TABLE OF CONTENTS

Introduction .................................................................................................................. 5
Acknowledgments ......................................................................................................... 5

Defining the organization .......................................................................................... 7
Mission and Vision ....................................................................................................... 7
  Writing a mission statement .................................................................................... 7
  Writing a vision statement ...................................................................................... 8
Including the Right Stakeholders ............................................................................. 9
Goal-Setting and Strategic Plans ............................................................................... 10
  Facilitation ............................................................................................................. 13

Legal Structure .......................................................................................................... 15
Will we form our own entity or be part of an existing entity? .............................. 17
  Using a fiscal sponsor or umbrella group ............................................................... 17
  Registering your own entity .................................................................................. 19
Will we operate as a nonprofit or a for-profit? ....................................................... 20
  More about nonprofits .......................................................................................... 20
  Kinds of tax-exempt nonprofits ........................................................................... 20
  Nonprofits that don’t file for tax-exempt status ................................................. 22
  More about for-profits ......................................................................................... 22
Which business structure suits us best? ................................................................. 22
  A word about cooperatives ................................................................................... 23
Filing your organizational paperwork ...................................................................... 24
  State filings ........................................................................................................... 24
  Federal filings ......................................................................................................... 25
  Other paperwork and licenses for nonprofits ...................................................... 25
Still need help? ............................................................................................................ 25

Setting Up Governance ............................................................................................ 28
Bylaws ......................................................................................................................... 28
Rules .......................................................................................................................... 29
Membership ................................................................................................................ 29

Building a Board of Directors .................................................................................. 31
  Major Duties of Board of Directors ..................................................................... 31
  Finding the right board members ......................................................................... 32
  Learning to be a great board ................................................................................. 32
  Committees ............................................................................................................ 32

Funding the Market ................................................................................................... 35
  Evaluating sources of revenue ............................................................................. 35
    Farmers Market Funding Sources & Financing: At a Glance .......................... 36
In-kind gifts ................................................................................................................ 38
Vendor fees or commissions ..................................................................................... 38
Merchandise sales ..................................................................................................... 39
Friends of the Market Campaign ............................................................................. 39
Individual Donations ............................................................................................................. 39
Events ................................................................................................................................. 40
Sponsorships ........................................................................................................................ 40
  Public entities and local government ............................................................................. 41
  Local organizations and small businesses ..................................................................... 41
Crowdfunding .................................................................................................................... 41
Grants .................................................................................................................................. 42
  Are grants for us? .............................................................................................................. 42
  Grant eligibility .................................................................................................................. 43
  7 things you can do NOW be ready to submit grants .................................................... 43
  Finding grants .................................................................................................................... 45
  The application process ..................................................................................................... 46
Investors ............................................................................................................................... 49
Loans ....................................................................................................................................... 49
Putting it all together: Budgets & Fundraising Plans ....................................................... 50
  Project budgets .................................................................................................................. 52
  Fundraising plans .............................................................................................................. 53
Market Managers and Employees ...................................................................................... 55
Contractor or employee? ..................................................................................................... 55
AmeriCorps*VISTA ............................................................................................................ 56
References ............................................................................................................................ 58
Appendices: Resources documents for your market ......................................................... 61
Appendix A: Farmers Market Mission Statements – A Group Activity ............................... 62
Appendix b: Mission and Vision Statements ...................................................................... 64
Appendix C: Farmers Market Stakeholder Analysis .............................................................. 67
Appendix D: Strengths Weaknesses, Opportunities and Threats (SWOT) Analysis ............. 68
Appendix E: Sample Strategic Planning Template ................................................................. 69
Appendix F: Sample Articles of Incorporation / Bylaws ....................................................... 70
Appendix G: Sample of questions from WVSOS Registration ........................................... 74
for a Nonprofit Corporation ................................................................................................ 74
Appendix H: Sample Board Member Commitment Form ................................................... 75
Appendix I: Board Member Recruitment Matrix .................................................................. 76
Appendix J: Fundraiser Plan Template ............................................................................... 77

Legal Notice

As with any business venture, it is up to the organizational leadership and/or business owner to exercise due diligence in consulting with local, state and federal agencies to ensure that they are operating within the law. Laws, regulations and their interpretations with regard to organizational formation, IRS and tax requirements, etc. are subject to change over time. No part of the information in this toolkit should be interpreted as legal advice.
The purpose of this toolkit is to lay out the business and finance elements of starting and coordinating a farmers market in West Virginia. Throughout the toolkit, we’ve included worksheets, references, and examples to help bring each concept from idea to action.

We’ll cover big questions like:

- How can we chart a course for our farmers market with a mission, vision, and action plan?
- What kind of organizational or business structure works for our market?
- Should we operate as a nonprofit or a for-profit, and if we choose to be a nonprofit, how can we enjoy the benefits of being tax-exempt?
- What does a Board of Directors do, and how can we create one?
- What options do we have to cover the costs of our operations, and how can we plan ahead?

We won’t cover topics related to on-site farmers market management, food safety and health regulation, insurance, EBT & SNAP, or marketing. However, you can find other toolkits and resources on each of those topics at the West Virginia Farmers Market Association website, [http://wvfarmers.org](http://wvfarmers.org).

**ACKNOWLEDGMENTS**

The primary author of this toolkit was Savanna Lyons, in consultation with Kelly Crane and the Board of Directors of the West Virginia Farmers Market Association. We wish to thank the following additional individuals who provided time and input to the toolkit:

- Missy Anthony, Office of the West Virginia Secretary of State
- Kelly Nix, West Virginia University Extension Service
- Tom Snyder, Ohio Cooperative Development Center
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DEFINING THE ORGANIZATION
MISSION AND VISION

No organization or business can operate without a clear, written mission and vision that is shared by all of its owners or board members. Good mission and vision statements will be like a lighthouse beacon that you can refer back to again and again, whenever the market is trying to make a decision in line with its purpose. They are also part of the face that your market presents to the public.

To make sure the mission and vision are honored and used, it is important to have a good discussion about them with the market leadership, ideally early in the life of the market. Both statements should be written down and should be included in official information about the market, such as brochures, grant proposals, and press releases. The farmers market organization should refer often to its mission and vision, so that the decisions made about the market are consistently reflect the same purpose, values, and hopes for the future. Mission and vision statements can always be changed as the organization evolves, but changes should be made with the consent of the market’s leadership and beneficiaries.

People who favor concrete, hands-on projects sometimes find the process of writing mission and vision statements a little tiresome. So, in this toolkit we’ve provided tips and worksheets to help you do it quickly and smoothly while including multiple voices the process. In the long run, your community, funders, and supporters will thank you for providing a clear and consistent message about the purpose of your market. And, if your market one day feels pressure to go in a different direction from its core purpose, you may be glad you took the time to write down that original purpose.

Writing a mission statement

The mission statement is a one-sentence statement describing the reason your organization exists. It will be used to guide decisions about actions and priorities, and should help the public understand your farmers market’s purpose. It should be clear, memorable and concise. You will probably use and share it more often than your vision statement.

Here are examples of mission statements from organizations that host farmers markets (Source: marketumbrella.org)¹ (Consider: what do you like about each mission statement? What could be improved?)

NFMA’s mission is to support Washington’s small farms and farming families by providing effective direct sales sites for our region’s small farmers and by educating consumers about farm products and the benefits of buying direct from local farmers.

Greenmarket’s mission is to promote regional agriculture and ensure a continuing supply of fresh local produce for New Yorkers. Greenmarket supports farmers and preserves farmland for the future by providing regional, small family farmers with opportunities to sell their fruits, vegetables and other farm products to New Yorkers.

The mission of Sustainable Economic Enterprises of Los Angeles (SEE-LA) is to promote and engage in self-sustaining community and economic development activities within the city of Los Angeles, including sustainable food systems, social and cultural programs, and economic revitalization projects.

Additional examples of mission statements, from other types of organizations, can be found at http://topnonprofits.com/examples/nonprofit-mission-statements/.
Mission statements are often organized in the format, “Our mission is to…x, y and z.” In writing your statement, think about the 1-3 most important functions that your market serves in the community. It should be as short and simple as possible, ideally 25 words or less.

Choosing the mission statement for your market should be a process that your key stakeholders, such as your vendors and supporters, can participate in. In Appendix A is a group activity that can be used to develop a mission statement for your farmers markets. Appendix B offers another take on mission and vision statements, contributed by Kelly Nix of the WVU Extension Service Community Leadership Development Team.

**Writing a vision statement**

While the mission statement explains why your organization exists and what it does, the vision statement describes the long-term difference that you wish to make in the world. Writing a vision statement involves imagining what the future would look like if your efforts were successful. Two different organizations may have the same vision for the future, but different missions or ways of getting there. For example, both your market and the local FFA program may have the vision of a thriving farm economy in your county, but FFA’s mission is to train young farmers, while your market mission may be to create sales opportunities for those farmers.

According to BoardSource, “With a reachable goal — however far the goal lies in the future — the vision statement is motivational and hopeful. For instance, it’s unrealistic — no matter how noble these visions are — for one organization to expect to eradicate poverty in the world or make criminality disappear.”

The following are vision statement examples from BoardSource:

- **No child in our city will go hungry to bed in the evening.** (Soup kitchen)
- **In two decades our services will no longer be needed.** (Illiteracy program)
- **We will be recognized as the best symphony in America.** (Symphony orchestra)

As with the mission statement, choosing a vision should be a process in which your key stakeholders participate. Here are some examples of recommendations for a visioning exercise:

“Develop a worksheet with a list of key questions to elicit values, desired future state, challenges, and unique features of the organization from your participants (see resources below for guidance on key questions). Work in small groups (especially when working with a large group of people). After each group has answered the questions and shared them with the larger group, have them craft a vision statement that embodies these answers. Small groups would then work as a big group to combine the parts of each vision statement that they like best. After crafting one draft vision statement, test it against the list above which outlines the key components of a vision statement.” — University of Wisconsin Extension

“Present… small group(s) with a scenario such as: ‘Imagine that it’s the year 2015. As you are traveling to your service site, you see a news stand with the latest copies of your favorite magazines. Then, on the cover of one, you notice a big headline about your organization. Now, your job as a group is to create that ‘cover story.’” – Idealist on Campus
The Internet is full of creative ways to get people thinking about their organizational vision. Many examples and resources are available from the board development websites listed in the Building a Board of Directors chapter of this guide. An example mission and visioning process is provided in Appendix B.

**INCLUDING THE RIGHT STAKEHOLDERS**

Studies on farmers market success and failure suggest that the most enduring farmers markets are the ones that have help and support from their broader community. The first step to gaining community support is recognizing the people have a stake, or could have a stake, in the success of the market. This is especially important if your market is brand-new and still being formed. An ounce of reaching out and engaging stakeholders at the outset is worth a pound of trying to include them later, especially if they feel they’ve been left out. This can be particularly true of farmers, Extension staff, and local public officials.

A **stakeholder** is a person or organization who is likely to be *impacted by* your organization, and/or someone who *has impact on* your organization’s efforts. The impacts may be either positive or negative.

Types of stakeholders include:

- **Primary stakeholders**: Those who are directly impacted by the actions of your organization (e.g. farmers, customers, business owners)
- **Secondary stakeholders**: Those who are indirectly affected by the actions of your organization. These might include intermediaries who serve your primary stakeholders (e.g. local governments, FFA teachers, Extension offices)
- **Key stakeholders**: Those who have influence on or importance to the success of your organization. These may include individuals within your organization, and some of them may also be primary or secondary stakeholders as well

Examples of farmers market stakeholders include:

- Current and potential vendors
- Local businesses
- Consumers (especially dedicated farmers market shoppers)
- County and municipal elected officials
- Local nonprofits and service-based organizations
- Extension Service (West Virginia University and WV State University)
- Health advocates (clinics, nutrition educators, local DHHR offices)
- County health department staff
- Faith community (churches, food pantries)
- Schools and colleges

A **stakeholder analysis** has the goal of developing cooperation between your farmers market organization and its stakeholders, which is will ultimately be necessary for the market to succeed. Stakeholder analysis can be done when a market is first being formed, but it is also helpful when you need to think about the consequences of a particular decision for the members of your community. The analysis will help you to identify all stakeholders, consider what they want from you, understand why their individual needs or demands might be important, and develop your goals in a way that takes them into consideration. Instructions for one kind of stakeholder analysis are included in Appendix C.
In deciding how to involve your stakeholders, we recommend two steps. First, do a stakeholder analysis with your core farmers market management or start-up group. Second, identify roles or jobs that you can provide to involve each type of stakeholder. Roles for stakeholders, depending on their skills and interests, might include:

- Helping to write the mission statement/vision and to form the organization
- Having a say in major governance decisions, such as selling rules and location (e.g., market members and vendors)
- Serving as ex officio or non-voting members of the Board of Directors
- Serving on an advisory committee
- Donating to the market
- Helping with fundraising
- Organizing events and activities
- Filing paperwork for the market, such as nonprofit or business incorporation
- Becoming a “Friend of the Market” (donating regularly in return for special incentives, such as merchandise or events)
- Managing the market or being part of a small market management “team”
- Volunteering to help with day-to-day market activities

Try to match each type of stakeholder with a role that will have the most benefit, and the least risk, for the market. For example, people who are personally invested in the success of the market and understand its daily operations, such as vendors, should be somehow involved in its governance or decision-making. If some of your supporters have special skills such as legal or business expertise, or good connections to public and private donors, but don’t know much about farmers and markets, they might make good members of an advisory group. Consumers who know very little about market operations, but want to help, could donate to a “Friends of the Market” fundraising drive or be invited to volunteer for simple tasks like counting customers. Make sure that the people who have a say in the core governance and operations of the market, such as Board members, are trusted individuals who really understand its mission and feel personally invested in its success.

**GOAL-SETTING AND STRATEGIC PLANS**

Strategic planning is the process of defining a farmers market’s strategy or direction. Together with the mission and vision, the strategic plan helps guide what the organization is, what it does, and why it does it. In a more immediate sense, the strategic plan governs how resources are allocated and which items end up on the market’s agenda for the coming year.

According to Kelly Nix and Norm Schwertfeger of the WVU Extension Service Community Leadership Development Team, strategic planning is important because it:

- Is an opportunity for consensus decision making
- Is an opportunity to brainstorm
- Helps clearly define your purpose
- Helps establish realistic goals and objectives
- Develops a sense of ownership of the plan/organization
- Provides a base from which progress can be measured
- Provides clearer focus for the organization, thereby producing more efficiency and effectiveness

Whether they are new or old, market organizations should revisit their goals, strategic direction, and implementation plans at least once per year. The late fall is an ideal time to start such a discussion, when the past season is still fresh on everyone’s minds, but after they have had a few weeks to “recover.” Setting goals,
laying out possible tasks for next year, and then revisiting the draft plan later in the winter (say, January or February) gives everyone plenty of time to think about what should happen next.

As with the mission and vision, a farmers market strategic plan should be developed with the core leadership of the market, usually its board of directors, and possibly some advisors. A very basic version of the strategic planning process involves (1) scanning the environment, revisiting old goals and assessing how the market is doing currently; (2) visioning where the market should go; (3) updating goals; and (4) making an implementation plan to get there. This usually requires at least one longer, focused meeting that could take anywhere from three hours to two days. The pain can be eased by calling this long meeting a “retreat,” choosing a nice setting, providing long breaks, and serving some really good local food.

Here’s a more detailed example of a strategic planning process:

1. The farmers market Board of Directors decides who will be invited to come to the strategic planning meeting. For example it might be the board, the market manager, and two trusted advisors (such the county an Extension Agent and the county Economic Development Authority director) who will sit in on the meeting.

   At the retreat...

2. The board reviews the mission statement, vision, and last year’s goals. This would be an opportune time for the board president or even market manager to give a quick report on what the market accomplished that year, including any available sales data and progress towards any goals that had previously been set for the market that year.

3. A visioning exercise helps everyone focus on the future reality or change that they’d like to see as a result of the market. It is helpful to pick a time period for this vision that is far enough away that the attendees feel comfortable “dreaming big.” Five, ten or 15 years can work. A good prompt for this is “What, in an ideal world, does this market look like in 10 years?”

   This can look like a list, rather than a formal vision statement. In compiling the list, it may be helpful to ask everyone to write their ideas down separately, then share out one at a time to (a) make sure everyone’s voice is heard, and (b) note which things come up frequently!

4. After the visioning exercise, attendees complete a Strengths, Weaknesses, Opportunities and Threats (SWOT analysis) chart (see Appendix D) showing how they think the market is doing and what possibilities and issues exist. A Stakeholder Analysis (Appendix C) could also be done at this point.

5. Then, attendees brainstorm and agree on goals for the upcoming market season. This goal-setting should be in reference to (a) the vision they have for the market, and (b) the strengths, weaknesses, opportunities and threats they identified for their market. In setting goals, they might look at each of the aspects of market operations listed in the strategic planning framework in Appendix E. Goals should be clear, realistic and achievable. No more than 3-5 big goals should be set for any one season. The following is an example of an appropriate set of goals:

   “This year, our market will...

   1. Increase vendor sales by an additional 25%.

   2. Become an approved SNAP acceptor

   3. Enlarge our vendor pool by recruiting at least 2 more vendors

   4. Raise enough money to purchase pop-up tents for all vendors”
6. The meeting transitions to planning mode. Board members break into small groups or committees to each look at one of the identified goals, filling in the list in Appendix E. Each group proposes tasks, responsibilities, and timeline for its goal, as well as a means of knowing how well the goal has been achieved. Using the example goals above, the following would be an example of a good plan:

**Goal 4: Raise enough money to purchase pop-up tents for all vendors**

**Plan:**
- Increase stall fees by $5 per day – let vendors know why we are doing this, and how it will benefit them!
- Gregg researching cost for tents and will provide a proposed budget back to the committee before February board meeting.
- Host a monthly mini-fundraising activity at the market – Suzy will coordinate
- Organize end of season “Farmers Feast” fundraiser – Jill will coordinate
- Steve will (a) research potential grant opportunities, and (b) visit local businesses to enquire about sponsorships.
- By December of this upcoming year, the pop-up tents will be purchased and placed in storage for the following market season.

7. The whole board reconvenes to discuss and amend the small groups’ proposals for each section of the strategic plan.

8. The meeting adjourns and the draft plan is sent out to everyone. Some committees may still have work to do to refine sections of the plan.

*After the retreat…*

9. Any revisions are sent out. At the next board meeting, the board formally votes to adopt the new strategic plan.

10. The goals and tasks of the plan are revisited at each subsequent board meeting, and progress reports are given by the committees or people responsible.

During the strategic planning process, or any in-depth group discussion, it can be useful to adopt some ground rules to help people stay engaged and civil. These can be introduced at the beginning of a meeting, modified by the attendees as needed, and adopted by consensus before the real discussion starts. When a discussion requires a group brainstorm, such as for a SWOT analysis or visioning activity, it may also be useful to offer brainstorming guidelines that encourage creative thinking. Be sure to post guidelines and ground rules in a place that is visible throughout the meeting, such as on a chalkboard or flip chart. Here are some examples from Kelly Nix and Norm Schwertfeger of WVU Extension Service:

<table>
<thead>
<tr>
<th>Ground Rules for Discussion</th>
<th>Guidelines for Brainstorming</th>
</tr>
</thead>
<tbody>
<tr>
<td>• One person talks at a time</td>
<td>• Don’t critique ideas</td>
</tr>
<tr>
<td>• Everybody LISTENS</td>
<td>• Use freewheeling imagination</td>
</tr>
<tr>
<td>• Look at the person who is talking</td>
<td>• Build on others’ ideas</td>
</tr>
<tr>
<td>• Contribute your ideas</td>
<td>• Aim for quantity</td>
</tr>
</tbody>
</table>
Facilitation

Sometimes, a third party facilitator, someone who cares about the market but does not have a vested interest in it, can greatly aid strategic planning. Having a facilitator allows all market leaders to fully participate in the planning process and to express their opinions. WVU Extension’s Community Resources and Economic Development program (http://cred.ext.wvu.edu/) is a great resource for strategic planning. Contact Kelly Nix, Leadership Specialist, at kelly.nix@mail.wvu.edu or 304-293-8680.

Local foundations, Extension offices or nonprofits can sometimes also provide free strategic planning and facilitation assistance. There are also paid consultants who assist with strategic planning. Their services may be more appropriate for a farmers market that has staff, a sizeable budget, and a lot of decisions to make.
LEGAL STRUCTURE
Every farmers market should operate under some kind of legal business entity, such as a nonprofit or for-profit corporation, LLC, or cooperative. Operating as part of a legal entity allows the market to:

- **Hold a bank account**
- **Enter contracts and rent agreements**
- **Apply for grants**, especially if the market is structured as a nonprofit
- **Protect its board members from being personally liable** for the actions of the market – this includes purchasing insurance to protect market managers, board members, property owners and other interested parties from lawsuits

If your farmers market is not operating as part of a legal entity, it cannot hold or spend funds, and it is very difficult to offer legal protection for the people involved in planning, operating, and hosting the market. For these reasons, *operating a community farmers market that is completely informal, with no legal entity involved, is not recommended. Operating a market as a sole proprietorship is also not recommended.*

To decide which structure fits *your* market best, you will need to answer three main questions:

1. **Will we form our own entity or be part of an existing entity?**
   - If you become part of an existing entity (a fiscal sponsor, usually a nonprofit), you will need a written, signed agreement with them. *This is usually the easiest option for new farmers markets.*
   - If you form your own entity, you will need to register your organization with the WV Secretary of State.

2. **Will we operate as a nonprofit or a for-profit?**
   - If you choose to be a nonprofit you must either find a nonprofit fiscal sponsor or register your own nonprofit with the WV Secretary of State. IF you register your own nonprofit and wish to be tax exempt and/or accept charitable donations, you will need to apply for tax-exempt nonprofit status with the IRS.
   - If you choose to be a for-profit, you can simply register your business with the WV Secretary of State and the WV Tax Department.

3. **Which business structure suits us best?**
   - There are several options for for-profits, such as: *corporation, LLC*
   - There are several options for nonprofits, such as: *corporation, unincorporated nonprofit, voluntary association*

These questions are much easier to answer with the help of an experienced advisor, who has detailed knowledge of business and/or nonprofit formation. We **strongly recommend** finding one or more trusted advisors to help you with your organizational structure decisions. We do not recommend using the following sections to try to make the decision on your own. Advisors in your community might include:

- A lawyer experienced in business formation and/or nonprofit law
- An Extension agent who has previous experience starting organizations or local food businesses
- For nonprofit structures: an existing nonprofit organization
- For for-profit structures: your local Small Business Development Center (look up your local center at [http://wvsbdc.wvcommerce.org/](http://wvsbdc.wvcommerce.org/))
- For cooperatives: the Development Center ([http://ocdc.osu.edu/](http://ocdc.osu.edu/)) or the West Virginia Food & Farm Coalition ([www.wvfoodandfarm.org](http://www.wvfoodandfarm.org))
- The Entrepreneurship Law Center at WVU College of Law ([http://law.wvu.edu/clinics/entrepreneurship](http://law.wvu.edu/clinics/entrepreneurship))
Decision Tree for Choosing a Farmers Market Business Structure

Form own entity. Now, will we be a non-profit or for-profit?

Use existing entity. Identify entity. To receive grants, use a 501(c)(3) nonprofit. Develop written agreement. (EASIEST WAY TO BE ELIGIBLE FOR GRANTS)

For-profit. Now, what structure will we use?

Corporation

Cooperative (ELIGIBLE FOR SOME GRANTS)

LLC

LP

LLP

Voluntary Association (for-profit)

Non-profit. Now, what structure will we use?

Corporation

Unincorporated Non-profit

Voluntary Association (nonprofit)

And, if filing for IRS tax exempt status, which type?

501(c)3 Charitable - ELIGIBLE FOR MOST GRANTS

501(c)4 Social Welfare

501(c)5 Agricultural

501(C)6 Business League

Will we form our own entity, or be part of an existing one?
WILL WE FORM OUR OWN ENTITY OR BE PART OF AN EXISTING ENTITY?

A farmers market can operate as its own independent entity or under the umbrella of another organization. There are advantages and disadvantages to both options.

Using a fiscal sponsor or umbrella group

Some farmers markets function as committees or sub-groups of established organizations, especially in their early years. For example, some West Virginia markets function as part of an Economic Development Authority, a Main Street organization, or even a Master Gardener chapter. These markets usually are “born” out of their host organizations, but are sometimes “adopted” in. There are many benefits to such an arrangement: an existing organization can provide needed structure, support and even sometimes paid staff time to a market that is just starting up. These relationships are usually temporary, with markets spinning off to form their own organizational structures when they are ready that can better meet the specific needs of the market and its stakeholders.

Specifically, if a farmers market affiliates with another organization in order to receive grants or donations through that organization, the other organization is called a fiscal sponsor. The market becomes the fiscal sponsee. Most often, markets utilize a fiscal sponsor that has IRS 501(c)(3) charitable status in order to apply for grants, because that type of organization is eligible for most types of grant funding. According to the Internal Revenue Service, “As an alternative to applying for [tax] exemption, an organization may obtain many of the benefits of 501(c)(3) status by affiliating with an existing charity that acts as its agent. It is important to note that the existing charity must be given full control and authority over the program.”

The fiscal sponsor’s leadership (i.e. its Board of Directors) assumes legal and fiscal responsibility for how funds are spent by the sponsee. The fiscal sponsor may exercise a lot of control of the funded project or may exercise very little control – it depends on the particular agreement that the market has with the fiscal sponsor.

A farmers market might want to find a fiscal sponsor if it…

- Is a small or very new organization and doesn’t have the capacity to manage the accounting and reporting needed to properly administer grant funds.
- Does not currently have the time and manpower to file its own business paperwork and its own IRS application for nonprofit status
- Needs to begin soliciting grants and donations or hiring employees immediately, before tax-exemption paperwork can be processed
- Is starting on a trial basis, and may or may not continue next year
### Pros and Cons of Using a Nonprofit Fiscal Sponsor (FS)

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• FS provides accounting services</td>
<td>• Market leaders, staff etc. may not have immediate access to accounting statements, financial information etc.</td>
</tr>
<tr>
<td>• Market can apply for grants without going through difficult IRS nonprofit paperwork (if FS is a 501(c)(3))</td>
<td>• FS may charge an admin fee for managing funds</td>
</tr>
<tr>
<td>• FS’s insurance policy may cover the market (ask about this)</td>
<td>• Applying for grants may take longer because the market must seek FS’s approval on proposals and ask FS for required documents</td>
</tr>
<tr>
<td>• FS may be able to hire employees for the market, without the market having its own workers comp, unemployment insurance, etc.</td>
<td>• FS could challenge authority of existing market leadership or try to influence its decisions, particularly with regard to projects for which it is serving as an FS</td>
</tr>
<tr>
<td>• FS files all annual tax information</td>
<td>• FS could go bankrupt, change leadership, or decide it no longer wants to be a fiscal sponsor</td>
</tr>
<tr>
<td>• FS may be able to provide experienced advice on grant writing, strategic planning, etc.</td>
<td></td>
</tr>
<tr>
<td>• FS can become “bought in” to the success of the market and be more likely to help the market in other matters.</td>
<td></td>
</tr>
</tbody>
</table>

Creating a written, signed agreement with your fiscal sponsor is strongly recommended, and can help avoid some of the “cons” listed above. Many templates are available on the Internet, but you should consult with your legal advisor in developing an agreement that works for you. (One editable template, from North Sky Nonprofit Network, can be found at [http://www.northskynonprofitnetwork.org/resource-center/fiscal-sponsorship-agreement](http://www.northskynonprofitnetwork.org/resource-center/fiscal-sponsorship-agreement)).

The IRS recognizes six types of fiscal sponsorship arrangement: Direct Project, Independent Contractor Project, Pre-Approved Grant Relationship, Group Exemption, Supporting Organization, and Technical Assistance. Before entering a fiscal sponsorship arrangement, you and the sponsor should agree on which type(s) of sponsorship fit your needs. (Read more about the types of fiscal sponsorship by visiting www.boardsource.org -- go to the Learning Center & Store → Community Resources section and look for “101 Board Basics: Fiscal Sponsorship.”) For a farmers market that already has its own leadership and volunteers, a Pre-Approved Grant Relationship might work well. A market that is new and will be managed directly by an existing organization might be a Direct Project.

The following are examples of organizations that might act as fiscal sponsors:

- Churches
- County Economic Development Authorities
- Community and Technical Colleges
- Local (and state) charities
- County Extension Offices (limitations apply because Extension offices are part of a larger university system; check with your local Extension agent to learn more)

If you are talking to potential fiscal sponsors, here are some things to look for:
• Are they registered with IRS as a 501(c)(3) charitable nonprofit? If you want to apply for grants, this is important.
• Are they enthusiastic about being a fiscal sponsor, and does the market fit in with the sponsor’s organizational mission or goals?
• Do they care about the mission of the farmers market?
• Do they have a good bookkeeper and a reliable accounting system?
• Have they received grants in the past and managed them well?
• Do they have employees? If the market wanted to hire an employee, and to cover benefits and workers comp, would that be an option through this organization?
• Are they likely to respect the existing leadership/structure/mission that the market has, or will they make changes? (And is this a problem?)
• Will they be able to give the market the attention it needs – for example, provide information quickly, work closely with the market on grant submissions, meet with market managers to discuss protocols, etc.?
• Will they charge an administrative fee (often 10%) for managing the market’s finances? (If so, you must make sure that this is allowed in the grants you apply for)

Some great guidance on working with fiscal sponsors is available via the National Council of Nonprofits: http://www.councilofnonprofits.org/fiscal-sponsorship-resources.

Registering your own entity

If you plan to operate as a for-profit, you probably cannot use a fiscal sponsor. You should register your own business entity. (A for-profit farmers market could also be a subsidiary of an existing for-profit company, but we are not going to cover that scenario here.)

If you plan to operate as a nonprofit, registering your own business entity may make sense if you:
• Strongly value the farmers market’s ability to have its own leadership.
• Can recruit enough dedicated, skilled people for a Board of Directors who will monitor the market’s finances and take legal responsibility
• Don’t need to accept grants and charitable donations, but want to open a bank account and conduct business (Note: you will need to file taxes.)
• Want to accept grants and charitable donations, and are willing to complete the complicated IRS paperwork required.

For more information about registering a new business entity, read on.
WILL WE OPERATE AS A NONPROFIT OR A FOR-PROFIT?

Nonprofits and for-profits can both be structured in a variety of ways. There are some key differences between being a tax-exempt nonprofit and being a for-profit:

<table>
<thead>
<tr>
<th>Tax-exempt nonprofit</th>
<th>For-profit:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No one can take profit home; if there is profit it must go back into the business operations</td>
<td>• Owners can take profit home in addition to salaries</td>
</tr>
<tr>
<td>• Usually governed by a Board of Directors who promote and oversee its mission</td>
<td>• Could be governed by only one or two people, or by a Board of Directors, depending on structure</td>
</tr>
<tr>
<td>• May have the option to be set up to receive grants and tax-deductible donations (must file IRS paperwork and be audited regularly to ensure compliance)</td>
<td>• Cannot receive most types of grants (with some exceptions) and cannot accept tax-deductible donations</td>
</tr>
<tr>
<td>• Does not pay sales tax or income taxes for exempt activities (but does pay employment taxes)</td>
<td>• Must pay sales and business taxes</td>
</tr>
<tr>
<td>• Tendency to be grant and donation dependent</td>
<td>• Must be self-sustaining without outside infusion of cash, or will eventually go out of businesses</td>
</tr>
</tbody>
</table>

More about nonprofits

Grants, fundraising, and not having to pay taxes are usually farmers markets’ chief reasons for becoming nonprofits. Grants are available for a variety of types of business entities, but a 501(c)(3) tax-exempt nonprofit is eligible to receive more kinds of grants (such as private foundation grants) than other entities. There are other kinds of tax-exempt nonprofits, but they do not have as many fundraising options. Not all nonprofits are eligible to become 501(c)(3) organizations.

Forming a tax-exempt nonprofit involves two steps: (1) filing paperwork with the WV Secretary of State (WVSOS) to become a nonprofit business entity and (2) filing an application with the Internal Revenue Service (IRS) to confirm your tax-exempt status within 27 months of the business formation date. This can be a lengthy and complicated process, and IRS approval for 501(c)(3) nonprofits it can currently take as long as 16 months, which is why some nonprofit-minded organizations choose to use a fiscal sponsor or not to apply for tax-exempt status at all. Remember, the fastest, easiest way to start operating as a tax-exempt nonprofit is to partner with one that already exists. See more info in the previous section.

Kinds of tax-exempt nonprofits

Note: being tax-exempt means that your organization itself will be exempt from paying sales tax, income tax, or most other taxes except employment tax. However, it does not exempt your farmers market vendors from any taxes. Vendors are still subject to state law regarding income and sales tax -- contact the State Tax Department for details.

There are several types of tax-exempt nonprofit designations recognized by the IRS. The ones most likely to apply to farmers markets include:
Details about the application process and requirements for each type of organization can also be found IRS Publication 557 and at http://www.irs.gov/Charities-&-Non-Profits/Types-of-Tax-Exempt-Organizations. A useful handout from the Farmers Market Coalition, comparing each designation from a farmers market perspective, can be viewed at http://farmersmarketcoalition.org/resource/farmers-market-tax-status-handout/.

For farmers markets, choosing the correct tax-exempt status can be confusing. It should be noted that while all four designations are exempt from paying most kinds of taxes, only 501(c)(3) charitable nonprofits can accept tax-deductible donations. This type of nonprofit is also the type most commonly eligible for grants. All four tax-exempt statuses are used by farmers markets across the country, but according to a national survey by the Farmers Market Coalition, the 501(c)(3) structure is the most common choice.

To complicate matters further, in a ruling in 2008, the IRS determined that farmers markets are not eligible for 501(c)(3) status if their primary activity is to provide benefit to vendors. As explained by L. Leon Geiger of Virginia Cooperative Extension,

_The regulations require an organization to show that it is not organized or operated for private interests in order to be exempt under section 501(c)(3) of the Code. When a group of individuals associate to provide a service for themselves, they are serving a private interest. Where a farmers market’s primary activity is providing a location for members to sell goods and promotion of their sales activity, ninety percent of your funding comes from those same individuals, and all or most of the directors are vendors at the market and personally benefit from your operation, the market is not a tax exempt organization according to the IRS. These facts demonstrate that the market provides a substantial private benefit to the farmers market members._

Even still, some organizations that were created to host farmers markets since 2008 have been able to obtain 501(c)(3) status. This was probably because they showed that their organizations would serve eligible purposes other than benefitting vendors, such as: public education, poverty relief, and combating neighborhood tensions or community deterioration. In the “Farmers Market Guide to Nonprofit Incorporation,” Michael Siegel, Esq. suggests giving your organization a name that does not have “Farmers Market” in it and trying to avoid the words “farmers market” on a 501(c)(3) application or incorporation paperwork. He suggests that the organizational mission should focus on the community educational services that the market provides, such as:

- Generating interest in locally produced foods and producers
- Providing the public with information about what local farm products are, how to use them, how to access them
- Teaching about how local food is grown and how it compares to other food
- Giving out growing advice, lessons, and tips
- Preparing educational materials to encourage use of locally produced foods
- Giving cooking, handling and purchasing lessons

Mr. Siegel’s detailed guide is available at http://nyfarmersmarket.com/ under Resources → Resources for Market Managers.
In West Virginia, the Morgan County Association for Food and Farms (MCAFF) is an example of an organization that hosts a farmers market and recently achieved 501 (c)(3) status, because the organization’s mission includes other community services beyond the farmers market. To have their application accepted by the IRS, MCAFF had to provide financial projections to the IRS showing that their future budget would not be dependent on farmers market vendor fees. Their bylaws are in Appendix F.

**Nonprofits that don’t file for tax-exempt status**

A nonprofit organization that meets the criteria for a 501(c)(3) charitable nonprofit, but receives no more than $5,000 in gross receipts per year, can behave like a 501(c)(3) without formally applying to be one. This applies to any organization structured as a nonprofit, including nonprofit corporations, unincorporated nonprofits, and nonprofit associations. If the activities of the organization are fairly simple, or of the organization has a fiscal sponsor that can accept larger grants on its behalf, this may be an acceptable way to do business. Such an organization can form contracts, hold its own bank account, purchase insurance policies, accept small donations, and even manage larger grants through a fiscal sponsor, all without having formal tax-exempt status.

However, if you are operating as a nonprofit and are receiving more than $5,000 per year, you are required to file with the IRS for tax-exempt status.

**More about for-profits**

While most West Virginia farmers markets choose to operate as nonprofits, some choose to become for-profit corporations or LLCs. One reason for this might be values: the owners want their market to be self-sustaining without grants or donations. In some cases, especially when there is a possibility of direct competition with other small businesses in the area, a program may be viewed more favorably if it is structured as a for-profit. This eliminates the perception that the program has an unfair advantage over other small businesses because of grants. Traditional tailgate markets usually don’t draw a lot of criticism from the business community for unfair competition, but more complex marketing models (such as enclosed retail markets, online markets, or local food wholesale businesses) sometimes do.

For-profits may not have as many fundraising options as nonprofits, but they can apply for loans and solicit investors, and can get help from agencies like the Small Business Administration. For-profits often have to work harder than nonprofits to raise startup capital and maintain cash flow to pay their bills. But at the end of the day, if the market is profitable, the owners can enjoy the profits.

It’s important to note that organizations structured as nonprofits, but without IRS tax-exempt nonprofit status, are treated quite a bit like for-profits in terms of tax requirements. They do still have to file taxes.

Knowing whether you will be a nonprofit or a for-profit may help you to choose a business structure – see next section.

**WHICH BUSINESS STRUCTURE SUITS US BEST?**

According to the WV Secretary of State’s website, there are eleven different business structures available under WV law. You will need to choose one in order to register your business entity with the WV Secretary of State’s office. A list of the available structures, with descriptions, can be viewed at http://www.sos.wv.gov/business-licensing/business/Pages/businessstructure.aspx.

A very good general guide to choosing a business structure is available at:
The following chart shows some West Virginia common business structures used for farmers markets, and basic characteristics:

### Some Types of West Virginia Business Structures

<table>
<thead>
<tr>
<th></th>
<th>Can be it for-profit?</th>
<th>Can it be nonprofit?</th>
<th>Can receive IRS tax-exempt nonprofit status?</th>
<th>Owners / board members protected from personal liability?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation</td>
<td>X</td>
<td>X</td>
<td>Yes</td>
<td>X</td>
</tr>
<tr>
<td>Voluntary Association</td>
<td>X</td>
<td>X</td>
<td>Yes, but not recommended</td>
<td></td>
</tr>
<tr>
<td>Unincorporated Nonprofit</td>
<td>X</td>
<td>X</td>
<td>Yes, but not recommended</td>
<td></td>
</tr>
<tr>
<td>Limited Liability Company</td>
<td>X</td>
<td>No</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Cooperative</td>
<td>X</td>
<td>No, but may be exempted from income tax if certain criteria are met</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

For farmers markets, corporations are often favored because of the liability protections offered to board members. While a corporation can be sued, the individual board members and employees cannot be held personally liable, as long as the board attempts to act responsibly, legally, and ethically. This means the board members’ personal assets are protected in the case of a lawsuit. However, it’s still a good idea to purchase Directors & Operators (D&O) insurance to protect the organization and its board members.

If you plan on registering as a nonprofit and applying for tax-exempt status with the IRS, forming a corporation goes hand-in-hand with that process. Technically, IRS says that corporations and unincorporated nonprofits can both file for tax exemption. However, as one author puts it, “practically speaking, the group may want to seriously consider incorporating at that point especially because the IRS will want to see certain documents even if not required by state law (for instance, organizing documents), and will also be checking for common governance issues such as compensation practices and conflict of interest procedures.”

The WV Secretary of State's office is available at (304) 558-8000 to answer questions about each business structure and how to complete the registration application, but they cannot advise you which structure to choose. If you have questions about which business structure is the right one for you, see the “Still Need Help?” section later in this chapter.

**A word about cooperatives**

A cooperative is a business or organization owned by and operated for the benefit of those using its services. Profits and earnings generated by the cooperative are distributed among the members, also known as user-owners. Agricultural marketing organizations may choose to structure themselves as cooperatives for a variety of reasons. Often, it is because an entire group of farmers want to have direct control over the activities of the organization, or because the activities of the organization may generate profit which the members wish to split among all of them. A cooperative business structure is probably not necessary for the operations of an ordinary farmers market, but it may be useful if a group of farmers wishes to share ownership of other business activities that are more complex or more profitable, such as wholesaling produce collectively to restaurants or institutions.
While “Cooperative” is not listed as one of the business structure options on the WV Secretary of State’s website, their office confirms that you can now form a producer cooperative in the state of West Virginia. To file, a cooperative must meet the requirements dictated by state law and must have at least three “producer” (farmer) incorporators listed on its application. (To view State Code on the formation of cooperatives, visit www.legis.state.wv.us/WVCODE/Code.cfm and search for Article 19-4). Contact the WV Secretary of State’s office for details on how to file as a cooperative.

It is also possible to operate in ways similar to a cooperative, but to use a different type of business entity, such as an LLC or nonprofit structure. These structures are flexible enough to establish a business that operates on cooperative principles. Tax law, governance considerations, financing, liability, and employment law would all influence the decision whether to incorporate as a producer cooperative in West Virginia, or choose another business form. One important difference between a nonprofit and a cooperative is that if the entity itself makes a profit, a nonprofit organization cannot distribute the profit among the members, but a cooperative can. On the other hand, although cooperatives are eligible for a number of grant programs, a tax-exempt nonprofit is eligible for many more.

If your farmers market wishes to operate as a cooperative for reasons of shared ownership, then you may want to consider a multi-stakeholder cooperative model, which means that farmers, consumers, and other market supporters can be equal member-owners of the market.

For more information about the differences among business structures, including the movement to build multi-stakeholder cooperatives in West Virginia, contact the WV Food & Farm Coalition: www.wvfoodandfarm.org. A toolkit on the options for cooperative formation in WV is available from the WV Food and Farm Coalition at http://wvhub.org/sites/default/files/Cooperatives%20toolkit.doc. For information about seed grants for cooperatives, how to write bylaws and other governing documents, and other resources, contact the Ohio Cooperative Development Center: http://ocdc.osu.edu/.

**FILING YOUR ORGANIZATIONAL PAPERWORK**

If you have explored your options and decided to form a business entity, you will need to file information in several places.

**State filings**

First, you will file your business registration application, which is done on the website of the WV Secretary of State. Even if you are not yet ready to file, we recommend starting early by creating an account on the WVSOS website: https://www.business4wv.com/b4wvpublic/

There, you can begin clicking through and looking at the questions. In Appendix G we have provided a sample of some questions that a nonprofit corporation had to answer while completing its application. However, questions will vary based on the specifics of your business structure, so it is best to log in and view the questions yourself.

If you use this website, it will take you through all the steps needed to complete the necessary paperwork for the:
- WV State Business License, through the Secretary of State’s office
- WV State Tax Department registration
- WV Workers Compensation Division (Doesn’t apply to all business models, but paperwork required for everyone, regardless)
- Also, it will link you to the FEIN website (see more below in the “federal Filing” section
We recommend that markets use this website, as it greatly simplifies the filing process. If you do not utilize this website, you will need to request and submit paperwork separately for all 3 of the WV agencies listed above.

**Federal filings**

Make sure that you apply online for a federal Employer Identification Number (EIN) at [https://www.applygov.us/tax-id/index.php](https://www.applygov.us/tax-id/index.php). This is a short and simple process, but it requires having some important information on hand, and the information you supply should match what you plan to submit in your business registration application. (Note: If you use the website listed above for the state filings, you will be directed to this page as part of the filing process.)

If you have opted to become a **federally recognized** nonprofit, you will need to file with the Internal Revenue Service. This paperwork is submitted after registering with the WV Secretary of State’s office:

- If you choose to file for a 501(c)(4), (c)(5) or (c)(6) designation, you will fill out Form 1024 with the IRS. Get started at [http://www.irs.gov/Charities-&-Non-Profits](http://www.irs.gov/Charities-&-Non-Profits).

- Filing for 501(c)(3) status requires filling out IRS Form 1023, and submitting a set of attachments which includes Articles of Incorporation, organizational bylaws, and information about your board of directors and your fundraising plans, all of which must comply with the IRS’s requirements for 501(c)(3) status. Make sure that you have approved bylaws and an organizational management structure in place prior to filing. (See the next section for guidance on writing bylaws.) In 2014, the filing fee was $850. In July 2014 the IRS launched an abbreviated version of the form, Form 1023-EZ, which is intended for small organizations with gross annual receipts of less than $50,000 and assets of less than $250,000. It is hoped that the new form will make it easier for small community organizations to obtain charitable nonprofit status.

Be sure to read the “Kinds of tax-exempt nonprofits” section earlier in this chapter before filing IRS paperwork. Also, BoardSource has published a brief but excellent overview on the entire process of starting a 501(c)(3) nonprofit, including answers to frequently asked questions, titled “101 Board Basics: Starting a Nonprofit FAQs.” It can be downloaded for free at [www.boardsource.com](http://www.boardsource.com) in the Learning Center & Store, under Community Resources.

**Other paperwork and licenses for nonprofits**

Once your federal tax-exempt status is granted, independent charitable organizations collecting less than $1 million per year, but more than $25,000 per year, must register with the West Virginia Secretary of State’s office annually. In 2014, the registration fee was $15. You only need to do this once your organization (excluding your fiscal sponsor if you have one) begins soliciting grants and donations. If an organization begins as exempt under this provision, but actually receives more than $25,000 within the calendar year, the organization must register within thirty days after that total is reached. Info on registering is at [http://www.sos.wv.gov/business-licensing/charities](http://www.sos.wv.gov/business-licensing/charities).

**STILL NEED HELP?**

If you are unsure about which structure is the best fit for your market’s business model, or need general help with your application and business formation, you should speak with a legal advisor, ideally one who is willing to provide pro-bono assistance.
For help with your entire business registration process and/or application for tax-exempt status, you can also contact the Entrepreneurship & Innovation Law Clinic at WVU College of Law to apply for pro-bono legal consulting. Contact information and an intake form requesting legal services can be downloaded at http://law.wvu.edu/clinics/entrepreneurship. Note that this clinic operates on a school-year schedule and services clients from all over the state, so there may be a waiting period before your request can be serviced.
SETTING UP GOVERNANCE
BYLAWS

Regardless of its structure, your farmers market should have bylaws. Bylaws define the legal structure for your farmers market. They define your leadership and decision making processes. According to the Northeast Organic Farming Association of Vermont, key items address by market bylaws usually include:

- How many people will be on your board of directors;
- How often your membership will meet;
- Who is a member;
- Language reflecting guiding philosophy and key elements to your market;
- Role of the manager.

Bylaws can be difficult to legally amend, so if there are aspects of your governance that may change over time, it is best to address those items in policy documents or rules documents that are easier to modify.

A more detailed outline of bylaws is provided by the Farmers Market Federation of New York:

Elements of Nonprofit Corporate By-laws
1. Organizational Name
2. Nonprofit purpose/goals of the organization
3. Membership
   a. Definition
   b. Rights and responsibilities
4. Board of Directors
   a. Eligibility
   b. Terms
   c. Rights and responsibilities
5. Officers
   a. Define positions
   b. Duties
6. Committees
   a. Standing
   b. Ad hoc
7. Operations of the organization
8. Amendments
   a. Procedure
9. Termination of organization
   a. Maintaining nonprofit continuity

The easiest way to create bylaws is to start with a set of bylaws from an organization similar to yours, and modify them to fit your own market’s needs and situation. Just make sure that they are a good fit for your needs. If your farmers market organization does nothing else but run a farmers market, then you should borrow bylaws from another organization that does only that. If your organization runs other programs or local food-related activities in addition to a farmers market, you should borrow bylaws from a similar organization. If you are planning to structure yourself as a corporation and file for tax-exempt nonprofit status, look for bylaws from an organization that has structured itself the same way, rather than borrowing them from a less formal organization. A sample set of bylaws from a 501(c)(3) nonprofit organization that manages a farmers market is in Appendix F.
Bear in mind that if you plan to file for tax-exempt nonprofit status, you may need to write or amend your bylaws to include certain pieces of language that are required for tax-exempt nonprofits. Consult the Internal Revenue Service or a legal advisor to learn more about this.

RULES

Market rules govern daily market operations. They are usually drafted by a market manager or Board of Directors, but reviewed and agreed upon by the vendor base before going into effect. According to the Farmers Market Federation of New York, the farmers market rules should include:16

- A mission statement for the market
- Who can sell in the market
- What products may be sold in the market (including a definition of the term “local”), including whether farmers can purchase for resale, how much, and under what conditions
- An application and crop plan requirement that ensures the market has production and marketing information for each vendor
- Standards of vendor behavior
- Market operations information, including season, times of operation, rents, application and space assignment procedures, etc.

A helpful and detailed guide to creating farmers market rules, with examples from several markets, can be found at http://www.nyfarmersmarket.com/pdf_files/fmrulereg.pdf.

MEMBERSHIP

If your farmers market intends to have members, it is important to think up-front about the rights, responsibilities, and decision-making roles that your members will have. You will need to decide what the qualifications for membership will be, and how members will participate. For example, will your members be exclusively vendors, or will you also allow customers or other stakeholders to join? What role in decision-making will they have once they join: will they elect a board of directors to make decisions, participate directly in decision-making, or simply gain the right to sell at the farmers market? What will be the cost of membership? These questions relate closely to your organizational structure and bylaws, so while you are choosing a structure, you should think about how you want to involve members.

All vendors and/or members should be required to fill out an application when joining the market and when renewing their membership. The application should include basic contact information, farm information (if applicable), and an agreement to abide by market rules. You might also ask members about their interest in specific volunteer opportunities, or ask vendors to fill out a calendar showing what products they will have and when. Members should also be made aware of their rights and responsibilities, as well as the rules and bylaws of the market, when they join and when they renew their annual membership.
BUILDING A BOARD OF DIRECTORS
Most types of organizations, with the exception of LLCs and similar companies, are required to have a Board of Directors. The Board assumes legal and ethical responsibility for the actions of the organization. It provides oversight of the activities of the organization and its staff (if there is staff), ensuring that goals are met and ethical standards are followed.

**MAJOR DUTIES OF BOARD OF DIRECTORS**

Brenda Hanlon, in *In Boards We Trust*, suggests the following duties for boards of directors (modified by author Carter MacNamara to apply to both nonprofits and for-profits): 17

1. **Provide continuity for the organization** by setting up a corporation or legal existence, and to represent the organization’s point of view through interpretation of its products and services, and advocacy for them

2. **Select and appoint a chief executive** to whom responsibility for the administration of the organization is delegated, including:
   - to review and evaluate his/her performance regularly on the basis of a specific job description, including executive relations with the board, leadership in the organization, in product/service/program planning and implementation, and in management of the organization and its personnel
   - to offer administrative guidance and determine whether to retain or dismiss the executive

3. **Govern the organization by broad policies and objectives**, formulated and agreed upon by the chief executive and employees, including to assign priorities and ensure the organization’s capacity to carry out products/services/programs by continually reviewing its work

4. **Acquire sufficient resources for the organization’s operations** and to finance the products/services/programs adequately

5. **Account to the stockholders (in the case of a for-profit) or public (in the case of a nonprofit) for the products and services of the organization and expenditures** of its funds, including:
   - to provide for fiscal accountability, approve the budget, and formulate policies related to contracts from public or private resources
   - to accept responsibility for all conditions and policies attached to new, innovative, or experimental products/services/programs.

In nonprofits, farmers market board members should plan to do some grunt work. Every organization has its own expectations for its board members, but if your market does not have a paid market manager, the board may be intimately involved in the market’s day-to-day operations. If you have a manager, the board may focus on bigger-picture duties that the manager doesn’t have time to do, such as fundraising, marketing in the community, or relationship development with partners and government officials.

It’s a good idea to write a *board member job description* listing what you expect from your board. The job description can be shown to people who you want to recruit as board members, so that they know what they’re getting into. The job description can also double as a *board member agreement* that new members sign, agreeing that they will fulfill their duties. A sample is shown in Appendix H.

A Board also must have officers: a President, Vice President, Secretary and Treasurer. These individuals will have duties specific to their office, and should be given a job description that reflects their duties.
FINDING THE RIGHT BOARD MEMBERS

It’s a good idea to think about the diversity of skills and personal qualities you need on your Board of Directors. For example, if you have a lawyer on your board, it could save the market from having to pay for basic legal advice; if you have someone with social media experience, it could save a lot of time and energy in marketing. You also want to have a good mix of idea people, details people, people people, listeners, facilitators, and so on.

Since farmers markets are community organizations that serve a diverse constituency, recruiting board members from diverse backgrounds is important as well. Having racial diversity on your board can provide the perspective necessary to make sure that the market is serving the whole community. Age diversity can help provide the right mixture of energy and experience among your volunteers.

To help you think about diversifying your board member assets, backgrounds and skills, a board member recruitment matrix is provided in Appendix I.

LEARNING TO BE A GREAT BOARD

There are plenty of educational and training resources out there to help board members prepare for their duties. Helpful web sites include:

**Boardsource** ([www.boardsource.com](http://www.boardsource.com)) is considered one of the definitive sources for best practices in nonprofit governance. It has many free trainings and publications, including a series of “101” guides in the Community Resources section.

**Free Management Library: All About Boards of Directors** ([http://managementhelp.org/boards/](http://managementhelp.org/boards/)) offers a comprehensive guide to board responsibilities and operations organized by topic.

**Compass Point** ([http://www.compasspoint.org](http://www.compasspoint.org)) includes an interactive “virtual conference” training for new board members, templates for planning and budgeting, and may other resources.

WV-based conferences and events that provide training in nonprofit oversight, and other useful training for nonprofit board members, include:

- Faces of Leadership annual conferences hosted by Volunteer WV (see [http://www.volunteerwv.org](http://www.volunteerwv.org))
- West Virginia Small Farms Conference (especially WVFMA training track – see [http://smallfarmcenter.ext.wvu.edu/conference](http://smallfarmcenter.ext.wvu.edu/conference))
- West Virginia Community Development Hub events and Standards for Excellence program (see [www.wvhub.org](http://www.wvhub.org) for details)

COMMITTEES

Some markets, and most nonprofit organizations, form committees to handle various aspects of operations. Committees can be handy for addressing issues that need more research, discussion, thought and care than the board is able to handle efficiently during its meetings. They are also a way of making sure that one or two individuals do not get saddled with all the work of running the market. Committees led by Board members can
have other members who are volunteers from outside the board, if your market’s bylaw allow for this. So, they can be a good way to engage volunteers whose skills you might not be able to use otherwise.

The Farmers Market Federation of New York suggests the following committees for farmers market organizations:

- Site selection/on-site management
- Market organizational framework/organizational by-laws
- Market rules
- Marketing; including advertising, promotions, outreach and events planning
- Farmer recruitment
- Financial – budgeting and fundraising

Committees can be a great way to get things done, but should be handled with care. If your market is located in a small town or is brand-new, you may only have a few people involved. You may find that it is confusing to try to split an already small group into too many committees, and is more efficient to make most decisions as a whole group. You also may find that if you don’t have a good leadership structure already in place, it is hard to hold your committees accountable.

To avoid these issues, here are some tips:

- **It’s ok to form committees only as the need the committee becomes apparent** – for example, detailed research or outreach is needed, a detailed proposed plan is needed, a problem proves too complicated to solve with 30 minutes of discussion, etc. A committee can be “standing” (existing indefinitely) or “ad hoc” (prepared to disband once its task is finished).
- **Empower committee chairs to recruit members.** Bringing in additional energy expertise from the community is a good thing.
- **Set concrete objectives, with dates.** Committee objectives should be decided at board meetings and included in the minutes, which should be sent out promptly to remind each committee of what they agreed to do. Each committee should be asked to report back on its accomplishments at every board meeting.
- **The success of the committee comes from its chair.** All committees need a chair or “point person” to make sure the work gets done. Without a chair committed to completing tasks on time, the committee is worthless, and members may become disinterested in the organization as a whole. The chair also needs to be a good meeting leader, someone who listens and involves committee members, and takes action. If you don’t have a good chair, don’t form a committee – find another way to get the work done, like delegating it to one reliable volunteer or hiring someone to do it.
- **Make sure the committee reports back to the board or leadership.** If a committee gets too engaged, it can run away with its project, leaving the market’s official leadership in the dust. Make sure committees check in with the Board of Directors before moving forward with important decisions or activities.
- **Discuss committee structure annually.** Certain ad-hoc committees may need to be “sundowned” or disbanded once their projects are finished. Some committees may need help in restructuring their mission, meeting schedule or activities in order to be more effective. The need for new committees may be identified. This process should be tied to the goals set each year through your market’s strategic planning process.
FUNDING THE MARKET
This section overviews possible sources of funds to operate a farmers market, how to pursue them, and how to choose which are the best fit for your market.

**EVALUATING SOURCES OF REVENUE**

Not all sources of revenue for farmers market operations are created equal – some are small, some are big, some are reliable, some are not. On their own, farmers markets in smaller communities are usually not big generators of revenue, which is why many rely on sponsorships, donations, and grants to operate. Small vendors are limited in the fees they can pay, and the base of customers and donors may be limited. However, as marketumbrella.org, advises, “**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.”

The key to staying afloat is knowing how much it costs to run the most basic operations of your market, and making sure that your most reliable revenue streams (for example vendor fees, regularly scheduled fundraising events, and your most reliable sponsorships or donations) are enough to cover your core operating budget. Grants can then be used for additional activities and marketing, educational programs, facility or equipment purchases, and staffing that could be eliminated in an emergency situation. That way, if grants run out, you can be sure that the market will continue operating at a basic level.

Remember that farmers markets provide an important service to multiple members of the community – vendors, customers, local business owners. It is reasonable to expect farmers and community members to pay something for that value. Both nonprofits and for-profits can earn revenue through fees charged, merchandise sold, ticketed events, and services provided. This kind of revenue should be a part of your budget.

An overview of some different sources of revenue for farmers markets, including pros and cons, is provided on the next page. The rest of this section provides additional information on each source of revenue.
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Description</th>
<th>Who can do it</th>
<th>Funding potential</th>
<th>Good for…</th>
<th>What you need:</th>
<th>Pros</th>
<th>Cons</th>
</tr>
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| **In-Kind Gifts**      | Goods or services offered by volunteers and partners, e.g. mailing services from an Extension office, food donated for an event, $1 lease on shade structure) | Nonprofits sometimes for-profits (esp. if perceived as socially positive)     | Non-monetary donation     | Meeting needs that might otherwise require staff, purchases, rent, etc. | • List of in-kind needs  
• Way to publicize needs                        | Reduces need for other fundraising. No need to handle donation money, deal with paperwork, etc. Easier to ask for than money. | Donated goods or services may not be exactly what you need.  
May need to chase down donors or volunteers to make sure they follow through (esp. with services). |
| **Vendor fees or commissions** | Annual, monthly or daily fees charged to vendors. May be flat, % of sales, or both. | Nonprofits AND for-profits                                                      | $                         | Basic operations (insurance, rental, staff, utilities)         | • Buy-in of vendors  
• Means of collecting fees and tracking payment | Reliable income. Revenues are unrestricted -- can pay for whatever the market needs. | Vendors may be unable to pay full cost of basic operations;  
may need to supplement with other $ |
| **Merchandise sales**  | Sales of t-shirts, tote bags, stickers, etc. Nonprofits must request a “donation” for merchandise items. | Nonprofits AND for-profits                                                      | $                         | Basic operations, special programs (EBT, education)                | • Willingness to market & sell  
• Good products or services to sell  
• Cash to buy items             | Branded items raise market visibility, increase customer dedication. Revenues are unrestricted. | Need logo and design. Risky - unsold inventory ties up cash until sold. “Profit” margin may be small after expense of producing item – be sure to price high enough. |
| **Friends of the Market campaign** | Donation drive inviting market supporters to donate annually in exchange for certain benefits (newsletter, merchandise, events) | Nonprofits, for-profits if offering member services for a fee                  | $                         | Basic operations, special programs                                 | • Dedicated customers  
• Good reputation  
• Good database  
• Benefits for members  
• Time to track renewals and send reminders | Increases customer dedication to market and encourages reliable, repeat donations. Revenues unrestricted. | Time consuming to remind donors to renew membership and to handle donations. (Using Paypal and mass emails can save time.) Providing member benefits is time consuming. Should make a budget. |
| **Individual donations** | Donation jars at the farmers market table, raffle tickets sold at market or events, misc. donation checks, online Paypal donations | Nonprofits                                                                   | $                         | Basic operations, special programs                                 | • Dedicated customers  
• Good reputation  
• 501(c)(3) status for donations to be tax deductible | Requires little effort to create as many opportunities as possible 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. Or, events where attendees spend money, such as silent auctions or ticketed food tastings. | Nonprofits AND for-profits                                                      | $                         | Basic operations, special programs, infrastructure                   | • Volunteers and/or staff who have time & event experience  
• Cash or in-kind for event costs  
• Good mailing lists / news media relations | Builds support, raises public awareness, fun! Revenues usually unrestricted. | Very time consuming to organize. Risky – may not make a “profit.” Should make event budget so you can control costs. |
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| Sponsorships   | Charitable contributions provided by a local business, nonprofit, or local government | Nonprofits | $$ | Basic operations, special programs, infrastructure | • Credibility  
• Persuasive pitch  
• Ways to publicly thank sponsors | Easy. Larger than donations from individuals. Revenues often unrestricted. | May need to put logo of sponsors on your materials. Affiliations may affect your public image. |
| Crowdfunding campaign | Online fundraising campaigns through platforms like Kickstarter, indiegogo and Fundly. | Nonprofits AND for-profits | $$ | Special programs, infrastructure | • REALLY good online presence (Facebook, Twitter, email lists)  
• Many supporters  
• Time to promote  
• Depending on platform, may 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. |
| Grants         | Financial award to advance a specific purpose, usually requiring a written application and reporting. Types include foundation, corporate, federal and state. | Nonprofits, sometimes for-profits | $$$ | Special programs, infrastructure | • Credibility  
• Research capacity  
• Grantwriting ability  
• Accounting system  
• Reporting capacity | Larger sums. Can help build partnerships with grant partners. | Usually restricted to specific expenses and activities. Not reliable from year to year. Application process, reporting and management may be burdensome. |
| Investors / Shareholders | For-profit corporations and cooperatives can take on investors, who own a portion of the company and receive a dividend of profits. Individual arrangements vary. | For-profits | $$$ | Expansions that require capital and will ultimately generate more revenue, e.g. construction | • Business structure allowing investors  
• Investors who care about your market, not just its profits  
• Expectation of profitability  
• Good investor communication | Quick infusion of cash. Investors may also become advisors, similar to board members. Community ownership of market. | Assumes that the business will eventually make a profit. Investors may pressure decisions based on profitability. Investors may "cash out" at any 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 CDFIs like Natural Capital Investment Fund, and microloans or peer-to-peer lending from platforms like Kiva.com. | Nonprofits AND for-profits | $$$ but must be paid back | Expansions that require capital and will ultimately generate more revenue, e.g. construction | • Detailed financial statements (except possibly for microloans or peer-to-peer lending)  
• Financial stability & 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. |
IN-KIND GIFTS

In-kind gifts, i.e. non-cash goods and services donated by partners or volunteers, are a great way to get the job done without having to handle money. Because handling money requires accounting, reporting, a business structure, and maintaining tax records, handling money is expensive. Before putting an expense on your budget, always ask yourself: would it be cheaper (in terms of the time investment needed 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 market’s 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 at http://managementhelp.org/staffing/volunteers.htm. The Farmers Market Federation of New York also posts volunteer management information at http://nyfarmersmarket.com/ in their Resources section.

Tracking the 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, i.e. how much money your organization will raise in addition to the grant. In-kind contributions can often count as match. Try to keep records of all in-kind donations, including board and community volunteer hours as well as hours of help donated by other organizations, if possible. If you do need to calculate the monetary value of your volunteers’ hours, the estimated dollar value of volunteer hours is updated annually and is available at http://independentsector.org/volunteer_time. (In 2013 it was $22.55/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, http://www.bls.gov/ooh/occupation-finder.htm. Just search for the occupation that most closely matches the donor’s occupation.

VENDOR FEES OR COMMISSIONS

Most markets charge vendors a fee in exchange for participation in the market. The fee may be based on % of sales, a flat daily or annual rate, or a flat amount plus a percentage of sales. Flat fees are typical at smaller markets. Percentages of sales are more common at large markets or at markets that sell products on vendors’ behalf, charging a commission. At markets offering some vendor locations that are more desirable than others, such as spaces under a permanent shade structure versus spaces in the sun, it is typical to charge more for the desirable spaces.

To determine appropriate vendor fees, your market should consider:

- The total budget for running the market’s most basic operations (space rental, general liability insurance, equipment, on-site market management, basic marketing, etc.)
- The number of current and potential vendors (if charging a flat fee) or the volume of expected sales (if charging a % commission)
- How much vendors are willing to pay

Consider what it would take to fund your core market operations. If the market’s minimum annual budget is $3000, and you expect 30 vendors, you would have to charge an average of $100 per vendor per year. For a small town market, that is probably too much to ask.
You could, however, aim to fund 50% of the minimum budget through vendor fees and the remaining 50% through other fundraising, and set a goal of increasing participation to 45 vendors. Then, the average fees per vendor would be $33, which is easier to stomach. Vendors would benefit from knowing that at least 50% of the cost of their market participation is being paid for by the generosity of the community, and that their vendor fee is simply matching that contribution.

**MERCHANDISE SALES**

Both nonprofits and for-profits can essentially “sell” merchandise. Nonprofits should offer their merchandise in return for a suggested donation. For-profits must pay attention to sales tax requirements.

Branded merchandise can raise the visibility of your market. To create merchandise, you need cash to purchase the sellable items and a good design. The West Virginia Farmers Market Association offers a statewide farmers market brand and design templates to help farmers markets that do not yet have a logo. Information about this, as well as useful advice on merchandise sales, can be found in the *Farmers Market Planning Toolkit: Marketing Your Market*, available from the West Virginia Farmers Market Association at www.wvfarmers.org.

**FRIENDS OF THE MARKET CAMPAIGN**

By creating a membership-based Friends of the Market program, a market can invite its supporters to become more involved – by donating, volunteering, or both. Charging customers or supporters an annual fee to become a “Friend of the Market” is similar to charging an annual fee for vendors, except that the benefit offered to the supporter is usually less concrete. For example, a Friend of the Market might get a monthly email newsletter about the market, a list of volunteer opportunities, or a small token of gratitude such as a tote bag. Larger donors might receive nicer benefits, such as free participation to a local foods dinner or other VIP events. Just make sure that the cost of providing member benefits is considerably less than what you are charging for membership. For example, you might decide that for every dollar of money raised through the Friends of the Market program, you will spend 30 cents on member benefits and thank-you gifts.

Keeping a good database of your Friends of the Market is important, so that you can invite them to donate again every year and/or send them special solicitations when you need more money for a particular program. Ideally, you should track who has and has not donated every year, so that you can follow up with them. The “a bird in the hand is worth two in the bush” idea applies here. Compared to people who have never donated to the market, people who have donated in the past are probably more likely to donate again.

A Friends of the Market toolkit is available on the Farmers Market Federation of New York website at [http://nyfarmersmarket.com](http://nyfarmersmarket.com) under Resources → Resources for Market Managers.

**INDIVIDUAL DONATIONS**

This means of fundraising includes the typical donation jar, raffle ticket, and mail-in-a-check approaches, as well as online fundraising from individuals through a payment system like Paypal. You can probably think of hundreds of creative ways to solicit individual donations. Just remember that to be tax deductible, the donations must be made out to a 501(c)(3) nonprofit, and donors should be given a receipt in order to make a tax deduction. If you are using a fiscal sponsor, find out of whether they are willing to accept small donations for you, and if so,
make sure that all donation checks are made out to the sponsor organization. Checks made out to a non-501(c)(3) organization are not tax deductible.

Conventional wisdom says that a nonprofit’s Board of Directors should each be required to make a substantial donation to the organization every year. For a small rural farmers market this may be difficult, especially if the market has made an effort to include beginning farmers or low-income consumers on its board. However, it may be useful for the board to agree on a standard donation amount (for example $50) that most board members feel comfortable donating every year. This creates another reliable, if small, source of annual funding.

**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 (or what about a bike tour of several farms?)
- Walking or running races that start/end at the market
- 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
- Raffle tickets (50/50 raffles or donated door prizes)
- Silent auction (solicit donated items and arrange them with bid sheets; visitors walk around write down their bids on each item)
- Sales of merchandise or Friends of the Market memberships

You can also partner creatively with others on an event. 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 spends. We recommend using a project budget to estimate costs and revenues for your next event. An example is shown at the end of this chapter.


**SPONSORSHIPS**

Sponsorships are charitable contributions provided by another business entity, such as a local business or nonprofit, or by 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. (These are not to be confused with the *fiscal*
sponsorships described in the “Legal Structure” section, 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 its next meeting, making a presentation in which you make your request (often in front of the public), 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 the farmer’s market’s successes, proposed activities, and budget, making sure to have copies for all the officials and their staff. It is helpful to bring along plenty of farmers market supporters, such as vendors, to help present or to sit in the audience. Make sure you know how much time you have on the agenda and how much money is realistic to request, so that you are not caught by surprise.

The following are examples of public entities that have sponsored farmers markets and other local food promotion activities in West Virginia:

- County Commissions
- Municipalities
- County Boards of Education (for farm to school programming)
- Conservation Districts

Local organizations and small businesses

Local organizations and small businesses may also be willing to provide farmers market sponsorships, especially if they receive recognition on signage and marketing materials. Here are a few to try:

- County Farm Bureau chapters
- Farm Credit of the Virginias
- Farm Family Insurance
- Southern States or other agricultural supplier
- Banks
- Churches and church organizations
- Food pantries
- Restaurants
- Car dealerships
- Private colleges or schools
- Extension Offices (may offer administrative services and technical assistance rather than funding, but it does not hurt to ask)

For information on requesting larger grants from corporations that have a corporate giving program, see the Grants section below.

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. For example, The Wild Ramp market ran a successful fundraising campaign to start up their location in Huntington, WV. However, they found that to be successful took a lot more time and energy than their organizers had expected. Just like with any fundraising campaign, a broad network of support,
very good outreach, and constant promotion are necessary. You should have a mailing list of supporters, a Facebook page, and other social media outlets already established, with hundreds of “likes” or listings, before attempting crowdfunding.

In looking at different crowdfunding platforms like Kickstarter, indiegogo and Fundly, you’ll encounter variations. “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 pledge 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. Be sure to do some research before choosing a site.

A great “Guide to Crowdfunding for Wealthworks Value Chains,” which focuses mainly on local food projects, can be found at http://wealthworks.org/resources. A very complete listing of crowdfunding services and their funding models can be found at http://en.wikipedia.org/wiki/Comparison_of_crowd_funding_services.

GRANTS

Many (though not all) farmers markets rely on some kind of charitable funding, whether it’s grants, public dollars, donations from the community, or a combination of these. A grant is a financial award that is meant to advance a specific goal or purpose, and unlike a loan, it does not to be paid back. Grants usually require a written application and a formal report of results, while charitable donations or sponsorships do not usually have these requirements. Grants are often competitive, meaning that your application will be evaluated alongside other applications to decide which ones will be funded. The following section reviews 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% success rate at being funded is considered to be very good, meaning that it is normal to be rejected more than 70% of the time. Managing grants is time-consuming as well. Many grants, especially if they come from the government, have intricate reporting requirements that require detailed recordkeeping, report writing, and a good accountant. If your market does not have staff or volunteers in who can do these things reliably and well, then grants are not for you.

Farmers markets are often very small organizations with limited ability to manage funds. When thinking about whether to apply for a grant, farmers market leaders should ask themselves:

1. How many estimated hours will our volunteers and/or staff spend writing this application, tracking results, and reporting to the funder? Do we have those hours available?
2. 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?
3. Would it be cheaper and simpler for volunteers to use their hours to simply do the proposed activities, instead of using them on grant management?
4. Would it be possible to fund the proposed activities through private donations or sponsorships from the community, which require less formal reporting? Could enough funds be raised in that way?
5. Does anyone amongst our board or staff have experience managing grants? If not, can we find a partner to help us?
6. Do we have a way of accounting for expenses and compiling all of our expenses together into a report?
7. Will our accounting system still be reliable and stable when the grant period ends and reports are due (say, 1-3 years from now)? If our treasurer is a volunteer, will that person still be around? Are their records of grant expenses easily transferred to another person (i.e. are the records in Quickbooks or a spreadsheet, as opposed to handwritten or paper records)?
8. Will the person in charge of managing the grant still be around? Are they responsible and reliable?
9. What will we do when 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 farmers market can get people excited about the market and can entice volunteers to become more involved. However, market leaders should always revisit the questions above before plunging into 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, government entities, and even private for-profit businesses can also 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 corporation or LLC. Instead, the foundation can sometimes make a loan to the business (called a Program-Related Investment) or can pay directly for services, consulting, or other costs that the business is incurring.

As we 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 is also subject to IRS rules. Read more in the Legal Structure chapter.

**7 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. Having a strategic plan and/or work plan for the upcoming year will help you not only to impress funders and donors, but also to decide whether a particular grant opportunity really fits with what you want to do. (See the Goals and Action Plans section 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 market, then it probably won’t seem like a natural fit to the potential funder either.

2. **Know your EIN number.** Almost all funders require to you supply an EIN number, which is like a social security number for business entities. In order to maintain an EIN number, you need to form a business structure with the WV Secretary of State. (See Business Structures chapter 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 DUNS number.** Entities who wish to do business with the government must apply to Dun & Bradstreet for a DUNS number; federal and some state grant programs will ask for it on their applications. If you have your own organization, you can call 1-866-705-5711 to receive a number
immediately, or apply at [http://fedgov.dnb.com/webform](http://fedgov.dnb.com/webform), which takes 1-2 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 SAM number and register with grants.gov.** Almost all federal grants are now submitted through the grants.gov system; most federal grant programs don’t accept paper or emailed applications anymore. 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.* (This is why you should do it now, instead of waiting until you hear about an upcoming grant deadline.) The process only needs to be completed once, and then you can apply for grants anytime, so long as 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.

Visit this website to overview and complete the process for registering with grants.gov, which also requires registering with the SAM (Systems for Award Management):


*If you are using a fiscal sponsor, you will use your fiscal sponsor’s grants.gov account. Make sure your fiscal sponsor has an account. Find out if they are willing to give you their 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 for how you 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 Executive Director. Grants also require internal documents, like budgets and financial information, that your fiscal sponsor will need to provide (a sample list of documents is later in this section). You should talk in advance with your fiscal sponsor about how they want you to handle this, and get explicit, written permission if your sponsor says you can submit and authorize grants directly in their name.

Your fiscal sponsor may require certain things from you before you submit a grant. Here are some examples of what they may require:

- 1-2 weeks to review draft grant proposal and budget before it is submitted
- 1-2 weeks to assemble and provide the necessary supporting documents
- A percentage of the total grant budget to cover administrative and bookkeeping costs (generally no more than 10%; grant announcements usually say whether the grant can cover administrative costs and often list a maximum allowable percent that can be charged for admin)
- A written, signed agreement specifying how the grant will be managed
- 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. (This shows all expected expenses and revenues for the year, and is different 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 the farmers market, for organizational planning purposes as well as 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 farmers market, or both. Read more about budgets in the in the Funding the Market chapter.
7. **Get the right documents in order.** There is a range of other documents that funders may require along with your application; you can start assembling them ahead of time. If you’re using a fiscal agent, find out how to get access to these documents. If you have your own organization, you may need to assemble the information yourself. Read each grant application’s requirements closely, and well in advance, to learn its requirements. The following are *examples* of what may be required:

**For nonprofits only (including nonprofit fiscal sponsors):**
- IRS tax-exempt determination letter
- Most recent audited financial statements (from the past 1-2 years)
- 990 Form (an IRS form for 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 expenditures, 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 & loss statement), usually from the past fiscal year
- List of 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, much easier* to respond to new grant opportunities in a timely way.

**Finding grants**

There are several categories of funding programs, including private and community foundations, corporate giving, federal grant programs and state grant programs. Their characteristics are summarized in the green “Categories of Grants for Farmers Markets and How They Work” chart later in this section, along with examples of funders actively funding local food efforts in West Virginia.

The Internet offers a cornucopia of information on where to find grants and how to apply for them. We suggest the following websites as starting places to find grants for farmers markets:

**West Virginia Food & Farm Coalition: Grants Calendar**

**[http://wvhub.org/wvfffc/resources](http://wvhub.org/wvfffc/resources)**

In this grants calendar, click future months to see future food-related grant deadlines, click previous months and years to see past grant deadlines, and click on name of each grant for details. To sign up for a newsletter that provides WV-specific grant announcements, click “Get Connected” in left sidebar.

**National Sustainable Agriculture Coalition**

**[http://sustainableagriculture.net/category/grants-and-programs/](http://sustainableagriculture.net/category/grants-and-programs/)**

This blog contains up-to-date info on many federal grants for agriculture, as they are released. Go to “Publications” section to download NSAC’s *Guide to Federal Funding for Local and Regional Food Systems*, which is the most comprehensive guide to federal funding or local food work (or go directly to http://sustainableagriculture.net/wp-content/uploads/2008/08/6.18-FINAL-Food-System-Funding-Guide2.pdf) Sign up for updates to get a regular newsletter including grant info.

**Grants.gov**
www.grants.gov
Lists federal grants only. Click “Manage Subscriptions” (top right corner) to sign up for grant announcements on topics of your choosing. Or, click “Search Grants” to search for grants.

West Virginia Community Foundations
One list is here: http://www.nonprofitexpert.com/community-foundations/west-virginia-community-foundations/
Contact a community foundation in your area to learn about their local giving programs.

Farmers Market Coalition
http://farmersmarketcoalition.org/education/resource-library
See Funding & Grants section (left sidebar) for a variety of resources.

The Foundation Center
http://foundationcenter.org/findfunders/
Their “Look Up Organizations” function provides access to lists of ALL the charitable foundations operating in a given city, county or state. For more detailed searches, you must sign up for a paid account with the Foundation Center. Or, you can simply conduct a web search for foundations that appear on the Foundation Center’s list.

Also, many national and statewide organizations have e-newsletters that regularly have info on available grants that would often apply to farmers market organizations. The following are a few such organizations:

- WV Farmers Market Association
  Sign up by email coordinator@wvfarmers.org to sign up
- WV Food and Farm Coalition
  Sign up at http://wvhub.org/wvffc/get-connected
- WV Community Development Hub
  Sign up at http://wvhub.org/subscriptions

**The application process**

If your farmers market is just getting started applying for grants, we strongly suggest finding an experienced volunteer, board member, partner or staff person who has written multiple successful grants in the past, and can help your market with its 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 except in cases where the grant amount is large and/or there are numerous partners involved.

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

**The Foundation Center**

http://foundationcenter.org
http://www.grantspace.org
Some resources are free, others are available only to paid members. Look under Training Courses for the free Grantseeking Basics Webinar, or visit grantspace.org (a service of the Foundation Center) for a variety of free resources and online class listings.

**Volunteer WV: Faces of Leadership Annual Conference**
http://www.volunteerwv.org (look under “Trainings”). This summer conference in Charleston, WV is hosted by the state’s Commission on National Service. It often features trainings on grant writing and management, board development and other useful topics. There is a cost to register.

WVU Continuing Education
http://continuinged.wvu.edu/
Online grant writing classes are offered throughout the year. There is a cost to register

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. The next page summarizes the different types of grants and their characteristics, including strategies for successful applications.
# Categories of Grants for Farmers Markets and How They Work

<table>
<thead>
<tr>
<th>Where to find them</th>
<th>Examples that fund WV local food efforts</th>
<th>How they work</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundations, Community, Private</strong></td>
<td>Claude Worthington Benedum Foundation, Central Appalachian Network, Tucker Community Foundation (and other community foundations), One Foundation, Presbyterian Hunger Program</td>
<td>Often have more than one deadline per year, or a rolling grant cycle. May require a Letter of Inquiry before inviting organizations to submit a full proposal. May require a site visit, meeting, or phone call before making a grant. Visit website and/or send inquiry to find out which funder’s process. Program staff can often give advice and help you determine if your proposal is a good fit for the grant.</td>
<td>Often very relationship-based. Often 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. Find ways to educate grant officers about your farmers market, and ask them well-informed questions that will help you fit your grant application to their mission. To keep up relationships, include them on invitations to events, mailing lists, etc. (within reason) to boost your visibility.</td>
</tr>
<tr>
<td><strong>Corporate Giving</strong></td>
<td>BB&amp;T Bank, Dominion Power, Walmart, Norfolk Southern, Farm Credit of the Virginias</td>
<td>Very similar to private foundations, above. Some accept formal, detailed grant applications on a regular schedule (e.g. Walmart, Norfolk Southern) while others may review applications monthly (e.g. BB&amp;T) or have a more informal process. Make sure that you are within the region served by the corporate giving program.</td>
<td>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 may also help to leverage personal relationships in other parts of the company. Plan to give ample recognition to this type of funder on your signage, outreach materials, etc. Try to avoid companies involved in politically contentious activities in your area.</td>
</tr>
<tr>
<td><strong>Federal Grant Programs</strong></td>
<td>USDA Community Food Projects, USDA Farmers Market Promotion Program, USDA Local Food Promotion Program (new in 2014), Northeast SARE Partnership Grants, USDA Rural Development - Rural Business Enterprise Grants</td>
<td>Usually have one deadline per year. Applications are lengthy and detailed, often requiring weeks of preparation. Program officers in charge of grantmaking 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 are usually required.</td>
<td>Federal grants are often extremely competitive. Read instructions very carefully, as applications are often rejected due to technical issues (page length, missing attachments, forms filled incorrectly, lateness). Grants.gov often has technical problems on 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, etc. So, write an application that is thorough and detailed, but makes sense to a normal human being.</td>
</tr>
<tr>
<td><strong>State Grant Programs</strong></td>
<td>Specialty Crop Block Program (USDA funds managed and distributed by WV Dept. of Ag)</td>
<td>Vary widely according to which state agency is managing the grant and how it is funded. Contact the responsible agency for details. DUNS number may be required, but state grants are not usually managed through grants.gov.</td>
<td>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 questions, is a good idea.</td>
</tr>
</tbody>
</table>
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. (Nonprofits do not have owners and cannot distribute profit, so they cannot sell shares or have investors.) Most of us are familiar with publicly traded corporations, which are strongly profit-driven because their shareholders are numerous and expect to make money. However, a small business has the option to make a private placement offering to investors of their choosing. This is very different from making a public offering, because you can control who your investors are. This means that you can select a community-minded set of investors who may have modest expectations of profit and may even help the organization to fulfill its mission. Such investors may even be willing to provide expert advising or volunteer services, similar to a Board of Directors. But they will ultimately expect to make money from the venture, and may choose to “cash out” (sell their share 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 -- shareholders typically have a say in who sits on your board and in some management decisions.

Taking on investors requires a number of steps to comply with state and federal law. Your local Small Business Development Center should be able to offer more advice on preparing to recruit investors. Call the WVSBDCC “Ask Me” hotline at 1-888-WVA-SBDC for details.

LOANS

Both nonprofits and for-profits can take out loans. Generally speaking, loans are only recommended for farmers markets if the project funded by the loan is certain to generate a large amount of revenue over time -- enough to pay down the loan. For example, if a market wants to add a cooking demo facility to its permanent structure, and plans on charging tuition for cooking classes, that project could potentially generate enough revenue to pay down a loan for the facility. On the other hand, if the market 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.

In addition to traditional banks (such as BB&T, which is actively interested in lending to local food businesses), lenders that have supported local food projects in West Virginia include:

- Natural Capital Investment Fund (www.ncifund.org)
- Small Business Administration (http://www.sba.gov/offices/district/wv/clarksburg)
- KISRA (www.kisra.org)
- Local Economic Development Authorities (not all EDAs offer loans; find and contact an EDA in your area at http://www.wvedc.org/members/regular-members)

A good article on seeking loans, working with lenders, and generally accessing funding for for-profit companies can be found at http://www.wvcommerce.org/business/businessassistance/smallbusiness/gettingstarted/financing/default.aspx along with other info from the West Virginia Small Business Development Centers. Additionally, 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, as well as access to free interviews and presentations, is at www.financeforfood.com.
PUTTING IT ALL TOGETHER: BUDGETS & FUNDRAISING PLANS

To determine your revenue and fundraising needs, you will need to figure out how much you plan to spend. You can find this by creating an annual organizational budget showing expected revenues and expenses for the year. An example of an annual budget for a farmers market is shown on the next page. For a farmers market, it might make sense to create an annual budget during October-December of the previous year, giving time for board members to vote and agree on the budget before the next year starts. However, the turnaround time on grant proposals can be 6 months to a year, so it may be necessary to start making budgets earlier.

The process of making a budget for a not-for-profit market might look something like this:

1. Treasurer or market manager reviews last year’s expense records to find out how much the market spent on operations and projects. He/she makes a list of expenses that are likely to be the same next year.
2. Treasurer meets with market manager and/or other core leadership to start filling in the budget. They review which of last year’s expenses are likely to increase next year. They add in additional projects, and list expected revenues.
3. If there is a need for more fundraising, this info might be passed on to a fundraising committee, staff, or the Board of Directors, who develop a fundraising plan.
4. Draft budget with expected revenues and expenses is presented to the Board. The Board votes to accept or amend the budget. By the time the budget is adopted, it should balance.
5. Fundraising efforts for the next year begin or continue.

It can be good idea to create two alternate budgets: one for the market’s 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.

An example of an annual organizational budget for a farmers market is shown on the next page. To show which funds have been budgeted for operations (and are essential to the continuing function of the market), the expenses and revenues have been placed in separate columns for “Basic Market Operations” and special projects. A blank Excel version of this budget template is available for your use. You can access it with the web-based version of this toolkit, at http://wvfarmers.org/tools-2/resources/.
# Farmers Market Budget Example

**Vandalia Farmers Market**  
*Period covered: Jan-Dec 2014*

## INCOME

<table>
<thead>
<tr>
<th>Source</th>
<th>Basic Market Operations</th>
<th>New Signage &amp; Pavilion</th>
<th>EBT &amp; SNAP cooking classes</th>
<th>Total</th>
<th>Notes / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earned Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor fees</td>
<td>$1,400.00</td>
<td>$1,400.00</td>
<td></td>
<td></td>
<td>Approx 40 vendors @ $35/vendor</td>
</tr>
<tr>
<td>Merchandise sales (net)</td>
<td>$1,000.00</td>
<td>$1,000.00</td>
<td></td>
<td></td>
<td>T-shirts, hats, stickers</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Earned Income</strong></td>
<td>$2,400.00</td>
<td>$</td>
<td>$</td>
<td></td>
<td>$2,400.00</td>
</tr>
<tr>
<td><strong>Community Fundraising</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends of the Market Campaign</td>
<td>$750.00</td>
<td>$750.00</td>
<td></td>
<td></td>
<td>Goal: 25 members @ $30 each</td>
</tr>
<tr>
<td>Individual Donations (including board donations)</td>
<td>$650.00</td>
<td>$650.00</td>
<td></td>
<td></td>
<td>$500 from 7 board members + $300 additional</td>
</tr>
<tr>
<td>Crowdfunding campaign</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
<td></td>
<td></td>
<td>Planned for April</td>
</tr>
<tr>
<td>Harvest Festival fundraiser (net)</td>
<td>$1,500.00</td>
<td>$1,500.00</td>
<td></td>
<td></td>
<td>$10 expected donation per person x 150 ppl</td>
</tr>
<tr>
<td>Dinner on the Farm fundraiser (net)</td>
<td>$1,600.00</td>
<td>$1,600.00</td>
<td></td>
<td></td>
<td>Net $40/person (after costs) x 40 ppl</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Community Fundraising Income</strong></td>
<td>$1,400.00</td>
<td>$33,100.00</td>
<td>$</td>
<td></td>
<td>$34,500.00</td>
</tr>
<tr>
<td><strong>Sponsorships</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of Vandalia</td>
<td>$500.00</td>
<td>$500.00</td>
<td></td>
<td></td>
<td>Secured</td>
</tr>
<tr>
<td>Love’s Hardware</td>
<td>$700.00</td>
<td>$700.00</td>
<td></td>
<td></td>
<td>Secured</td>
</tr>
<tr>
<td>County Commission</td>
<td>$3,000.00</td>
<td>$3,000.00</td>
<td></td>
<td></td>
<td>Pending presentation May 13</td>
</tr>
<tr>
<td><strong>Total Sponsorships</strong></td>
<td>$4,200.00</td>
<td>$</td>
<td>$</td>
<td></td>
<td>$4,200.00</td>
</tr>
<tr>
<td><strong>Grants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vandalia Community Foundation</td>
<td>$1,000.00</td>
<td>$4,000.00</td>
<td>$5,000.00</td>
<td></td>
<td>Secured</td>
</tr>
<tr>
<td>Healthy Families Foundation</td>
<td></td>
<td>$7,000.00</td>
<td>$7,000.00</td>
<td></td>
<td>Grant submitted, pending</td>
</tr>
<tr>
<td>Specialty Crop Block Grant</td>
<td>$7,900.00</td>
<td>$7,900.00</td>
<td></td>
<td></td>
<td>Grant submitted, pending</td>
</tr>
<tr>
<td><strong>Total Grants</strong></td>
<td>$1,000.00</td>
<td>$11,900.00</td>
<td>$7,000.00</td>
<td></td>
<td>$19,900.00</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>$9,000.00</td>
<td>$45,000.00</td>
<td>$7,000.00</td>
<td></td>
<td>$61,000.00</td>
</tr>
</tbody>
</table>

## EXPENSES

### Personnel Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Basic Market Operations</th>
<th>New Signage &amp; Pavilion</th>
<th>EBT &amp; SNAP cooking classes</th>
<th>Total</th>
<th>Notes / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market manager contract wages</td>
<td>$5,400.00</td>
<td>$450.00</td>
<td></td>
<td></td>
<td>Basic operations: $15/hr x 15 hrs x 24 weeks; SNAP cooking classes: 30 additional hours</td>
</tr>
<tr>
<td>Market manager fringe (N/A if contract employee)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Manager hired on contract, no fringe</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Personnel</strong></td>
<td>$5,400.00</td>
<td>$</td>
<td>$</td>
<td></td>
<td>$5,400.00</td>
</tr>
</tbody>
</table>

### Operating / Other Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Basic Market Operations</th>
<th>New Signage &amp; Pavilion</th>
<th>EBT &amp; SNAP cooking classes</th>
<th>Total</th>
<th>Notes / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank fees</td>
<td></td>
<td>$360.00</td>
<td>$360.00</td>
<td></td>
<td>Approx $30/mo for EBT</td>
</tr>
<tr>
<td>Bookkeeping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Provided for free</td>
</tr>
<tr>
<td>Conferences &amp; Training (volunteers &amp; staff)</td>
<td>$500.00</td>
<td>$500.00</td>
<td>$1,200.00</td>
<td></td>
<td>Gen. liability, Directors &amp; Operators insurance</td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,200.00</td>
<td>$</td>
<td></td>
<td></td>
<td>Design of pavilion (10K); cooking instructor (3K)</td>
</tr>
<tr>
<td>Contractor &amp; Professional Services</td>
<td>$10,000.00</td>
<td>$3,000.00</td>
<td>$13,000.00</td>
<td></td>
<td>Radio ads, newspaper ads, special ads targeting</td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$1,400.00</td>
<td>$1,000.00</td>
<td>$2,400.00</td>
<td></td>
<td>SNAP customers</td>
</tr>
<tr>
<td>Meeting Expenses</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Postage</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>Provided free by Extension office</td>
</tr>
<tr>
<td>Printing</td>
<td>$200.00</td>
<td>$200.00</td>
<td></td>
<td></td>
<td>Meeting announcement cards, posters</td>
</tr>
<tr>
<td>Rent</td>
<td>$12.00</td>
<td>$12.00</td>
<td></td>
<td></td>
<td>$12/mo lease from county</td>
</tr>
<tr>
<td>Supplies</td>
<td>$2,640.00</td>
<td>$2,640.00</td>
<td></td>
<td></td>
<td>$2,640.00</td>
</tr>
<tr>
<td>Telephone</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Travel</td>
<td>$288.00</td>
<td>$288.00</td>
<td></td>
<td></td>
<td>Market manager @ $0.55/mi, estim. 500 mi.</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$35,000.00</td>
<td>$</td>
<td></td>
<td></td>
<td>$35,000.00</td>
</tr>
<tr>
<td><strong>Total Operating / Other Expenses</strong></td>
<td>$3,600.00</td>
<td>$45,000.00</td>
<td>$7,000.00</td>
<td></td>
<td>$55,600.00</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$9,000.00</td>
<td>$45,000.00</td>
<td>$7,000.00</td>
<td></td>
<td>$61,000.00</td>
</tr>
</tbody>
</table>

**Net Income or Loss**  
$- $- $- $- $-
Year-round markets, especially if they are for-profit or have monthly expenses throughout the year, should also consider creating a cash flow budget. This type of budget predicts cash in and cash out, broken down month by month or quarter by quarter. Among other things, this makes it possible to see whether you will have enough cash on hand to continue operating during the winter, when local food sales are leaner. Read more about cash flow budgeting at http://www.bizfilings.com/toolkit/sbg/finance/cash-flow/cash-flow-budgets.aspx and consult your Small Business Development Center or other business advisor for details.

**Project budgets**

For specific projects that are grant-funded or meant to generate revenue, it can also be useful to create a project budget, which shows just the expected revenue and expenses 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 can be similar to an annual budget, but more simple. Here’s an example:

### Project Budget Example: “Dinner on the Farm” Fundraiser

**Vandalia Farmers Market**

<table>
<thead>
<tr>
<th>INCOME</th>
<th>Amount</th>
<th>Notes / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues generated by event</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entry fee - Local Food Dinner</td>
<td>$3,200.00</td>
<td>$80 per ticket, goal is 40 tickets sold</td>
</tr>
<tr>
<td>Raffle tickets for door prizes</td>
<td>$150.00</td>
<td>$5 per ticket, goal is 30 tickets sold</td>
</tr>
<tr>
<td>Donation jar / individual donations</td>
<td>$150.00</td>
<td>Estimate based on last year</td>
</tr>
<tr>
<td><strong>Total revenues generated by event</strong></td>
<td><strong>$3,500.00</strong></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Credit event sponsorship</td>
<td>$750.00</td>
<td>Secured</td>
</tr>
<tr>
<td>Rotary Club event sponsorship</td>
<td>$250.00</td>
<td>Request pending</td>
</tr>
<tr>
<td><strong>Total other revenue</strong></td>
<td><strong>$1,000.00</strong></td>
<td></td>
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<tr>
<td><strong>TOTAL INCOME</strong></td>
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</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Amount</th>
<th>Notes / Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market manager hours</td>
<td>$300.00</td>
<td>20 hours to organize x $15/hr</td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$1,400.00</td>
<td>Magazine ad, radio spotlight</td>
</tr>
<tr>
<td>Catering (food)</td>
<td>$1,000.00</td>
<td>Local food catering by Ann Mason</td>
</tr>
<tr>
<td>Beverages</td>
<td>$ -</td>
<td>Donated by Crooked Rook Vineyard</td>
</tr>
<tr>
<td>Space rental</td>
<td>$ -</td>
<td>Location donated by Purple Carrot Farm</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>$150.00</td>
<td>Tables &amp; chairs</td>
</tr>
<tr>
<td>Supplies</td>
<td>$20.00</td>
<td>Signage, etc.</td>
</tr>
<tr>
<td>Travel</td>
<td>$30.00</td>
<td>Market manager mileage to pick up door prizes</td>
</tr>
<tr>
<td>Door prizes</td>
<td>$ -</td>
<td>Donated by local businesses</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$2,900.00</strong></td>
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</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$1,600.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

You might want to create a project budget for:
- **A project you plan to fund with grants** – because most grant applications for specific projects require a project budget. (Funders may provide their own budget format, but if you already have a written budget, you can simply paste in your information.)

- **Fundraising events** -- to forecast your expenses and revenues. An event budget should help you see what level of attendance is needed to meet your funding goals.

- **Friends of the Market programs** – so that you can set a cap on the costs of benefits given to members and determine the level of participation needed to meet funding goals.

- **Other projects that have costs** -- like educational events, construction projects, etc.

**Fundraising plans**

The fundraising plan is a tool allowing your market to set fundraising goals, create a timeline for important fundraising activities, and assign responsibilities. The market’s fundraising committee, or whichever volunteers and staff are responsible for fundraising, should meet together to fill out the plan. Appendix J provides a fundraising plan template, designed mainly for nonprofit markets.
MART K MAN AGERS & E M PLOYEES
A study on farmers market closures in Oregon found that manager turnover and low-paid or volunteer market managers were two of the five major factors in causing markets to fail. Finding a dedicated, skilled market manager, and retaining him or her over time, has shown to be very important to markets’ success or failure.

Because of the challenges associated with market manager turnover, most of the literature on farmers markets recommends trying to pay market managers, rather than using volunteers. The Farmers Market Federation of New York cautions that, “while volunteerism runs high with new markets, it does fade over time. The best way to maintain a manager’s enthusiasm level, as well as maintain his or her ability to put in the hours of time needed to adequately manage and promote a farmers’ market, is if market managers are paid a fair salary.” But in small towns in West Virginia, where funding may be scarce, sometimes volunteer market management is the only option.

One way to make the most of paid or unpaid market managers is to make sure they have a well-defined set of duties. The Farmers Market Federation of New York recommends that market managers should be able to do the following:

- Creatively promote the market to consumers
- Enforce the market’s rules and regulations fairly and with a minimum of conflict
- Represent the market to the local municipality and community groups
- Administer the day to day operations of the market, both on-site and off.
- Arbitrate disputes that may arise between vendors and/or with consumers
- Work with a board of directors or market committee
- Maintain the financial records of the market
- Understand the needs of farmers and balance them with the needs of the consumers and the community at large

A VERY comprehensive training manual for market managers, and other resources, are available from the Farmers Market Federation of New York at http://nyfarmersmarket.com/ under Resources → Resources for Market Managers.

If a market does have access to funds, there are several different options for hiring a market manager and/or paying individuals to help with market development: Contracted managers, part-time or full-time staff managers, and AmeriCorps or AmeriCorps*VISTA members. Each has advantages, but also limitations.

**CONTRACTOR OR EMPLOYEE?**

Some markets choose to hire their market managers as contractors, while others hire them as employees. According to the Farmers Market Federation of New York, contracted managers are “paid a flat hourly rate with an agreed upon timeframe and weekly, monthly or annual limits to what they will be paid. The advantage to them is that they do not automatically pay taxes, but instead receive a 1099 at year end. The Market does not have the expenses associated with FICA, workers compensation, unemployment insurance, etc. The market runs the risk of running out of money before the job is done, but the work can be focused and directed at maximum budgetary efficiency.”

The Northeast Organic Farming Association provides the following explanation of the legal criteria for contracting with a farmers market manager:
The individual you hire must actually qualify as a subcontractor by meeting three criteria. All three conditions, A, B and C, must be met, for an individual to qualify as a subcontractor:

A. The individual has been and will continue to be free from control and direction over the services performed, both under contract and in fact (meaning that a market does not supervise the manager, work is given and the manager will work on their own, tools and supplies will not be provided); and

B. The services performed by the individual must be outside the usual services provided by the employer’s business or the services are performed outside all the places where the employer performs services (meaning that the manager does not work out of an established office of the person/organization that hired them); and

C. The individual is customarily engaged in an independently established trade, occupation, profession or business (meaning the individual should be registered with the state, provide this service to others, have Workers Compensation, General Liability insurance, and have a work history as an independent contractor.)...

If your manager does not meet these criteria, hiring as a subcontractor is illegal—the manager must be hired as an employee. Your market will have to pay the appropriate employment taxes, make the appropriate deductions from the manager’s pay, and purchase workers compensation insurance. If you are unsure, seek legal advice.

If a contract arrangement will not work for you, and your market does not want to go through the paperwork to hire an employee, you can try hiring them through another organization (such as your fiscal sponsor) or through a professional Payroll Management Service provider. The other organization or the service provider would then become the official employer of your market manager and would issue his or her paychecks. Payroll Management Service providers often charge a hefty percentage on top of each paycheck, and many providers do not like to deal with organizations that have only one employee. So, persuading a local organization to officially employ your market manager may be the easiest option. As with fiscal sponsorship, make sure your market has a written agreement (e.g. a Memorandum of Understanding) with the employer.

**AMERICORPS*VISTA**

Some markets choose to utilize the AmeriCorps or AmeriCorps*VISTA programs to hire a helper. For small organizations, the easier program to work with is the AmeriCorps*VISTA program. AmeriCorps*VISTA members, “spend one year in full-time service to address the needs of low-income communities. All projects focus on building permanent infrastructure in organizations to help them more effectively bring individuals and communities out of poverty.” (Learn more at [www.nationalservice.gov/programs/americorps/americorps-vista](http://www.nationalservice.gov/programs/americorps/americorps-vista))

To hire a VISTA member in West Virginia, you must go through an intermediary organization that places VISTAs within the state. Getting a VISTA typically requires completing an application, paying a cost-share amount (anywhere from $2,500 to $10,000, depending on your location and program), going through a hiring process, and waiting until the next scheduled Pre-Service Orientation date before bringing the hired individual on board. The entire process can take as long as six months. In return for you paying the cost-share, the AmeriCorps program provides your VISTA with training, a modest annual
stipend, health benefits, an educational grant or end-of-term cash award, and other benefits valued at over $16,000.

A VISTA is different from an ordinary employee in that he or she is supposed to “build organizational capacity,” meaning that his or her time is supposed to be spent writing grants, developing new materials, building a volunteer base, launching programs, setting up infrastructure, or doing other things that help build your market grow in the long run. VISTAs are not supposed to be assigned to routine activities like running a cash register, serving as a market manager, or working on a farm. Contact the WV state office for the Corporation for National and Community Service at wv@cns.gov or 304-347-5246 for details and to find a VISTA intermediary organization in your area.

You can also contact the Appalachian Coal Country Team, (http://coalcountryteam.org) a national program which has provided VISTAs to several West Virginia farmers markets over the years.
REFERENCES

1 Organizational Details: Mission Statement. Part of the Marketshare series available via http://www.marketumbrella.org/marketshare/.
12 Choose Your Business Structure: Cooperative. Article from Small Business Administration website: http://www.sba.gov/content/cooperative
18 FMNY
19 Organizational Details: Funding. Part of the Marketshare series available via http://www.marketumbrella.org/marketshare/.
APPENDICES:
Resource Documents
The Appendices section contains templates and examples that have been referenced throughout the toolkit. In addition to viewing the appendices here, you can visit at http://wvfarmers.org/tools-2/resources to access the full digital version of this toolkit, which includes blank, editable versions of some of the documents so that you can use and change them for your market’s needs.

**Documents included in the Appendices:**
- Farmers Market Mission Statements: Group Activity
- Mission and Vision Statements – from Kelly Nix of WVU Extension
- Stakeholder Analysis Worksheet
- Strengths, Weaknesses, Opportunities and Threats analysis
- Sample Strategic Planning Template
- Sample Bylaws from a 501(c)(3) nonprofit organization that runs a farmers market
- Sample of questions from WVSOS registration for a nonprofit corporation
- Sample Board Member Commitment Form
- Sample Board Member Recruiting Matrix
- Sample Fundraising Plan Template

**Editable tools that accompany this toolkit at wvfarmers.org/tools-2/resources:**
- Strategic planning template
- Annual farmers market budget template
- Fundraising planning worksheet
- Board member recruiting matrix
APPENDIX A: FARMERS MARKET MISSION STATEMENTS – A GROUP ACTIVITY

A good mission statement will be like a lighthouse beacon that you can refer back to again and again, whenever the market is trying to make a decision in line with its purpose. It is also part of the face that your market presents to the public. The following activity will help your group write a mission statement. It can be done with the Board of Directors of your farmers market, the vendors of the market, or with a mixed group of stakeholders who are involved in setting up the market – ideally a small group of 5-10 people. Discussion is important, so allow at least an hour to complete the activity.

You will need to choose a discussion leader or facilitator to guide this activity. (The following instructions are for the leader to follow.) For materials, you need a flip chart or several large pieces of paper, thick magic markers, two small stickers per person, and extra pens and paper so that everyone can write things down.

**Group activity**

1. The following are examples of missions that a farmers market can help fulfill. To get your group thinking, write these on a flip chart or large piece of paper ahead of time.
   - Help new farmers to get started.
   - Provide a profitable sales outlet for farmers, building the economy.
   - Provide a friendly and lively community space.
   - Promote healthy living.
   - Make healthy food accessible to all, including low-income families and seniors.
   - Increase customers’ knowledge farming and where their food comes from.
   - Bring more business into the area (e.g. downtown).
   - Other:
   - Other:
   - Other:

2. Once you have your group together, invite them to review the items above and think about any other functions for your farmers market that are not listed. Brainstorm together and write the additional functions on the same flip chart, so that all the options are listed together.

3. Give each person two small stickers. Ask each person, acting on his or her own, to place the stickers next to the two functions that are most important for the market’s mission. Give 5 minutes for this.

4. Take a step back as a group and review which functions were the most popular. Focus on the top three. Invite people to say why they chose what they did. Give about 10 minutes for this.

5. Now you are ready to start drafting mission statements. Make sure everyone has a piece of paper and a pen or pencil. Remind everyone that the mission statement is a one-sentence statement describing the reason your organization exists. It will be used to guide decisions about actions and priorities, and should help the public understand your farmers market’s purpose. It should be *clear, memorable and concise*. (If you’d like to share examples of mission statements from other organizations, a list can be found at [http://topnonprofits.com/examples/nonprofit-mission-statements/](http://topnonprofits.com/examples/nonprofit-mission-statements/)).
Give them the following assignment: “In your own words, write a sentence that describes the mission of the farmers market. Begin the statement with ‘The market’s mission is to...’ It should reflect the 1-3 most important items from the list we just made. Try to keep it down to 25 words or less.” Allow 10 minutes for everyone to think and write.

6. Once everyone is done writing his or her mission statement, go around the room and ask each person to read his or her statement aloud. Invite everyone else to take notes on things they like about the mission statements that are being read.

7. After everyone has read his or her mission statement, ask the group to talk about which of the mission statements or phrases they liked the best. Why did they like them? Give a few minutes for discussion. During the discussion, use a large piece of paper to write down favorite phrases.

8. Now that you’ve heard several different examples of mission statements, give everyone 5 minutes, individually, to try to write a GROUP mission statement that encompasses the favorite phrases from Step 3.

9. Invite 2-3 people to volunteer to read their group mission statements. Write the entire statements on a large piece of paper as they are being read. (The statements will probably be similar, so not everyone needs to read theirs.)

10. Read the 2-3 group statements aloud again. Take an unofficial vote to find out which statement is the most preferred. Find out whether there are any dissenters who don’t like that statement, and have them explain why. If needed, do some editing to the statement together, writing the edits on the flip chart, to resolve any problems.

11. Once you have reached a stopping point with the editing, ask everyone in the room whether they can support and live with the preferred mission statement that you have just selected and edited. (You may want to use a show-of-hands vote.) If everyone agrees, you have a mission statement! If some do not, your group may wish to form a committee that will revisit the preferred statement, make some more edits, and present it back to the group at the next meeting.
**APPENDIX B: MISSION AND VISION STATEMENTS**

*Contributed by Kelly Nix of WVU Extension Service*

A Mission Statement defines the purpose of the organization. Its main function is internal – to define the key measure(s) of the organization’s success. The audience is the organization’s stakeholders and leadership team.

Vision Statements also define the organization's purpose, but now it is in terms of the organization's values rather than bottom line measures (values are guiding beliefs about how things should be done.)

The vision statement communicates both the purpose and values of the organization. For employees and/or members of the organization, it gives inspires them to do their best. Furthermore, the customers’ will have a better understanding of why they should work with the organization.

**Steps in creating a Mission Statement:**

First identify your organization's "winning idea". This is the idea or approach that will make your organization stand out from its competitors, and is the reason why customers will come to you and not your competitors.

In order to do this, have members work in groups to come up with a few good “ideas”. Merge the ideas together until you have agreement on one “winning idea”.

Next identify the key measures of your success. Make sure you choose the most important measures (and not too many of them!). This can be done the same way by having the members work in groups, report out and merge ideas until you have agreement.

From here, it is helpful to work from a computer that is projected on the wall so everyone can work on refining the mission statement. You will want to combine your winning idea and success measures into a tangible and measurable goal. This can be done with the group starting from a volunteer to suggest a good start.

Refine the words until you have a clear and concise statement of your mission that expresses your ideas, measures and desired result.

**Mission Statement Examples:**

The winning idea for a produce store was "farm freshness". Two key measures of success were freshness and customer satisfaction. The mission statement was created by combining the winning idea and measures of success.

*The mission statement of Farm Fresh Produce is:*
"To become the number one produce store in Main Street by selling the highest quality, freshest farm produce, from farm to customer in under 24 hours on 75% of our range and with 98% customer satisfaction."

The winning idea for the WVU Extension Service Community Resource and Economic Development (CRED) unit was “successful educational programs with community leaders”. This idea was combined with the measure of success – local environment that reflects community goals.
The mission statement of CRED is:
WVU Extension CRED will partner to develop credible, innovative and successful educational programs that enable current and future leaders to build upon their past, take charge of their future and create a local environment that reflects community goals.

After the mission statement has been created, it’s time to uncover the real, human value in that mission and move on to the vision statement. Steps in creating the Vision statement include:

First, identify what you, your customers and other stakeholders will value most about how your organization will achieve this mission. Drill down these into the values that your organization has or should have.

Combine your mission and values, and polish the words until you have a vision statement inspiring enough to energize and motivate people inside and outside your organization. This can be done similar to the exercise above by first working in small groups and then merging ideas.

Examples of Vision Statements:

Using the example mission statement developed for Farm Fresh Produce, the organization first examined what the customers and employees value most about the mission. The four most important things identified were: freshness, healthiness, tastiness and “local-ness” of the produce.

The Vision Statement to share with the employees, customers and farmers for Farm Fresh Produce is:
"We help the families of Main Town live happier and healthier lives by providing the freshest, tastiest and most nutritious local produce: From local farms to your table in under 24 hours."

As for CRED, employees discussed what they valued most about the mission as well as what they thought their customers valued most about the mission. Educational programs, enabling leaders and community goals rose to the top.

The Vision Statement for CRED is:
“WVU Extension CRED is committed to providing programs and services resulting in tangible benefits that improve the quality of life in the West Virginia communities we serve.”

Once the Mission and Vision statements are created, it’s time to move on to identifying goals and objectives for the organization but without identifying an evaluation method for each objective, strategies, actions, timeline and person responsible, you will find your organization floundering. A complete plan and way to hold accountability in a necessity for impact and outcomes. A planning matrix is recommended that would include:

Goals: Broad, long-term aims that define accomplishment of the mission. Each Goal should have the following steps

Objectives: Specific, quantifiable, realistic targets that measure the accomplishments of a goal over a specified period of time. Example: Achieve a 10% increase in ____ program participation by ____ date.

Evaluation Method: Determine how you are going to evaluate to determine success and continued objective.
**Strategies:** Broad activities required to achieve an objective, control a critical success factor, or overcome a barrier

**Actions:** Specific steps to be taken, by whom and by when, to implement a strategy

**Timeline:** When you plan to accomplish the objective

**Person/Committee Responsible:** Person taking the lead to accomplish the objective
APPENDIX C: FARMERS MARKET STAKEHOLDER ANALYSIS

(Special thanks to Kelly Nix of WVU Extension Service for this concept)

A **stakeholder** is a person or organization who is likely to be *impacted by* your organization, and/or someone who *has impact on* your organization’s efforts. The impacts may be either positive or negative (or both).

A **stakeholder analysis** has the goal of developing cooperation between your farmers market organization and its stakeholders. It can be done when a market is first being formed, but it is also helpful when you need to think about the consequences of a particular decision for the members of your community. This group activity is intended to help your market think about its stakeholders.

1. On a large piece of paper or chalkboard, working with a group of farmers market leaders, brainstorm which of your farmers market’s stakeholders belong in each of the following categories:

   **Primary stakeholders:** Those who are directly impacted by the actions of your organization (e.g. farmers, customers, business owners)

   **Secondary stakeholders:** Those who are indirectly affected by the actions of your organization. These might include intermediaries who serve your primary stakeholders (e.g. local governments, FFA teachers, Extension offices)

   **Key stakeholders:** Those who have influence on or importance to the success of your organization. These may include individuals within your organization, and some of them may also be primary or secondary stakeholders as well

2. After looking at and thinking about the whole list, do any stakeholders need to be moved to a different section?

3. For *each* of the stakeholders you’ve listed, discuss: for your farmers market, what would their idea of success look like? What would they like to see from the market?

4. For *each* of the stakeholders you’ve listed, what are the advantages of better involving them in your operations and decision-making?
   -- When and how can this be done?
### APPENDIX D: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

A basic SWOT chart looks like this:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
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<tbody>
<tr>
<td><strong>Examples:</strong></td>
<td><strong>Examples:</strong></td>
</tr>
<tr>
<td>- 20 reliable vendors</td>
<td>- Rent pharmacy parking next door</td>
</tr>
<tr>
<td>- Good product diversity</td>
<td>- Use Family Resource Network for better SNAP outreach</td>
</tr>
<tr>
<td>- Early/late season customer head count increased from last year</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examples</strong></td>
<td><strong>Examples:</strong></td>
</tr>
<tr>
<td>- Not enough parking</td>
<td>- Price disagreements among vendors</td>
</tr>
<tr>
<td>- Need more products in May</td>
<td>- Uncertified scales, vendors not following Weights &amp; Measures rules</td>
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<tr>
<td>- SNAP customer outreach</td>
<td></td>
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</tbody>
</table>

There are numerous variations on how to complete an organizational SWOT with a group of people. Try these:

- Brainstorm in a small group to fill out the whole chart together.

- Ask board members to fill in the chart on their own or at home, then share/compare answers as a group.

- Use four separate large pieces of paper, one for each category, and post them on the wall. Have group members walk around with markers and fill in each piece of paper on their own. Once everyone is done, give out stickers and have each person use their sticker to vote on their top priority item for each category.
## APPENDIX E: SAMPLE STRATEGIC PLANNING TEMPLATE

(Note: An editable MS Word version is available at [http://wvfarmers.org/tools-2/resources](http://wvfarmers.org/tools-2/resources))

Name of organization:  
Year / Time period:  

<table>
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<th>Area of Plan</th>
<th>Goals</th>
<th>Tasks</th>
<th>Person Responsible</th>
<th>Timeline &amp; Deadline</th>
<th>Resource needs (financial, human)</th>
<th>How will we know if we’ve succeeded?</th>
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<td>Vendor Recruitment &amp; Development</td>
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APPENDIX F: SAMPLE ARTICLES OF INCORPORATION / BYLAWS

From the Morgan County Association for Food and Farms

Article I, NAME

The name of the organization is the Morgan County Association for Food and Farms, hereafter referred to as the MCAFF.

Article II, PURPOSE

The purpose of this organization is to expand and enhance food production and availability in Morgan County through producer and consumer education and actions, supporting community economic opportunity, service to underserved communities, agriculture’s contribution to a vital local economy and preservation of the natural resources of Morgan County.

Said corporation is organized exclusively for charitable, religious, educational, and/or scientific purposes, included, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

No part of the net earnings of the corporations shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.

Article III, BOARD OF DIRECTORS

Section 1: BOARD OF DIRECTORS. The business of this organization shall be managed by a Board of Directors which shall consist of at least five (5) and not more than nine (9) members. The directors shall be elected by the members at the Annual meeting.

Section 2: TERMS OF OFFICE. Each Director shall serve a three-year term.

Section 3: INITIAL and SUBSEQUENT SELECTION OF DIRECTORS. The interim Board of Directors shall hold election for an initial Board of Directors. One-third of the elected Directors will serve three years, one-third will serve two years and one-third will serve one year. Thereafter, the organization shall nominate and elect new Directors in accordance with the policies of these bylaws.

Section 4: VACANCIES. Vacancies shall be filled for the unexpired term by appointment of the Board of Directors.
Section 5: ATTENDANCE. Failure to attend three consecutive meetings without giving prior notice may result in the removal of a Director from the Board.

Section 6: SELECTION. There shall be a nominating committee led by the Secretary, which shall be responsible for the nomination and election of succeeding Directors.

Section 7: RULES. The Board of Directors may make such rules and regulations covering its meetings as it may in its discretion determine necessary.

Section 8: COMPENSATION. No member of the Board of Directors shall for reason of his office be entitled to receive any salary or compensation.

Article IV: OFFICERS

The officers of the organization shall consist of a Chair, Vice Chair, Secretary and Treasurer and will be elected by the Directors at their next meeting following the Annual Meeting. Officers shall be selected from the Board of Directors. Officers shall serve for one year or until their successors are elected. Vacancies occurring during the unexpired term of any officer shall be filled by appointment by the Board of Directors.

Section 2: CHAIR: The Chair shall preside at all meetings. The Chair shall represent the organization before any group requesting the presence of the organization or shall delegate such a representative. The Chair shall appoint all necessary committees and committee members. The Chair shall prepare an annual report to include information on the activities of the past year.

Section 3: VICE CHAIR. The Vice Chair shall assume the powers and duties of the Chair in the absence of the Chair or due to a vacancy for the position of Chair and shall perform other duties as the Chair of the Board may direct.

Section 4: SECRETARY. The Secretary shall be responsible for keeping records of Board actions, including overseeing the taking of minutes at all Board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each Board member, and assuring that corporate records are maintained.

Section 5: TREASURER. The Treasurer shall act as the chief financial officer of the organization, collect and disburse all monies of the organization and keep all funds and other valuables in such depositories as shall be authorized by the Board. The Treasurer shall keep full and correct account of receipts and disbursements and shall submit an annual financial report to the full Board. The Treasurer shall also be responsible for all audits, filing tax returns and other tax related documentation pertaining to the business of the group. The Treasurer shall make financial information available to Board members and the public.

Section 6: EXECUTIVE DIRECTOR. The Board may hire an Executive Director, and/or additional staff, if the Board votes to create and pay for such a position.

Article V: COMMITTEES

Standing and ad hoc committees may be created by the Board as needed to implement and promote the mission of the organization. Work items may be assigned by the Board Chair or Board of Directors. Chairs of the committees shall be named by the Chair of the Board.
Article VI: MEMBERSHIP

Section 1: MEMBERS. Membership of the organization is extended to any person who is interested in furthering the purpose of the organization and upon payment of annual membership dues as set by the Board of Directors. There shall be no restrictions on membership other than registering for membership and payment of dues. The Secretary shall be responsible for maintaining a roster of members.

Section 2: ADMISSION. Pay annual dues on or before January 1 of each year; and agree to comply with these by-laws.

Section 3: QUORUM. A quorum at membership meetings shall be a simple majority of the members present at such meeting.

Section 4: VOTING. Members present shall have the right to vote. Proxy votes shall not be allowed.

Article VII: MEETINGS:

Section 1: ANNUAL MEETING OF MEMBERS. There shall be an annual meeting of the members of the organization at which time elections will be held to elect Directors of the Board, receive information from the Board of Directors and provide information to the Board. All members in good standing may participate in the activities of the annual meeting. Members shall be provided notice of and a draft agenda for the annual meeting at least thirty days in advance of the scheduled meeting by appropriate measures such as letter and/or electronic message.

Section 2: SPECIAL MEETINGS. Special meetings of the membership may be called by the Board of Directors at such time and such place as the Chair may select.

Section 3: BOARD OF DIRECTORS MEETINGS. Meetings of the Board of Directors shall be held at least quarterly on a date agreed upon by the Board members. Written notice of each meeting shall be issued at least seven (7) days prior to the meeting except in cases requiring immediate action by the Board as determined by the Chair. Board meetings shall be open to members of the organization. Quorum for Board meetings shall be a majority of the Board members.

Section 4: PROCEDURE. The Board may adopt or promulgate a procedural manual or follow Robert’s Rules of Order as it deems necessary.

Article VIII: FISCAL AFFAIRS

Section 1: FISCAL YEAR. The fiscal year of the organization shall coincide with the calendar year.

Section 2: BUDGET. Budget reports shall be prepared and distributed by the Treasurer.

Section 3: BANK ACCOUNT. The Board may open a bank account in its own name to handle miscellaneous charges, grant monies and donations that may occur from time to time.

Article IX: CONFLICT OF INTEREST
Any member of the Board who has a potential financial, personal, or other official interest in, or conflict (or appearance of conflict) with any matter pending before the Board shall disclose that information to the Board and shall recuse him/herself and will refrain from discussion and voting on said item.

**Article X: MISCELLANEOUS PROVISIONS**

Section 1: AMENDMENTS. These By-laws may be altered, amended, or repealed, and new and other By-laws may be made and adopted at any regular meeting of the Board of Directors, or at any special meeting called for that purpose, by the affirmative two-thirds majority vote of Board members.

**Article XI: TERMINATION**

If activity in the organization ceases, the Board may by unanimous vote dissolve the organization. Following payment of necessary expenses, remaining funds will be distributed in accordance with requirements of Internal Revenue Code.

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.
APPENDIX G: SAMPLE OF QUESTIONS FROM WVSOS REGISTRATION FOR A NONPROFIT CORPORATION

Apply at https://www.business4wv.com/b4wvpubl

Note: The list below is just a sample of what was asked of one local foods nonprofit during their business registration process. To find out what questions your organization will need to answer, we recommend creating an account, logging in early, starting the application, and copying or writing down the questions you see. You can then answer these in consultation with your market leadership. Questions vary depending on the type of applicant.

Sample questions:
- Your business name, and any trade name you will use to do business.
- The actual physical location of your business in WV. (If you have no fixed location in WV, the actual location in your home state.)
- The mailing address of your business.
- The name and address of your agent of process, if you will have one.
- The address of your principal office.
- FEIN number (apply for one at https://www.apply-gov.us/tax-id/index.php)
- NAICS code applicable to your organization (See http://www.naics.com/search/ for help choosing a NAICS code. If you plan to become a nonprofit, it is recommended that you choose a code with a social or charitable purpose.)
- Who will own/control business? (Options: 2 or more individuals, 2 or more parties, including other nonprofit orgs)
- The name, home address and social security number of each officer.
- The legal purpose of the corporation and the effective date of incorporation.
- Whether or not the nonprofit corporation will have members.
- Whether the nonprofit corporation has obtained IRS 501c status.
- Whether the business has ever been registered before, and if so, the name, owner, FEIN, unemployment and workers' compensation account numbers of the previous registration.
- If any of the owners have owned a business in West Virginia before, the name and other information about that business.
- The background of this business -- is it all new, or is it purchased, leased or ownership assumed from another business, or were assets of another business purchased/leased?
- If all or part of the business came from a previous business, the previous business name, owners names, FEIN and other ID numbers if available, percentage of assets acquired, and purchase or lease date.
- The date operations will or did start at this location.
- The number of employees and the date employees will start working in West Virginia, and how many will be subject to WV Income Tax. 1
- An estimate of gross wages paid in the first quarter of operations, and annual payroll.
- The primary labor category for the primary work of the business.
- A description of the job duties of employees and equipment used, by grouping.
- Information about where payroll records will be kept, and information about the third party administrator if one will be used.

1
APPENDIX H: SAMPLE BOARD MEMBER COMMITMENT FORM

From the West Virginia Farmers Market Association

MISSION: The goal of the Association is to strengthen viability of farmers markets across the state. Cooperation is fostered among members in solving problems related to the production and marketing of farm products and improvement in marketing activities.

Board Member’s Name: _________________________________________
(fill in your name)

I understand my responsibilities as a Board Member are to:

1. Monitor and manage achievement of the WVFMA and its objectives
2. Represent the organization publicly and promote its mission
3. Assist in fundraising activities: personal giving, private fundraising, developing earned income strategies for the organization and identifying grant opportunities
4. Attend meetings and participate fully, including monthly Board meeting Conference Calls and quarterly face-to-face meetings
5. Serve on committees
6. Provide professional counsel, guidance and/or training to WVFMA Member Markets, according to my areas of expertise.
7. Take on 1-2 specific tasks to work on in-depth for the organization
8. Continually recruit other potential members and/or partners
9. Identify and send member-relevant info to the Project Coordinator to share with board or via newsletter, Facebook, etc.

I feel my skills can be best utilized by working with the following committees or interest areas:

COMMITTEES (please check those of interest)

___ EXECUTIVE COMMITTEE  ___ EBT COMMITTEE
___ GRANT COMMITTEE  ___ COMMUNICATIONS COMMITTEE
___ INSURANCE COMMITTEE

AREAS OF INTEREST (please check areas of interest)

___ STRATEGIC PLANNING  ___ RESEARCH
___ TECHNOLOGY  ___ LIABILITY/INSURANCE
___ COMMUNICATIONS  ___ BUSINESS & ACCOUNTING
___ FUNDRAISING  ___ PRODUCER SUPPORT AND DEVELOPMENT
___ GRANTWRITING  ___ FARMERS MARKET RULES AND REGULATIONS
___ BRANDING & MARKETING

I accept the above commitment as an understanding of my role and responsibilities as a member of the Board of Directors.

_____________________________________________  ______________________
Signature of Board Member  Date
# APPENDIX I: BOARD MEMBER RECRUITMENT MATRIX

(Note: An editable MS Excel version is available at http://wvfarmers.org/tools-2/resources)

<table>
<thead>
<tr>
<th>Skill areas</th>
<th># of current members</th>
<th># of members desired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration/Management</td>
<td></td>
<td></td>
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<tr>
<td>Farming / Food Production</td>
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<tr>
<td>Accounting / Financial oversight</td>
<td></td>
<td></td>
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<tr>
<td>Fundraising</td>
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<tr>
<td>Partnership Building</td>
<td></td>
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<tr>
<td>Food Safety</td>
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<tr>
<td>Insurance &amp; Liability</td>
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<tr>
<td>Human resources, hiring &amp; firing</td>
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<tr>
<td>Strategic planning</td>
<td></td>
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<tr>
<td>Food retail or food purchasing</td>
<td></td>
<td></td>
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<tr>
<td>Working with government</td>
<td></td>
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<tr>
<td>Understanding of community needs</td>
<td></td>
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<tr>
<td>Technology (social media, file sharing, etc.)</td>
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<td></td>
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<tr>
<td>Meeting facilitation, leadership</td>
<td></td>
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<tr>
<td>Other</td>
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<tr>
<td>Resources</td>
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<tr>
<td>Money to give</td>
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<tr>
<td>Access to money</td>
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<td></td>
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<tr>
<td>Access to other resources (foundations, corporate support)</td>
<td></td>
<td></td>
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<tr>
<td>Availability to fundraise and write grants</td>
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<tr>
<td>Community Connections</td>
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<td>Farmers</td>
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<td>Religious organizations</td>
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<td>Media</td>
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<td>Elected officials</td>
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<td>Social service, human health</td>
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<td>Schools</td>
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<tr>
<td>Other</td>
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<tr>
<td>Personal Style</td>
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<tr>
<td>Consensus builder</td>
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<tr>
<td>Good communicator</td>
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<tr>
<td>Strategist</td>
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<tr>
<td>Hands-on “do-e-r,” builder, implemenetr</td>
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<tr>
<td>Visionary</td>
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<td>Under 18</td>
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<td>19 – 34</td>
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<td>Over 65</td>
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<td>Gender</td>
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<td>Female</td>
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<tr>
<td>Race/Ethnicity</td>
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<tr>
<td>African American/Black</td>
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<tr>
<td>Asian/Pacific Islander</td>
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<tr>
<td>Caucasian</td>
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<td>Hispanic/Latino</td>
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<tr>
<td>Native American/Indian</td>
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<tr>
<td>Other</td>
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Name of organization:
Year:
Total funding need: $__________

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<tbody>
<tr>
<td>In-Kind Gifts</td>
<td>• Request legal assistance for 501(c)(3) application</td>
<td>Annie</td>
<td>-</td>
<td>Legal assistance secured by Feb 1. Coordinator identified and oriented by Feb 1.</td>
<td>501(c)(3) application completed and reviewed by Jun 1</td>
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<td></td>
<td>• Find volunteer Marketing Coordinator</td>
<td></td>
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<tr>
<td>Vendor fees</td>
<td>40 vendors @ $35/vendor</td>
<td>Robbie</td>
<td>$1400</td>
<td>Recruit 5 new vendors</td>
<td>Recruit 5 new vendors</td>
<td>All fees collected by July 1</td>
<td>Begin recruiting for next year</td>
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<tr>
<td></td>
<td></td>
<td>(Market Manager)</td>
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<tr>
<td>Merchandise sales</td>
<td>Sell 50 t-shirts ($5 profit each) and 100 stickers ($2 profit each)</td>
<td>John – buy items Robbie – sales</td>
<td>$450 (profit)</td>
<td>Items ordered by March 30</td>
<td>1/3 of 2014 merchandise sold at opening event</td>
<td>Continue selling</td>
<td>All merchandise sold by Oct. 1</td>
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<td>Friends of the Market</td>
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<td>Individual donations</td>
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