small piece of the ownership of your company, you also relinquish some control as shareholders typically expect to have a say in who sits on your board and some management decisions. Different ownership structures have varying rules. For example, in a Section 499 Cooperative, non-member investors legally can't vote or sit on your board of directors; and in a Section 501A cooperative, non-member investors can be given voting privileges, but your board of directors sets the policies for whether and how to grant investor voting rights.

Taking on investors requires a number of steps to comply with state and federal law. In particular, businesses should become familiar with securities law before making a private placement. Securities law imposes certain requirements on businesses but also protects them from lawsuits by shareholders. Consult with your business and legal advisors for details.

Ag Ventures Alliance is a cooperatively-owned organization in Iowa that invests in value-added agriculture businesses. In addition to providing investment dollars, they provide business development assistance. <http://www.agventuresalliance.com>.

The book *Raising Dough: The Complete Guide to Financing a Socially Responsible Food Business*, by Elizabeth Ü, is a great resource for food-focused for-profit businesses that are seeking investors, lending and other funding sources. More info on the book, and access to free interviews and presentations is at www.financeforfood.com.

Loans

Both nonprofits and for-profits are eligible for loans. Generally speaking, loans are advisable if the project funded by the loan is expected to generate sufficient revenue to service the loan in a timely fashion. For example, if a farmers market wants to add a cooking demonstration facility to its permanent structure and plans on charging tuition for cooking classes, that project potentially could generate enough revenue to pay down a long-term loan for the facility. On the other hand, if the organization simply needs cash on hand for costs that will be paid back within a few months, such as a grant-funded project whose costs are only reimbursed once they are incurred, it might be useful to take out a line of credit or operating loan.

Lenders who may be friendly to small or socially responsible businesses include:

- Community banks or local credit unions
- USDA Rural Development <http://www.rd.usda.gov/ia>
- Community Development Financial Institutions http://www.grants-gov.net/cdfi.php?State=IA&cdfi_id=259
- IowaMicroLoan, <http://www.iowamicroloan.org/> for loans of less than \$50,000 to small and startup businesses
- CoBank <http://www2.cobank.com>, loans to cooperatives of all sizes, including start-ups
- Local economic development agencies that operate revolving loan funds

Additional business resources for Iowa business loans are available at from IASourcelink. <http://www.iasourcelink.com/funding>.

For rural entrepreneurs and food hubs serving rural areas, another useful resource is USDA's Business and Industry Loan Guarantee (B&I) Program, which is specifically for enterprises benefiting rural communities. The B&I program allows USDA to act as a guarantor on a commercial loan from a private bank, meaning USDA will take responsibility for the debt if the loan recipient defaults. This makes it safer and

more appealing for private banks to offer loans to small or start-up businesses that might otherwise appear too risky to finance. The 2014 Farm Bill ensures that a minimum of five percent of B&I funding goes to loans for local and regional food businesses, although agricultural producers themselves are not eligible. Iowa Choice Harvest used this program to secure the funding they needed to set up their processing plant in Marshalltown, Iowa. For more information about the program, contact the USDA Rural Development office in Iowa. <http://www.rd.usda.gov/ia>.

Applications for long-term loans can take some time to prepare, as most lenders require a written business plan and a complete set of financial information for loan applications. For example, one lender requires the following documents:

- Actual Balance Sheets from the current year and previous years;
- Actual Income/Expense Statements from the current year and previous years;
- Future projections for income statements, balance sheets, and monthly cash flow;
- Previous tax returns;
- Age of accounts receivable and accounts payable.

For more information on business planning and preparing financial statements, see the business resources listed in the Funding a Local Food Organization at the beginning of this publication.

Putting it all Together: Budgets and Fundraising Plans

To determine your revenue and fundraising needs, you will need to figure out how much you plan to spend. Nonprofits can do this by creating an **annual organizational budget** showing expected revenues and expenses for the year. A template with a suggested organizational budget is in Appendix B. For-profits should create a business plan. Since an organization of this type that is busiest during the growing season, it makes sense to create an annual budget during October-December of the previous year, allowing board members time to vote and agree on the budget before the next year starts. However, the turnaround time on grant proposals can be six months to a year, so it may be necessary to start making budgets earlier.

The process of making a budget for a nonprofit might look something like this:

1. Treasurer or manager reviews last year's expense records to find out how much the organization spent on operations and projects, then makes a list of expenses that are likely to be the same next year.
2. Treasurer meets with manager and/or other core leadership to start filling in the budget by reviewing which of last year's expenses are likely to increase in the next year. Additional projects expected and revenues are listed.
3. If there is a need for more fundraising, a fundraising committee, staff, or the board of directors, should be notified to help in developing a fundraising plan.
4. A draft budget with expected revenues and expenses is presented to the board. The board votes to accept or amend the budget and when it is adopted, the budget should balance.
5. Fundraising efforts for the next year begin or continue.

It can be a good idea to create two alternate budgets: one for the most basic operations and one showing what you would spend if you raised the full amount of money that you expect to raise. The board should review the full budget, but the "lean-and-mean" version provides a back-up plan if not all fundraising is successful.

Table 3 is an example of an annual organizational budget for a farmers market. To illustrate which funds have been budgeted for operations that are essential to the continuing function of the market, expenses and revenues have been placed in separate columns for "Basic Operations" and special projects. The Income portion shows sources of income and how each source of income is allocated between operations and projects. The Expenses portion shows anticipated expenses in each column. The total income and total expenses for each column should balance.

The year-round businesses that depend on food sales also might consider creating a cash flow budget. This type of budget predicts cash in and cash out, broken down on a monthly basis. Among other things, this makes it possible to see whether you will have enough cash on hand to continue operating during the winter when a reduced volume of local food is available.

[Bizfilings.com](http://www.bizfilings.com) is an online resource with information on cash flow budgeting. <http://www.bizfilings.com/toolkit/sbg/finance/cash-flow/cash-flow-budgets.aspx>.

Your Small Business Development Center or other business advisor will also have details.

Project budgets

For specific projects that are grant-funded or meant to generate revenue, it also is useful to create a **project budget**, which shows the expected revenue and expenses just for that project. Project budgets offer a way to look at a particular project in more detail than you might want to do on your overall annual budget. They look like a simplified annual budget. The example in Table 4 is based on experiences with farmers markets and event costs.

A project budget could be created for:

- **A project you plan to fund with grants.** Most grant applications for specific projects require a project budget. Some funders may provide their own budget format, but if you already have a written budget, you can copy and paste your information.
- **Fundraising events.** Forecasting expenses and revenues is essential and an event budget should help you see what level of attendance is needed to meet your funding goals.
- **Membership program.** By determining member fees and subtracting the cost of supplying benefits to each member, you can determine the “net” income per member and the level of participation needed to meet funding goals.
- **Projects that have multiple costs.** Educational events, construction projects, and other projects requiring more detail and planning.

Fundraising plans

The fundraising plan is a tool allowing your organization to set fundraising goals, create a timeline for important fundraising activities, and assign responsibilities. Your fundraising committee, or the set of volunteers and staff responsible for fundraising, should meet together to fill out the plan. Appendix C provides a fundraising plan template designed mainly for nonprofit local food organizations.

Evaluation

Evaluation is a key component of organizational success that often is overlooked. Having an evaluation plan is critical to ensure your activities actually help further your organizational goals. Credible evidence of shared successes, especially ones for which your partners and supporters can share the credit, helps

galvanize public support, strengthen your promotional materials, impress future funders, energize your volunteers, and make great talking points for press releases. Last but not least, grant proposals often require an evaluation plan. We suggest thinking carefully about ways of measuring the success of each your projects before, during, and after they happen.

Evaluation is especially powerful when you and your partners have agreed together on how you will measure success because it allows everyone to see how your collective work is moving towards the same shared goals. Ahna Kruzic and Corry Bregendahl of the Leopold Center for Sustainable Agriculture recommend considering the following questions as you develop an evaluation plan:²

- What difference is our work making and for whom? Why does it matter? Who needs to know this information? What do we expect to happen if awareness increases?
- What data or information will we gather to determine what difference our work is making?
- What conclusions about the success of the program can be drawn from the available data, information, and analysis?

One way to gather information about the impacts of your work is through participant or stakeholder surveys. Examples are included in Appendix D.

For an excellent resource on developing a framework for program evaluation visit <http://ctb.ku.edu/en/evaluating-initiative>.

Table 3

Farmers Market Budget Example					
Vandalia Farmers Market		Period covered: Jan-Dec 2014			
INCOME	Basic Market Operations	New Signage & Pavillion	EBT & SNAP cooking classes	Total	Notes / Description
Earned Income					
Vendor fees	\$ 1,400.00			\$ 1,400.00	Approx 40 vendors @ \$35/vendor
Merchandise sales (net)	\$ 1,000.00			\$ 1,000.00	T-shirts, hats, stickers
Other				\$ -	
Total Earned Income	\$ 2,400.00	\$ -	\$ -	\$ 2,400.00	
Community Fundraising					
Friends of the Market Campaign	\$ 750.00			\$ 750.00	Goal: 25 members @ \$30 each
Individual Donations (including board donations)	\$ 650.00			\$ 650.00	\$50 from 7 board members + \$300 additional
Crowdfunding campaign		\$ 30,000.00		\$ 30,000.00	Planned for April
Harvest Festival fundraiser (net)		\$ 1,500.00		\$ 1,500.00	\$10 expected donation per person x 150 ppl
Dinner on the Farm fundraiser (net)		\$ 1,600.00		\$ 1,600.00	Net \$40 /person (after costs) x 40 ppl
Other				\$ -	
Total Community Fundraising Income	\$ 1,400.00	\$ 33,100.00	\$ -	\$ 34,500.00	
Sponsorships					
Bank of Vandalia	\$ 500.00			\$ 500.00	Secured
Love's Hardware	\$ 700.00			\$ 700.00	Secured
County Commission	\$ 3,000.00			\$ 3,000.00	Pending presentation May 13
Total Sponsorships	\$ 4,200.00	\$ -	\$ -	\$ 4,200.00	
Grants					
Vandalia Community Foundation	\$ 1,000.00	\$ 4,000.00		\$ 5,000.00	Secured
Healthy Families Foundation			\$ 7,000.00	\$ 7,000.00	Grant submitted, pending
Specialty Crop Block Grant		\$ 7,900.00		\$ 7,900.00	Grant submitted, pending
Total Grants	\$ 1,000.00	\$ 11,900.00	\$ 7,000.00	\$ 19,900.00	
TOTAL INCOME	\$ 9,000.00	\$ 45,000.00	\$ 7,000.00	\$ 61,000.00	
EXPENSES					
				Total	
Personnel Expenses					
Market manager contract wages	\$ 5,400.00		\$ 450.00		Basic operations: \$15/hr x 15 hrs x 24 weeks; SNAP cooking classes: 30 additional hours Manager hired on contract, no fringe
Market manager fringe (N/A if contract employee)					
Other					
Total Personnel	\$ 5,400.00	\$ -		\$ 5,400.00	
Operating / Other Expenses					
Bank fees			\$ 360.00	\$ 360.00	Approx \$30/mo for EBT
Bookkeeping					Provided for free
Conferences & Training (volunteers & staff)	\$ 500.00			\$ 500.00	For manager to attend Small Farms Conf.
Equipment				\$ -	
Insurance	\$ 1,200.00			\$ 1,200.00	Gen. liability, Directors & Operators insurance
Contractor & Professional Services		\$ 10,000.00	\$ 3,000.00	\$ 13,000.00	Design of pavilion (10K); cooking instructor (3K) Radio ads, newspaper ads, special ads targeting SNAP customers
Marketing & Advertising	\$ 1,400.00		\$ 1,000.00	\$ 2,400.00	
Meeting Expenses				\$ -	
Postage				\$ -	Provided free by Extension office
Printing	\$ 200.00			\$ 200.00	Meeting announcement cards, posters
Rent	\$ 12.00			\$ 12.00	\$1/mo lease from county
Supplies			\$ 2,640.00	\$ 2,640.00	
Telephone				\$ -	
Travel	\$ 288.00			\$ 288.00	Market manager @ \$0.55/mi, estim. 500 mi.
Utilities				\$ -	
Other		\$ 35,000.00		\$ 35,000.00	New signage and pavilion on county property
Total Operating / Other Expenses	\$ 3,600.00	\$ 45,000.00	\$ 7,000.00	\$ 55,600.00	
TOTAL EXPENSES	\$ 9,000.00	\$ 45,000.00	\$ 7,000.00	\$ 61,000.00	
Net Income or Loss	\$ -	\$ -	\$ -	\$ -	

Table 4

Project Budget Example: "Dinner on the Farm" Fundraiser		
<i>Vandalia Farmers Market</i>		
INCOME	Amount	Notes / Description
Revenues generated by event		
Entry fee - Local Food Dinner	\$ 3,200.00	\$80 per ticket, goal is 40 tickets sold
Raffle tickets for door prizes	\$ 150.00	\$5 per ticket, goal is 30 tickets sold
Donation jar / individual donations	\$ 150.00	Estimate based on last year
Total revenues generated by event	\$ 3,500.00	
Other revenue		
Farm Credit event sponsorship	\$ 750.00	Secured
Rotary Club event sponsorship	\$ 250.00	Request pending
Total other revenue	\$ 1,000.00	
TOTAL INCOME	\$ 4,500.00	
EXPENSES	Amount	
Market manager hours	\$ 300.00	20 hours to organize x \$15/hr
Marketing & Advertising	\$ 1,400.00	Magazine ad, radio spotlight
Catering (food)	\$ 1,000.00	Local food catering by Ann Mason
Beverages	\$ -	<i>Donated by Crooked Rook Vineyard</i>
Space rental	\$ -	<i>Location donated by Purple Carrot Farm</i>
Equipment rental	\$ 150.00	Tables & chairs
Supplies	\$ 20.00	Signage, etc.
Travel	\$ 30.00	Market manager mileage to pick up door prizes
Door prizes	\$ -	<i>Donated by local businesses</i>
TOTAL EXPENSES	\$ 2,900.00	
Net Income	\$ 1,600.00	

Appendices

Appendix A: Sample letter of recognition

Appendix B: Sample organizational budget - blank

Appendix C: Fundraising template plan

Appendix D: Sample stakeholder evaluation survey

Appendix A: Sample letter of recognition

June 4, 2014

Name

Address

City, State Zip

Dear Ms. X,

We acknowledge, with thanks, the receipt of \$100.00, which you have so generously contributed to the Iowa Food Hub, a project sponsored by Allamakee New Beginnings, a nonprofit dedicated to reducing the effects of poverty in NE Iowa.

Iowa Food Hub unites the mission and vision of its partners by managing the aggregation, distribution, and marketing of source-identified food products to connect farmers to families.

IFH programming focuses on small- and medium-sized farm viability, food access and equality, local economic development, job creation and retention, beginning and established farmers, and food system research and education.

Thank you for your gift.

Sincerely,

Name

Board member

Tax Acknowledgement of Gift

Date of Gift: Donation: \$100.00 Check #XXXX

Donor: Name

Fund: Iowa Food Hub Infrastructure Fund

No goods or services were received in exchange for the gift. Allamakee New Beginnings, Inc. is recognized as a 501(c)(3) non-profit organization by the IRS. Our tax identification number is 26-2480557. Please retain this receipt for tax purposes.

Template provided by Allamakee New Beginnings

Appendix B: Sample Organizational Budget - Blank

Budget Template						
Name of Org	Period covered:					
INCOME	Market Operations	Project 1	Project 2	Project 3	Total	Notes / Description
Earned Income						
Member or vendor fees					\$ -	
Merchandise sales (gross)					\$ -	
Other					\$ -	
Total Earned Income	\$ -	\$ -	\$ -	\$ -	\$ -	
Community Fundraising						
Individual Donations (including board donations)					\$ -	
Crowdfunding campaign					\$ -	
Event 1 (gross)					\$ -	
Event 2 (gross)					\$ -	
Other					\$ -	
Total Community Fundraising Income	\$ -	\$ -	\$ -	\$ -	\$ -	
Sponsorships						
Sponsorship 1					\$ -	<i>Indicate pending vs. secured or % likelihood received (If not all sponsors are secured yet, it's ok for total revenue to exceed expenses, since not all funding is a sure thing)</i>
Sponsorship 2					\$ -	
Sponsorship 3					\$ -	
Total Sponsorships	\$ -	\$ -	\$ -	\$ -	\$ -	
Grants						
Grant 1					\$ -	<i>Indicate pending vs. secured or % likelihood received (If not all sponsors are secured yet, it's ok for total revenue to exceed expenses, since not all funding is a sure thing)</i>
Grant 2					\$ -	
Grant 3					\$ -	
Total Grants	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	
EXPENSES						
					Total	
Personnel Expenses						
Salaries						
Fringe (including FICA, benefits)						
Workers comp (if applicable)						
Other						
Total Personnel	\$ -	\$ -				
Operating / Other Expenses						
Conferences & Training (volunteers & staff)					\$ -	
Equipment rental					\$ -	
Insurance					\$ -	
Legal & Professional Services					\$ -	
Marketing & Advertising					\$ -	
Meeting Expenses					\$ -	
Postage					\$ -	
Printing					\$ -	
Rent					\$ -	
Supplies					\$ -	
Telephone					\$ -	
Travel					\$ -	
Utilities					\$ -	
Misc.					\$ -	
Total Operating / Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income or Loss	\$ -	\$ -	\$ -	\$ -	\$ -	

Adapted from "Farmers Market Planning Toolkit: Structure Management and Finance," West Virginia Farmers Market Association, 2014

Appendix C: Fundraising Plan Template

Revenue Source	Goals	Point person	\$ Target	Quarter 1 (Jan-Mar): Action & Deadlines	Quarter 2 (Apr-Jun): Action & Deadlines	Quarter 3 (July-Sept): Action & Deadlines	Quarter 4 (Oct-Dec): Action & Deadlines
In-Kind Gifts	<ul style="list-style-type: none"> Request legal assistance for 501(c)(3) application Find volunteer Marketing Coordinator 	Annie	-	Legal assistance secured by Feb 1. Coordinator identified and oriented by Feb 1.	501(c)(3) application completed and reviewed by Jun 1		
Member fees	40 vendors @ \$35/ vendor	Robbie (Market Manager)	\$1400	Recruit 5 new vendors	Recruit 5 new vendors	All fees collected by July 1	Begin recruiting for next year
Merchandise sales	Sell 50 t-shirts (\$5 profit each) and 100 stickers (\$2 profit each)	John – buy items Robbie – sales	\$450 (profit)	Items ordered by March 30	1/3 of 2014 merchandise sold at opening event	Continue selling	All merchandise sold by Oct. 1
Individual donations							
Event 1							
Event 2							
Sponsorships							
Crowdfunding							
Commissions on Food Sales							
Grant 1							
Grant 2							

Appendix D: Sample Stakeholder Evaluation Survey – Regional Food System Working Group (RFSWG)

One way to gather information for an evaluation is by surveying program participants and beneficiaries. The following is an example of an evaluation survey that was used by the Regional Food Systems Working Group (RFSWG) in Iowa. RFSWG's goals are to build networks among food systems practitioners, strengthen local food organizations, and provide professional development. If your organization's goals are to increase farmers' revenues or to increase healthy food consumption among school kids, you would ask different questions, but you might use a similar survey format.

This set of questions relates to social and networking benefits you may have received as a result of participating in this group. Please rate the extent to which you agree with the following statements on a scale of 1 to 7 where 1=Strongly DISAGREE and 7=Strongly AGREE. Please circle your answers.

Rate the extent to which you agree or disagree that:	Strongly Disagree						Strongly Agree
RFSWG is an important support network that connects me to people and organizations doing work in food systems.....	1	2	3	4	5	6	7
Participation in RFSWG has put me in touch with people and organizations with whom I never would have interacted.....	1	2	3	4	5	6	7
In the past year I developed new professional relationships through RFSWG that strengthen and benefit my work.....	1	2	3	4	5	6	7
In the past year I strengthened existing professional relationships through RFSWG that strengthen and benefit my work.....	1	2	3	4	5	6	7
In the past year I collaborated with people from other organizations, agencies, or institutions on food system projects or issues as a result of participating in RFSWG.....	1	2	3	4	5	6	7
In the past year, I brought representatives from my community/area with me to RFSWG meetings or events who later committed resources to local/regional food system efforts.....	1	2	3	4	5	6	7

Below is a list of groups involved in local and regional food systems work in Iowa. Please indicate if you collaborated with someone from these groups in the past year as a result of RFSWG participation. "Collaborated" is defined as working together on a food systems-related project, program or initiative; engaging in joint problem-solving around food systems; or planning food systems-related programs, events, or activities. (Circle your answers.)

Have you collaborated with someone from these groups in the past year on local or regional food system projects, initiatives, or issues?	Yes	No
The Leopold Center for Sustainable Agriculture.....	Yes	No
Non profits.....	Yes	No
RFSWG regional food system groups.....	Yes	No
Producers or agricultural entrepreneurs.....	Yes	No
Iowa State University Extension Field or County agents.....	Yes	No
Federal agencies.....	Yes	No
Iowa State University faculty.....	Yes	No
Other universities, Extension, colleges.....	Yes	No
Economic development professionals.....	Yes	No
Public health officials.....	Yes	No
Transportation and logistics professionals.....	Yes	No
Food processors.....	Yes	No
Philanthropic organizations, such as foundations.....	Yes	No
Dieticians/nutritionists.....	Yes	No
City government officials.....	Yes	No
County government officials.....	Yes	No
State agencies.....	Yes	No
Farm Bureau.....	Yes	No
Food service directors.....	Yes	No
Students.....	Yes	No
Product buyers.....	Yes	No
Media.....	Yes	No
Bankers/lenders.....	Yes	No
Primary/secondary school officials.....	Yes	No
Other (specify).....	Yes	No
Other (specify).....	Yes	No

The questions below relate to trust within RFSWG. Rate the extent to which you agree with the following statements on a scale of 1 to 7 where 1=Strongly DISAGREE and 7=Strongly AGREE. Please circle your answers.

Rate the extent to which you agree or disagree that:	Strongly Disagree							Strongly Agree
I feel comfortable voicing my thoughts and opinions at RFSWG meetings/events.....	1	2	3	4	5	6	7	
RFSWG participants generally are not interested in protecting their "turf."	1	2	3	4	5	6	7	
I am more likely to call someone I've met through RFSWG than if I have never met them before.....	1	2	3	4	5	6	7	
I trust that other RFSWG participants will not exploit or otherwise misappropriate ideas or information I share with the group.....	1	2	3	4	5	6	7	
RFSWG is a democratic organization. That is, anyone who wants to participate can. Furthermore, participants are able to influence the group's direction and activities.....	1	2	3	4	5	6	7	

During our interviews with RFSWG participants last year, many said RFSWG was helping build the capacity of organizations, agencies, and institutions they represented. On a scale of 1 to 7 where 1=strongly DISAGREE and 7=strongly AGREE, rate the extent to which you agree your participation in RFSWG in the past year has helped build the capacity of your organization. (If you have multiple organizational affiliations, choose the one with which you identify the most strongly.)

Rate the extent to which you agree or disagree that:	Strongly Disagree					Strongly Agree	
Better understand local and regional food systems to provide better support for these efforts.	1	2	3	4	5	6	7
Better understand our clients.....	1	2	3	4	5	6	7
Serve a broader array of clients. Access a broader spectrum of people with knowledge valuable to my organization's work.	1	2	3	4	5	6	7
Collaborate with other organizations, agencies, or institutions doing work in local and regional food systems.	1	2	3	4	5	6	7
Develop stronger relationships with other organizations, agencies, and institutions that provide better, more coordinated support to local and regional food systems.....	1	2	3	4	5	6	7
Leverage new financial resources to do local and regional food systems work.	1	2	3	4	5	6	7
Improve relationships within my organization, agency, or institution.	1	2	3	4	5	6	7
Leverage new human resources to do local and regional food systems work.	1	2	3	4	5	6	7
Change attitudes or assumptions my organization has about other organizations, agencies, or institutions doing work in local and regional food systems.	1	2	3	4	5	6	7
Occupy a position of new leadership responsibility and influence in local and regional food systems.	1	2	3	4	5	6	7
Work more efficiently by providing access to field tested information, resources, strategies, and tools.	1	2	3	4	5	6	7
Work more efficiently by helping us find information more quickly.....	1	2	3	4	5	6	7
Be more effective by helping us achieve our goals/mission.	1	2	3	4	5	6	7
Gain credibility for the work we do in local and regional food systems.	1	2	3	4	5	6	7
Effectively engage new partners in local and regional food systems work.	1	2	3	4	5	6	7
Leverage resources outside my community/region.	1	2	3	4	5	6	7

The following questions relate to changes in your work in the past year as a result of RFSWG participation. Please rate the extent to which you agree with the following statements on a scale of 1 to 7 where 1=Strongly DISAGREE and 7=Strongly AGREE. Please circle your answers.

Rate the extent to which you agree or disagree that:	Strongly Disagree							Strongly Agree
RFSWG prompted me to collect more data on local food systems.	1	2	3	4	5	6	7	
My job responsibilities expanded to include a wider range of local and regional food systems work.	1	2	3	4	5	6	7	
I spent more time on local and regional food systems work.	1	2	3	4	5	6	7	
RFSWG prompted me to talk with colleagues/co-workers about policy changes needed to support the local and regional food systems.	1	2	3	4	5	6	7	
RFSWG prompted me to have conversations with lenders about local and regional food system financing opportunities.	1	2	3	4	5	6	7	
RFSWG prompted me to have conversations with elected officials about local and regional food system opportunities.	1	2	3	4	5	6	7	

The following statements relate to impacts RFSWG may have had on your organization in the past year. On a scale of 1 to 7 where 1=strongly DISAGREE and 7=strongly AGREE, rate the extent to which you agree your participation in RFSWG in the past year has impacted your organization in the following ways:

Rate the extent to which you agree or disagree that:	Strongly Disagree							Strongly Agree
My organization is more open to the idea of collaborating with others as a result of my participation in RFSWG.	1	2	3	4	5	6	7	
My organization is more likely to partner with others.	1	2	3	4	5	6	7	
My organization is incorporating more principles of the Community of Practice model into our work. Local and regional food systems work has become a higher priority within my organization.	1	2	3	4	5	6	7	
My organization's governing board and/or decision makers are more supportive of my organization's involvement in food systems work.	1	2	3	4	5	6	7	
My organization provides more support (technical assistance, information, referrals, facilitation, etc.) to food system efforts or businesses.	1	2	3	4	5	6	7	
Work responsibilities of others within my organization have expanded to include local and regional food systems work.	1	2	3	4	5	6	7	
Others within my organization are spending more time on local and regional food systems.	1	2	3	4	5	6	7	

Has your organization changed or added any policies or guidelines as a result of your participation in RFSWG (for example, have your organizational vision or mission statements changed? Have organizational goals, individual plans of work, or strategic plans changed?

No Yes If yes, please describe.

Are you aware of any public policy changes that you can attribute to the work of RFSWG?

No Yes If yes, please describe.

What percent of your work/volunteer time did you spend on local or regional food systems work a year ago? _____%

What percent of your work/volunteer time do you spend on local or regional food systems work now? _____%

In the past year, were you or your organization/agency/institution able to leverage funding as a result of contacts or collaborations you developed through RFSWG?

No Yes. If yes, please share with us how much and from which sources.

In the past year, were you or your organization/agency/institution able to provide funding support to local or regional food system projects/efforts as a result of contacts or collaborations you developed through RFSWG?

No Yes. If yes, how much and to whom?

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