# APR Farm Business Plan program TEMPLATE for THE Agricultural Preservation restriction (APR) Program

This Farm Business Plan Template is provided as a helpful template for purchasers of APR land who are seeking to comply with the regulatory requirements under 330 CMR 22:10 for a Farm Business Plan, APR compliance, and other general purposes. APR Purchasers are not required to use this template but are required to follow the provisions of the regulations for a Farm Business Plan[[1]](#footnote-2). If a Beginning Farmer, the Purchaser must also provide information on a.) other relevant professional experience, degrees, courses, workshops, education and training; and b.) a Financial Plan[[2]](#footnote-3).

|  |
| --- |
| 1. Purchaser Information |
|

|  |  |
| --- | --- |
| **Purchaser Name:** |   |
| **Operation Name:** |   |
| **Legal Structure:** |        [ ] Sole Proprietor  [ ] Corporation  [ ] Partnership  [ ] LLC Other \_\_\_\_\_\_\_\_\_\_\_\_  |
| **Mailing Address:** |   |
| **City, State, Zip:** |   |
| **Home Phone:** |   |
| **Mobile Phone:** |   |
| **E-Mail:** |   |

 |

|  |  |
| --- | --- |
| **Describe your commercial farming experience (as employee, manager or owner). Include name and location of each farm, your title, main responsibilities, and number of years at each property.** Provide 2-3 references and their contact information who can speak towards your experience and ability to be successful with this business plan. |  |
| Provide your short-term (minimum 5 years for proposed APR purchases) and long-term goals for your commercial farm operation on the APR land. What steps do you need to take to get there? |  |
| Strengths, Weaknesses, Opportunities and Threats (SWOT) analysisDescribe the current status of your farm business as it relates to the proposed APR purchase, including its operation, management & resources, existing infrastructure needs etc. StrengthsWeaknessesOpportunitiesThreatsOrganizational Structure & Management Who is the proposed farm manager(s)? and, what are their roles and what experience do they have managing a farm operation? Provide a breakdown of the division of responsibility. Who manages key areas of the business (i.e. Farm manager; Sales Manager)? Are any outside consultants/advisors used, such as tax preparer, bookkeeper, website designer, veterinarian, etc.?)Please list any additional farm employees and their roles. Are they employed part-time, full-time, or seasonal? How is labor secured, retained, housed?ProductionList the agricultural activities you are proposing on the APR Parcel (at least first five-year period if purchasing an APR). Please provide acres for each crop, as well as yield estimates. For livestock operations, please provide type and number of animals along with product projections (ex. lbs. of milk, cheese or meat). If the land will be leased to another grower, please provide the grower’s name and contact information.  |  |
| If you currently own or lease other farmland, please describe the operation in as much detail as possible (acres, crops, number of animals, etc.). Describe how the APR Parcel will be used in conjunction with your existing farm business.  |  |
| MarketingDescribe how the products grown/produced on the APR Parcel will be marketed (ex. Farm stand onsite, farm stand at another location owned by your business, wholesale, farmers’ markets, CSA, PYO, etc.). For each outlet, provide the estimated percentage and details if possible (ex. specific farmers’ markets, restaurants, supermarkets, etc.). Please demonstrate the availability of these markets to your operation. For example, do you have a contract with the farmer’s market manager, supermarket, etc. If not, are there steps you have taken to establish your confidence in making these markets available to you?CompetitionList other farm businesses you consider to be competition. You might consider geographic location (within stated # of miles of proximity or other defined region), as well as production of similar products and services, and the same, or overlapping markets. Are there any opportunities for collaboration?Infrastructure* List existing structures on the APR and their proposed uses.
* List the types of capital improvements (such as new buildings, wells, irrigation, fencing, housing for labor and/or owners) you are anticipating (with MDAR approval) on the APR Parcel in the first five years of your ownership of the APR.
* What type of agricultural equipment do you possess or intend to acquire to support the needs of your operation? If you do not possess equipment, how will you obtain what you need?
 |  |
|  |  |
| Future PlansDo you anticipate any non-agricultural activity or use within the first 5 years of ownership, such as events, races, weddings etc.? If so, please describe. Note that APRs require advance approval for commercial non-agricultural activities.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Measures of SuccessWhat type of metrics will you use to gauge the success of your business? Example below – operations (Op); Marketing (Mark); Financial (Fin); Quality of Life (Q of L) with people assigned to meet the goal. Examples might be an % increase in sales by year 3 or # of people visiting the farm in 1st year.*Action Plan – Example*:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Goals | Objectives | Op | M | Fin | Q of L | Who | When |
| A. Increase sales by 15% | 1. 60 additional newsletter subscribers |  | x |  |  | Ted (sales manager) | Dec-21 |
|  | 2. 20 new CSA Customers |  | x |  |  | Ted (sales manager) | April-22 |
|  | 3. Purchase new tractor | x |  |  | x | Sue (farm manager) | June-22 |

 |  |

***Action Plan – Template:***

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Goals | Objectives | Op | M | Fin | Q of L | Who | When |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

 |  |

**Financial Information**

**Below is a sample template for financial information. Information can be filled in here or saved as separate spreadsheet.**

Historical Financials (Income, Expenses, Net Profit/Loss over 3 previous years)**.** List income, broken down by revenue sources, followed by Expenses for the business; Profit and Losses if available can provide further detail. Source: Schedule Fs or other tax forms that show income and expenses for farm business.

Financial Projections (Income, Expenses and Net Profit/Loss over 5 years)**.** Prepare annual income and expenses projections: start with historic financials as a base, calculate changes in revenues and expenses based on plans to determine estimated income and expenses by year for the next 5+ years. Clearly state the assumptions made in coming up with estimates. Include a viable plan of action should projections/estimates fall short. Additional tabs may be used for any detailed calculations needed.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Example Assumptions:Sales expected |  |  |  |  |  |  |  |  |
|  -# of CSA members will increase 5% in Year 2 and then remain flat |  |  |  |
|  -Sales will increase by $X due to additional acreage in Year 3 |  |  |  |  |
|  -Average # of hay bales produced/year - X square bales and X round bales for Year 1, Year 2, etc. |
|  -In Year 3, increase of X bales due to access to an additional 10 acres, etc. |  |  |  |

Balance Sheet or Net Worth Statement – (as of X date). A “net worth” statement or “balance sheet” is designed to provide you with a picture of financial soundness of your business at a specific point in time. As long as net worth is positive, the business is considered ‘solvent’ or financially sound, with the ability to pay ones’ debits. To determine net worth, or “Owner’s Equity”, subtract total liabilities (what you owe) from total assets (what you have). State “as of” date in the title; should be recent, often Dec. 31 of prior year. List all Assets (short-term and long-term) for the farm business (include any planned capital improvements listed in the Infrastructure question on page 7). List all Liabilities (short-term and long-term) for the farm business.

**Financial Projections**

**Farm Name:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | **Year 1** |  | **Year 2** |  | **Year 3** |  | **Year 4** |  | **Year 5** |  |
| **INCOME** |  |  |  |  |  |  |  |  |  |  |
| Income Type 1  |   |  |   |  |   |  |   |  |   |  |
| Income Type 2 |   |  |   |  |   |  |   |  |   |  |
| Income Type 3 |   |  |   |  |   |  |   |  |   |  |
| Income Type 4 |   |  |   |  |   |  |   |  |   |  |
| Income Type 5 |   |  |   |  |   |  |   |  |   |  |
| **Gross Income** | **$** |  | **$** |  | **$** |  | **$** |  | **$** |  |
|  |  |  |  |  |  |  |  |  |  |  |
| *Less* Cost of Goods Sold |   |  |   |  |   |  |   |  |   |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **OPERATING INCOME** | **$** |  | **$** |  | **$** |  | **$** |  | **$** |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **EXAMPLE EXPENSES** |  |  |  |  |  |  |  |  |  |  |
| Vehicle Expenses |   |  |   |  |   |  |   |  |   |  |
| Custom Hire |   |  |   |  |   |  |   |  |   |  |
| Labor Costs |   |  |   |  |   |  |   |  |   |  |
| Labor Housing |   |  |   |  |   |  |   |  |   |  |
| Gasoline/Fuel/Oil |   |  |   |  |   |  |   |  |   |  |
| Insurance |   |  |   |  |   |  |   |  |   |  |
| Feed |   |  |   |  |   |  |   |  |   |  |
| Repairs & Maintenance |   |  |   |  |   |  |   |  |   |  |
| Seeds/Plants/Livestock |   |  |   |  |   |  |   |  |   |  |
| Fertilizer & Lime |   |  |   |  |   |  |   |  |   |  |
| Taxes |   |  |   |  |   |  |   |  |   |  |
| Utilities |   |  |   |  |   |  |   |  |   |  |
| Advertising |   |  |   |  |   |  |   |  |   |  |
| Mortgages/Leases/Rentals |   |  |   |  |   |  |   |  |   |  |
| Veterinary |   |  |   |  |   |  |   |  |   |  |
| Organic Certification |   |  |   |  |   |  |   |  |   |  |
| Farm Equipment/Supplies |   |  |   |  |   |  |   |  |   |  |
| Office Equipment/Supplies |   |  |   |  |   |  |   |  |   |  |
| Other: |   |  |   |  |   |  |   |  |   |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL OPERATING EXPENSES** | **$** |  | **$** |  | **$** |  | **$** |  | **$** |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **NET PROFIT/LOSS** | **$** |  | **$** |  | **$** |  | **$** |  | **$** |  |

1. Farm Business Plan means a demonstration of how a Potential Purchaser will continue to engage in commercial agriculture to retain and use the land primarily and directly for agricultural purposes pursuant to M.G.L. c. 61A, §§ 1 and 2 and preserve the natural agricultural resources for a period of not less than five years after the date of sale and including at a minimum: Potential Purchaser's commercial Farm experience, identification of all land uses on the APR Parcel, production information and products to be sold for example, crops to be grown, acreage for each crop, livestock to be raised, pasture acreage, use of existing structures on APR Parcel (if applicable), and need for additional structures or capital improvements (if applicable), a description of markets and personnel information (number of employees in existence vs need to be hired), how the APR Parcel will operate in conjunction with other farm land owned or leased by the Prospective Purchaser (if applicable). [↑](#footnote-ref-2)
2. Provide documentation (Including but not limited to: Tax Return Schedule F and/or previous year Chapter 61A Application) that the Beginning Farmer has generated at least $7,500 in Gross Farm Income (revisit after leasing discussion) in the previous tax year in the raising and selling of agricultural products/services (Gross Farm Income is the total revenue before subtracting expenses or income tax); AND/OR provide documentation of adequate completed coursework or on farm experience that demonstrates that this financial benchmark will be possible within the next three years. [↑](#footnote-ref-3)