



February 2nd, 2022
Farm Financial Planning 102



Bookkeeping Fundamentals

Organizing Your Chart of Accounts

- What questions do you want your numbers to answer?
- What data (including specific crops) do you need to see regularly? Less often?
- How have your revenue streams changed over time?
- *Knowing these answers ahead of time will help you decide which financial management strategies you need and what you can spare!*
 - In the early years, a simple Excel spreadsheet offers the flexibility needed to shift what you're tracking as you answer these questions – shift to Quickbooks or other software with advanced functions once you've got systems in place.

Balance Sheet Equation: For something like a greenhouse or other longer-term infrastructure, it can be tricky to know where this goes in the books. Is it an expense? Is it an asset? It depends on your uses! What story are grantors and lenders looking for?

Consistent Practice: Nobody has perfect books! Fuzzy numbers are better than no numbers at all. They'll get less fuzzy the more you practice.

Preparing for Financing

Lenders, grantors, and investors are all looking for the story of your business, and have their own goals. Showing that you share in these goals makes you competitive. But you also need to provide assurance that your farm is a sound investment.

How to Make Yourself a “Good Bet”

- Get into the practice of consistent bookkeeping – this demonstrates that you understand the impact the prospective financing will have
 - Consistent doesn't need to mean often! A couple times a year, or before applying for financing, update your balance sheet.
- Think about your likely competition – what distinguishes you from other farms? Get comfortable talking about this.
- Understand and be clear about the longevity of a project and the long-term impacts (including on finances!) of the project you are seeking funds for.
- Have a business and/or enterprise plan. Be as specific as you can! Shows that you have thoughts about the future direction of your business, and that you could potentially be seeking funding from the same source years down the line for new projects.
- Make a wishlist for future financing! Applications are often due during the growing season, or when life is otherwise bonkers. This pre-work will help.

The right time to start thinking about financing is always a year ago! Even if you haven't started your farm yet, get the conversation started.



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Where to Look for that Financing

Loans: Some banks have agricultural goals for their lending programs, and will be specifically looking for farms to finance! If you're based in Southeastern Massachusetts, check out the following lending institutions that have lent to farms in the past:

- SEED – South Eastern Economic Development Corp
- Farm Credit East – Middleboro Office
- Baycoast Bank
- First Citizens Credit Union
- Eastern Bank
- Bristol County Savings Bank
- Rockland Trust
- Shawmut Bank
- North Easton Savings Bank

Go with a friend! Having a business partner, life partner, or friend join you in conversations with lending institutions can provide extra support, even if they aren't familiar with the financials.

Grants: SEMAP maintains a [list of active grants](#) that Massachusetts farmers, fishers, and market managers may be eligible for. We also offer one-on-one grant-writing assistance for food producers in our region, and can refer you to the right assistance providers if you are outside of this region. Learn more [here](#).

Investments: Whether a formal investment from a private benefactor or a crowdsourcing campaign on a platform like GoFundMe or Kickstarter, investors are looking for a story. Having a handle on your finances will help tell that story.

Other Thoughts and Audience Questions

Tips for prioritizing bookkeeping in the busy season: (1) Set a calendar with both weekly and monthly task priorities. (2) Label all receipts immediately, but store them and input them when you find even a small bit of downtime. (3) Ask someone in your life to keep you accountable.

Strategies when multiple people are involved in purchases: (1) Have everyone sign all purchases. (2) Some tasks should only have one person responsible for them – figure out what those are for you. (3) Your “office” doesn't need to be fancy (Think, waterproof envelopes in the truck cab! Plastic container in the greenhouse!)