



Dairy Improvement Grants Program: Instructions

DAIRY IMPROVEMENT GRANT PROGRAM APPLICATION INSTRUCTIONS

The Vermont Farm & Forest Viability Program is pleased to announce that grants of up to \$40,000 are available on a competitive basis for Vermont dairy farmers that are members of the St. Albans Cooperative or Dairy Farmers of America. These grants are designed to help farmers make investments in their businesses that result in increased farm viability and/or milk production.

Funds for this grant program are donated by Ehrmann Commonwealth Dairy, LLC and awarded by the Vermont Farm & Forest Viability Program, in partnership with the St. Albans Cooperative, Dairy Farmers of America, Housing Vermont, and the Massachusetts Housing Investment Corporation.

VERMONT FARM & FOREST VIABILITY PROGRAM:

The Vermont Farm & Forest Viability Program offers one-on-one, in-depth business planning, technical assistance and management coaching to Vermont farm, food and forest products enterprises in order to improve the economic viability of Vermont's working landscape. When funding is available, we provide grants to assist businesses to implement their business plans and improve the economic viability of their operations. The Viability Program is a program of the Vermont Housing & Conservation Board.

HOW TO APPLY:

Please review the full eligibility information and instructions before beginning the process of applying. **We have two upcoming grant application deadlines: November 15, 2017 and February 21, 2018.** We recommend starting as soon as possible, as this application requires time to gather materials and complete.

Application Due Dates & Decision Dates:

| Round 1 | Round 2 |
|------------------------------------|------------------------------------|
| Applications due November 15, 2017 | Applications due February 21, 2018 |
| Decisions made January, 2018 | Decisions made April, 2018 |

We prefer that you submit the application using the online form described in Section 4 of the guidelines, but if necessary we can accept hard copy applications by mail. Access the online application or download the hard-copy application form from <http://www.vhcb.org/Farm-Forest-Viability/dairy-improvement-grants/>.

Questions? Call 802-828-5587; email Katie@vhcb.org; or check our website: www.vhcb.org/viability.



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GUIDELINES

Please read through the grant instructions and application fully before beginning to fill out your application.

1. ELIGIBILITY REQUIREMENTS

Eligible farms:

- ✓ Applicants must be dairy farms located in Vermont that currently are members of the St. Albans Cooperative or Dairy Farmers of America.
- ✓ Applicants do NOT have to be current or past participants in the Vermont Farm & Forest Viability Program to apply.
- ✓ Applicants can be organic or conventional, and the size of your farm does not impact your application.

Eligible projects: If your business meets the criteria above, you are eligible to apply for between \$5,000 to \$40,000 for the following kinds of projects:

- ✓ Construction, renovation, or upgrades to dairy farm facilities (can include both materials and labor)
- ✓ Conservation-related improvements or practices that are permanent/long-term (such as establishing permanent grass waterways) but not annual practices
- ✓ Projects that help the farm meet water quality regulations
- ✓ Matching funds for NRCS or other conservation funds
- ✓ Equipment (in special circumstances): Requests for funding for equipment must be able to demonstrate that the equipment:
 - Will be used frequently
 - Is essential to the business
 - Must be purchased (can't be easily rented)
 - Leads to new, innovative farm practices

We are unlikely to fund equipment that is used infrequently, or that could very feasibly be rented or contracted. If you have any questions about equipment eligibility, please email or call us.

Up to date business plan: To apply for funding, you must also submit a business plan that meets the criteria in Section 7, including recent financial statements. It should provide an overview of the whole business, as well as document the purpose and need for the grant project and the project's impact on your business.

Compliance with regulations: In order to be eligible for grants, your farm is expected in most circumstances to be in compliance with all labor laws, taxes, water quality regulations, and other applicable regulations. A list of all farms that apply will be shared with the VT Agencies of Agriculture and Natural Resources for a compliance review. Each agency will have the opportunity to express any concerns or let our staff know if farms are out of compliance with state or federal regulations. Being out of compliance does not automatically result in ineligibility for funds; in fact farms that are out of compliance but working with agency staff to come into compliance may be considered a high priority for grant funds. If you are in this situation, your application must explain why you are out of compliance and how the grant project will

help you meet regulations. Question 6 in the narrative section of the application gives you a chance to describe your situation if this applies to you.

2. SELECTION CRITERIA

When the review team evaluates your grant application, they will be assessing the **impact, quality, and need** for your project. The following factors will be considered during the grant review:

IMPACT:

- **Farm viability:** Does the application demonstrate a positive impact on the business, the farm family, or others in the agricultural community? Does the project improve the farm's bottom line, or other components of farm viability such as improved labor efficiencies, safety, loan repayment, ability to balance work and personal life, or help complete a farm transfer?
- **Feasibility:** Does the application demonstrate financial feasibility and whether there is an adequate management team to successfully implement the project?
- **Innovation:** Is there a particularly innovative approach as a part of this project? Will funding this project support early adopters of new practices, solutions or technology?
- **Production:** Does the project demonstrate significant measurable improvement in milk quality or production?
- **Environmental Stewardship:** Does the project help meet existing and new water quality and other environmental regulations? Does the project help build soil fertility?

QUALITY

- Is the application **complete**?
- Does the project seem **well planned**?
- Does the narrative include **concrete numbers** for how the project will improve the business? For example: "Production will increase by x%" or "Our net income will be \$X more per year."

NEED:

- **Financial:** Does the farm need financial support in order to complete this project in a timely way?
- **Regulatory:** Does the farm need to complete the project to meet RAPs or other regulatory requirements?

3. MATCHING FUNDS REQUIREMENT

Farmers must have matching funds equal to or greater than the amount of grant funding you are requesting. The matching funds must be directed to the same project for which you are requesting funds. Eligible match sources include:

- Your own cash or savings
- Loans or expected loan receipts
- Grants from private or public sources, including USDA NRCS or VT Agency of Agriculture Food & Markets
- Outside investment capital
- Your/your employees' labor (for the project only)

Grant funds and matching funds cannot be used for activities or purchases that occurred before the application deadline.

NOTE: Only labor related to your project is eligible as matching funds. Labor associated with normal, day-to-day farm work is not eligible.

4. APPLICATION SUBMISSION

Access the online and print versions of the application at: <http://www.vhcb.org/Farm-Forest-Viability/dairy-improvement-grants/>

Submit online (PREFERRED METHOD):

To send in your application, first read through the entire set of guidelines and the application. Make sure you can answer all the questions and have your budget, business plan, financial statements, maps, and any other documents you plan to attach before starting to enter your responses online. Please note that we provide a budget template for you to use, which can be accessed through the online application.

Please try to access the online application well in advance of the deadline. If you experience difficulties with this system and need assistance, please contact us no later than one week before applications are due.

The online application can be saved while you are working on it, so long as you are working on it from the same computer and web browser.

Submit by mail:

If you do not have reliable access to the internet or experience difficulty with the online application, you can submit it in hard copy. You are welcome to handwrite the basic information and budget sheet, but the narrative questions and all other information MUST BE TYPED.

Mail to: Katie Michels
 Vermont Farm & Forest Viability Program
 58 E. State Street
 Montpelier, VT 05602

5. REVIEW TEAM, CONFIDENTIALITY & COMPLIANCE REVIEW

By submitting your application materials, you agree to allow them to be read by members of the Dairy Grants Review Committee and by staff of the Vermont Farm & Forest Viability Program. In accordance with our program's Confidentiality Policy, no other persons will have access to your application materials, and all copies will be collected for safekeeping following the meeting of the Review Committee. The Review Committee will be made up of farm business advisors, dairy experts, representatives from the St. Albans Cooperative Creamery, Dairy Farmers of America, farmers and/or farm lenders. The information they learn while reading applications is considered highly confidential and they will be held to our confidentiality policy as well as required to return all copies of applications and supporting documents.

6. GRANT TERMS AND CONDITIONS

For approved applications, grant checks are disbursed on a reimbursement basis only, meaning that you will have to demonstrate that you have spent the grant and match amount before we can send the check. Should you receive funding, you will have to sign a contract that requires the following:

1. You will carry out the project as stated in your application (unless you need to request a waiver to change the uses of funds).
2. Grant recipients must agree to allow Viability Program staff to visit the farm once the project is complete, and should expect to submit annual income and production data via survey.

All applicants who receive funding will be sent a packet of information about their grant, including the contract and other paperwork to complete. Grantees will need to submit invoices or receipts that document that you have spent the funds in order to be reimbursed. Alternatively, you can submit invoices from contractors, dealers, etc. that you have not paid yet if you need the funds up front. Once we receive all the paperwork and proof of expenses, it takes 1-3 weeks to receive the grant check in the mail. Grant funding is typically considered taxable income, and you will receive a Form 1099 from the Vermont Housing and Conservation Board (the Vermont Farm & Forest Viability Program is a program of VHCB) for the grant amount.

7. COMPONENTS OF A FARM BUSINESS PLAN & FINANCIAL STATEMENTS

The following outline should be used as a guide to write your business plan or make sure a plan that is already written meets our requirements. **The financial statements are critical, and will be kept confidential.** Please do not submit tax returns unless you do not track your income and expenses any other way. If you need to submit tax returns, please black out your social security or EIN number. A business plan that gives readers a comprehensive understanding of your farm and includes financial statements is usually not shorter than 4-10 pages.

If you already have a business plan, make sure that it includes the following information – however, it does not necessarily need to be in the same order, or with the same headings.

I. Cover Sheet & Table of Contents

II. Summaries

- a. Narrative Summary: an overview of the purpose of the plan and most critical farm issues and goals.
- b. Financial summary: an overview of information from the financial statements as well as a brief description of any plans that would significantly change your financial picture.

III. Farm Description

Description of your land base, history, labor, production, facilities, markets, and other significant facts.

IV. Strengths, Weaknesses, Opportunities, and Threats (SWOT Analysis)

Please list the top 2-3 Strengths, Weaknesses, Opportunities and Threats to the Business.

- a. Strengths are internal to the business (such as excellent herd management)
- b. Weaknesses are internal to the business (such as no exit strategy for older generation)
- c. Opportunities are external to the business (such as increased consumer interest in specialty dairy products)
- d. Threats are external to the business (such as disease or fluctuating milk prices)

V. List of proposed Business Ideas and Strategies

Description of all the actions you plan to take to maintain, improve, or grow your business.

VI. Implementation Plan

A description of the schedule or timeline (including target dates for completion) of the proposed business ideas and strategies.

VII. Financial Statements:

- a. Current Balance Sheet: a snap-shot of financial condition showing assets and liabilities

REQUIRED: 2016 year-end or current balance sheet

OPTIONAL: previous years' balance sheets

b. Historical Income Statement: a listing of farm income and farm expenses (also known as Profit & Loss)

REQUIRED: 2016 (or most recent historical income statement)

OPTIONAL: previous 3 years' income statements

c. Projection or budget for 2017 and 2018: typical cash-based projections of income and expenses for 1-3 years or more. Should take into account income and expenses that affect cash available. Any projections beyond 2018 are optional.

8. APPLICATION ASSISTANCE

If you need assistance writing or reviewing your application, business plan, or putting together financial statements (income, balance sheet, or cash-flow), we may be able to provide you with help from a Farm Viability service provider or farm business advisor. There is very limited space available for business planning consultation and these advisors are only available for business and financial planning (not helping to prepare other parts of the grant application), so **if you would like some support please get in touch as soon as soon as possible**. We also recommend asking a trusted advisor to review your application and attachments, such as a family member or friends who have experience with grant writing, a colleague, your accountant, or other business advisors.

For questions about the application requirements, please contact Katie Michels, Viability Program Assistant, at Katie@vhcb.org or 828-5587.