

Worksheet 6: Assessing your Financial Resources

It will serve you well to walk into your whole farm planning process with your financial eyes wide open. This ensures the best chances to prepare for and find the financial resources you need to make your dream a reality!

The first goal with this worksheet is to start developing an inventory of your finances, assets and liabilities. To do this, you will need all of your financial information and any related records.

Another goal is to help you begin doing your homework of researching actual start-up costs, considering associated legal and family concerns, locating sources of funding options, as well as getting a rough idea of what to expect in terms of incoming revenue and annual business operating expense numbers. All of this information will be useful for developing your larger holistic financial plan.

If this business will support your family on its own, be sure to include an adequate salary that allows your family to take care of itself, and takes into consideration the cost of health care. Think ahead as to how much and how long you'll be tapping into your retirement fund to give yourself an idea of how much you'll need to save each month to meet this financial goal.

Step 1: Read the left hand side bar information.

Step 2: Consider and answer the following questions:

1. Land & Infrastructure

- How much land is necessary to carry out your farm enterprise?
- Are there specific infrastructure needs?

2. Capital

- What available capital do you have to get started?
- What start-up costs are needed to establish your farm enterprise?
 - Land purchase?
 - Infrastructure needs?
 - Initial production and post-harvest costs?
- Apart from your own available capital, how much more capital do you need?
- What funding, such as grants, loans, etc., might be sources of capital, and where can it be obtained?

3. Legal Considerations

- What costs are associated with liability and other insurance?
- If you hire off-farm labor to help with the farm, what costs are involved with insurance and workman's compensation?
- If you own the land, are there any factors that are important to consider related to legal issues?
- Are there any zoning restrictions and/or covenants that might prohibit certain land uses?

4. Family

- Will this business support your family on its own, or will one or several family members be working off the farm at a job?
- How will you handle health insurance and other related health costs?
- How will you save for retirement?