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Worksheet 2T.1: Farm History (http://misadocuments.info/2T. 1FarmHistory.pdf)

TASK 2

FARM HISTORY

Write a brief history chronicling the important events and decisions in your life and farm business. Why did you make you did? What have been the most important outcomes? What key lessons have you learned? Use whatever time from one, five, 10 years) to best capture why and how you have arrived at your current farm business situation.	



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Worksheet 2T.2: Current Farm or Facilities Map (http://misadocuments.info/2T.2CurrentMap.pdf)

CURRENT FARM OR FACILITIES MAP

Use the space below to draw or insert a map depicting your current farm layout. Note fields and acreage, fencing, buildings and sizes, etc. If you process, include a detailed facilities map or floor plan (with dimensions) showing processing stations, equipment, storage, bathroom(s), etc.

Click in the space below and follow instructions to import a file of your map (PDF or image file.)

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Worksheet 2T.3: Current Operations (http://misadocuments.info/2T.3CurrentOperations.pdf)



CURRENT OPERATIONS

Use the space below to describe current resources: land, animals, buildings and equipment. Next, briefly identify custom services that you hire out each year (including trucking) and long-term lease agreements (or other contracted agreements, including conservation easements). Finally, make note of any farm programs and insurance options that you use.

Farm location (note proximity to markets, if applicable):	
Land:	
Cropland (number of acres owned, rented)	
Grazing land (number of acres)	_
Other land (number of acres, describe)	_
Annual crop production	_
Perennial crop/orchard production	
Soil type/quality (describe)	
Water features (describe)	
Livestock:	
Milking cows (number of animals)	
Breeding livestock (number of animals)	
Replacements (number of animals)	
Meat or stock animals (number of animals)	
Other livestock (specify type and number)	
Equipment and buildings (list):	
	continued →

TASK 2

Inputs used (list products, where and when applied):
Product transport and storage (how it is accomplished):
Custom hire (services you use):
Long-term agreements (contracts, conservation easements, etc.):
Farm program participation (list programs and annual value):
Insurance (types, coverage, cost):

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Worksheet 2T.4: How Close Am I to Farming Organically, Crops? (http://misadocuments.info/2T.4HowClosetoOrganicCrops.pdf)



HOW CLOSE AM I TO FARMING ORGANICALLY, CROPS?

Complete this worksheet for your current crop rotation. Check the appropriate box to indicate if you are generally using conventional or organic management for each cropping system practice. Use the notes section to identify specific practices, inputs and equipment that you need to make the transition from conventional to organic management for each practice. Next, answer the cropping questions listed. This worksheet is meant to provide a general snapshot of your current management status; the more check marks you have in the organic management column, the less you will need to change to become certified.

Crop Production Practice Areas	Manage/Source Conventionally	Manage/Source Organically	Notes
Soil fertility			
Water management			
Weed management			
Insect management			
Disease management			
Seed			
Other inputs			
Storage			

continued —

TASK 2

1.	Do you have a soil-building rotation for all fields? Please explain:
_	
_	
_	
_	
_	
2.	Do you have adequate buffers in place for all fields that adjoin land not under your control?
3.	Do you maintain production records for all fields and enterprises?
4.	Date of last application of a prohibited substance not allowed under organic certification (e.g., non-approved pesticides or synthetic fertilizers):

NEED HELP ANSWERING THESE QUESTIONS?

Check out the following publications:

Documentation Forms for Organic Crop and Livestock Producers. March 2011. Baier, A. USDA and ATTRA. https://attra.ncat.org/organic.html.

The Organic Farming Manual: A Comprehensive Guide to Starting and Running a Certified Organic Farm. March 2010. Hansen, A. L. Storey Publishing. www.storey.com.

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Worksheet 2T.5: How Close Am I to Farming Organically, Livestock? (http://misadocuments.info/ 2T.5HowClosetoOrganicLivestock.pdf)



HOW CLOSE AM I TO FARMING ORGANICALLY, LIVESTOCK?

Complete this worksheet for each significant livestock enterprise in your current operation. Check the appropriate box to indicate if you are generally using conventional or organic management for each livestock system practice. Use the notes section to identify specific practices, inputs and equipment that you need to make the transition from conventional to organic management for each practice. Next, answer the livestock management questions listed. This is meant to provide a general snapshot of your current management status; the more check marks you have in the organic management column, the closer you are to becoming certified.

Livestock System Practice Area	Manage/Source Conventionally	Manage/Source Organically	Notes
Source of animals (e.g., young stock, replacements)			
Management of young stock			
Feed (Consider: Do you have farm- raised organic feed?)			
Feed supplements			
Outdoor access (non-ruminants)			
Pasture access (ruminants)			
Veterinary inputs			
Herd health (e.g., therapeutic versus sub-therapeutic use of antibiotics, hormones, dry-cow treatments, parasiticides)			
Fly control			
Housing			
Bedding			
Animal welfare (e.g., physical alterations such as tail docking)			

continued →

TASK 2

- 1. Do you have enough pasture to satisfy NOP rules for a minimum of 120 days grazing and 30 percent dry matter intake during the grazing season?
- 2. Do you maintain production records for this enterprise?
- 3. Date of last application of a prohibited substance not allowed under organic certification (e.g., non-approved pesticides or synthetic fertilizers) or non-organic feed:

NEED HELP ANSWERING THESE QUESTIONS?

Check out the following publications:

Documentation Forms for Organic Crop and Livestock Producers. March 2011. Baier, A. USDA and ATTRA. https://attra.ncat.org/organic.html.

The Organic Farming Manual: A Comprehensive Guide to Starting and Running a Certified Organic Farm. March 2010. Hansen, A. L. Storey Publishing. www.storey.com.

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Worksheet 2T.6: How Close Am I to Processing Organically? (http://misadocuments.info/2T.6HowClosetoOrganicProcessing.pdf)



HOW CLOSE AM I TO PROCESSING ORGANICALLY?

Complete this worksheet for each product that you process. (Processing refers to livestock slaughter, cooking, baking, heating, curing, canning, drying, mixing, grinding, churning, separating, extracting, cutting, fermenting, distilling, preserving, dehydrating, freezing and the repackaging of bulk foods into smaller containers for resale.) Check the appropriate box to indicate if you are generally using conventional or organic management for each processing practice. Use the notes section to identify specific practices, inputs and equipment that you need to become certified organic; also identify suppliers for NOP-approved inputs. Next, answer the processing questions listed. This is meant to provide a general snapshot of your current processing status; the more check marks you have in the organic management column, the closer you are to becoming certified.

Processing Practice Area	Manage/Source Conventionally	Manage/Source Organically	Notes
Source of raw inputs and ingredients			
Transportation and storage of inputs and ingredients			
Cleaning and sanitation			
Processing facility			
Pest management			

continued →

TASK 2

- ._____
- 2. If you use water as an ingredient or to wash inputs and equipment, have you verified that the water meets Safe Drinking Water Act standards?
- 3. Do you obtain organic certificates from each input supplier if you are already sourcing organic ingredients? These are required for certification.
- 4. Do you have a product flow chart that tracks the movement of all ingredients and products?

1. Do you have access to a processing facility that is equipped for processing your product?

5. Do you have a plan for proper labeling of finished products (e.g., "100 percent organic," "organic," "made with organic ingredients")?

NEED HELP ANSWERING THESE QUESTIONS?

Check out the following publication:

Coleman, P. November 2012. Guide for Organic Processors. ATTRA and USDA - Agricultural Marketing Service. https://attra.ncat.org/organic.html.

DOWNLOAD THE PDF

Worksheet 2T.7: Current Marketing

(http://misadocuments.info/ 2T.7CurrentMarketing.pdf)

TASK 2

CURRENT MARKETING

Use the space below to list each major commodity or product marketed and stored for future sale. Be sure to include custom hire services that you perform in the list of marketed products. Record the sales volume and the average price(s) earned for your most recent harvest or processing run. Conclude by describing current marketing trends, opportunities and challenges. When doing so, think about your proximity to markets, transportation and storage, and ease of sale. Copy this worksheet if more space is needed.

Year:		
Crops	Sales volume (amount sold, retained)	Average price (value per unit)
Animals and livestock products		
Processed products		
Custom hire (services you perform)		
Marketing trends:		
Marketing opportunities:		
Marketing challenges:		



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Worksheet 2T.8: Current Enterprise Sales (http://misadocuments.info/ 2T.8CurrentEnterpriseSales.pdf)

CURRENT ENTERPRISE SALES

Use the space below to estimate sales revenue for crop, livestock and processed product enterprises. Calculate revenue for those products that you sold or plan to sell. Do not include revenue for products that are utilized on the farm, such as livestock feed. Add the revenue from each field or enterprise to arrive at total enterprise sales. If needed, make additional copies of this worksheet to capture income from all enterprises. An electronic spreadsheet is available to help with these calculations at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

Field/enterprise	
(a) Output for sale (units)	
(b) Price per unit	
(c,) Revenue (a*b)	
Field/enterprise	
(a) Output for sale (units)	
(b) Price per unit	
(c ₂) Revenue (a*b)	
Field/enterprise	
(a) Output for sale (units)	
(b) Price per unit	
(c ₃) Revenue (a*b)	
Total enterprise sales $(c_1+c_2+c_3)$	

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Worksheet 2T.9: Current Human Resources (http://misadocuments. info/2T.9CurrentHR.pdf)



CURRENT HUMAN RESOURCES

Use this worksheet to identify the people involved in your farming operation and their key responsibilities within the business. In the first column, list the names of all full-time, part-time and seasonal workers who provide labor on the farm, including family. Use the next column to describe their key responsibilities related to operations, marketing, human resources and finance. In the remaining monthly columns, indicate each person's busiest and slowest times of the year. You can do this simply by placing the letter "B" in the busy months or color coding (e.g., shade busy months red and slow months yellow). This will help you identify current labor bottlenecks and anticipate future labor needs when developing transition strategies.

Person	Key Responsibilities	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ОСТ	NOV	DEC



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Worksheet 2T.10: Are You Ready to Manage Organically? (http://misadocuments.info/2T.10AreYouReady.pdf)

ARE YOU READY TO MANAGE ORGANICALLY?

(Adapted from the Minnesota Department of Agriculture's management skills assessment, Organic Farmers: Steps to Success.)

1 = Rarely; 2	2 = Sometimes; 3 = Most of the time; 4 = Almost always
	I have specific short- and long-term goals for the farm.
	I write these goals down and refer to them periodically.
	I keep accurate financial records.
	I use the financial records to help make farm decisions.
	I keep detailed input and production records.
	I create (and use) a monthly cash flow plan.
	I know the true cost of production for each enterprise on the farm.
	I have a manageable debt load.
	I make good spending decisions (buying versus repairing equipment; purchased inputs, etc.).
	I maintain equipment, buildings and other farm assets.
	I do a good job of prioritizing farm work and getting it done on a timely basis.
	I have enough labor to keep up with the work to be done.
	I do a good job managing employees (hiring, training, termination).
	I use strategies to help manage risk (diversified production, diversified markets, insurance, etc.).
	I am already meeting some or all organic standards.
	I read publications and attend events to learn new ideas.
	I take pride in my farm's appearance.

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Worksheet 2T.11: How Good Are Your Records? (http://misadocuments. info/2T.11HowGoodAreRecords.pdf)

TASK 2

HOW GOOD ARE YOUR RECORDS?

Use the space below to document current recordkeeping practices by management area and to consider what, if anything, needs to change during transition. For example, describe whether you use a calendar, notebook or computer software to maintain records. Use the line after each records title to identify the person(s) responsible for recordkeeping. Next, consider what new recordkeeping practices will be required for an OSP or OSPH. Recordkeeping forms are available through ATTRA (https://attra.ncat.org/organic.html), or check out COG Pro for online recordkeeping (https://cog-pro.com).

Production records (person responsible):
a. Crop recordkeeping practices:
b. Livestock recordkeeping practices:
c. Processing recordkeeping practices:
Marketing records (person responsible):
a. Crop recordkeeping practices:
b. Livestock recordkeeping practices:
b. Livestock recordicesping practices.
c. Processing recordkeeping practices:
Human resource records (person responsible):
a. Labor (hourly, salaried) recordkeeping practices:
b. Tax and workers compensation recordkeeping practices:
o. Tax and workers compensation recordiceping practices.
Financial records (person responsible):
a. Expense recordkeeping practices:
b. Income recordkeeping practices:
Will current recordkeeping practices satisfy OSP or OSPH requirements? (Visit the National Organic Program website to learn
about organic recordkeeping regulations: www.ams.usda.gov/nop.)



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Worksheet 2T.12: Current Family Living Expenses (http://misadocuments.info/2T.12CurrentFamilyLivingExpenses.pdf)

CURRENT FAMILY LIVING EXPENSES

Use this worksheet to estimate your current annual family living expenses (based on last year's expenses) and your necessary income contribution from the farm business. An electronic spreadsheet is available to help with these calculations at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

FAMILY LIVING EXPENSES	\$/YEAR
Food and meals	
Medical care and health insurance	
Cash donations	
Household supplies	
Clothing	
Personal care	
Child/dependent care	
Gifts	
Education	
Recreation	
Utilities (household share)	
Nonfarm vehicle operating expense	
Household real estate taxes	
Dwelling rent	
Household repairs	
Nonfarm interest	
Life insurance payments	
Other	
Total family living expenses (sum of all above)	
Farm assets used for personal/family consumption	
Total family living expenses (a)	
OTHER NONFARM EXPENSES	
Income taxes	
Furnishings and appliances	
Nonfarm vehicle purchases	
Nonfarm real estate purchases	
Other nonfarm capital purchases	
Nonfarm savings and investments	
Other nonfarm expenditures	
Total other nonfarm expenditures (b)	
Total cash family living investment	
and nonfarm capital purchases (c) = (a)+(b)	
Nonfarm income (d)	
Necessary contribution from farm business (c)-(d)	

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Worksheet 2T.13: Current Farm Expenses (http://misadocuments.info/2T.13Current-FarmExpenses.pdf)

TASK 2

CURRENT FARM EXPENSES

Use this worksheet to record direct and overhead expenses for the most recent production year. (Many of these numbers can be found on your Schedule F Tax Statement.) Be sure to estimate and include annual ownership costs of machinery, equipment and buildings (i.e., depreciation, interest, repairs, taxes and insurance). See page 34 for tips on how to calculate depreciation or use **Worksheet 2T.16: Calculating Depreciation and Inventory Changes.** An electronic spreadsheet is available to help with current farm expense calculations at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

DIRECT EXPENSES	\$/YEAR
Seed	
Fertilizer	
Chemicals	
Irrigation energy	
Other direct crop expenses	
Feeder livestock	
Feed and forages	
Pasture	
Breeding	
Veterinary	
Other direct livestock expenses	
Crop insurance	
Custom hire	
Fuel and oil	
Repairs and maintenance	
Storage	
Processing	
Certification fees	
Professional fees	
Education	
Office supplies	
Marketing	
Seasonal labor	
Interest on operating loan(s)	
Sales taxes	
Other operating expenses	
Total direct expenses (a)	
OVERHEAD EXPENSES	
Utilities	
Rent and leases	
Hired labor	
Owner wages	
Depreciation	
Farm insurance	
Taxes (property, payroll)	
Interest on intermediate loan(s)	
Interest on long-term debt	
Other overhead expenses	
Total overhead expenses (b)	
Total farm expenses (a)+(b)	



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Worksheet 2T.14: Current Income Statement (http://misadocuments. info/2T.14CurrentIncomeStatement.pdf)

CURRENT INCOME STATEMENT

Use this worksheet to calculate current net farm income for the past year (or several years). Enterprise sales and farm expense data can come from your Schedule F statement or from Worksheet 2T.8: Current Enterprise Sales and Worksheet 2T.13: Current Farm Expenses. Worksheet 2T.16: Calculating Depreciation and Inventory Changes will help you with depreciation and inventory estimates. An electronic spreadsheet is available to help with all of these calculations at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

For the period beginning (date) and ending (date)		
Enterprise sales	+	
Cooperative distributions	+	
Government payments	+	
Crop insurance proceeds	+	
Custom hire income	+	
Other income	+	
Farm expenses		
Inventory change	+/	
Net Farm Income	=	

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Worksheet 2T.15: Current Cash Flow (http://misadocuments.info/2T.15CurrentCashFlow.pdf)



CURRENT CASH FLOW

Use the space below to record cash flow for your most recent production year (reflecting your current, pre-transition operations). Begin by tallying annual cash inflows and annual cash outflows. Then subtract outflows from the inflows. If the projected net cash flow is positive, then you should have had enough cash on hand to cover expenses and make debt payments on time. (Keep in mind that month-to-month cash flow may still have been an issue.) If, on the other hand, net cash flow is negative, the farm business may have had trouble repaying short-term debt. An electronic version of this worksheet is available at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

YEAR	
CASH INFLOWS	
Gross cash farm income (a)	
Nonfarm income (b)	
Capital sales (c)	
New borrowings (d)	
Grants (e)	
Fotal Cash Inflows (f) = (a+b+c+d+e	
CASH OUTFLOWS	
Total farm expenses (g)	
Depreciation (h)	
Total cash farm expenses (i) = (g-h)	
.iving expenses (j)	
Taxes (income, social sec.) (k)	
Capital purchases (I)	
Principal payments (m)	
Total Cash Outflows (n) = (i+j+k+l+m)	
Net Cash Flow (f-n)	
	•



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Worksheet 2T.16: Calculating Depreciation and Inventory Changes (http://misadocuments.in-fo/2T.16CalculatingDepreciationandInventory.pdf)

CALCULATING DEPRECIATION AND INVENTORY CHANGES

Calculating Depreciation

Depreciation is defined by the Internal Revenue Service as "an annual allowance for the wear and tear, deterioration or obsolescence of the property." Most types of tangible property are depreciable, such as buildings, machinery, vehicles and equipment, but land is not. When estimating depreciation, the Center for Farm Financial Management suggests using 10 percent per year of the purchase price of machinery and equipment, 15 percent per year of the purchase price of titled vehicles, and 5 percent per year of the purchase price of buildings and other improvements. Use the table below to estimate the total value of depreciation for your farm assets. You will use this information when compiling farm expenses. A spreadsheet is available to assist with these calculations at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

	Beginning \$	Purchases \$	Sales \$	Ending Value \$	Depreciation %	Depreciation Expense \$
	+	+	_	=	*	Ш
Machinery (a)					10% (0.1)	
Vehicles (b)					15% (0.15)	
Buildings (c)					5% (0.05)	
Breeding livestock replacements (d)					25% (0.25)	
Total Depreciation = (a+b+c+d)						

Calculating Inventory Changes

Inventory changes affect net farm income and should be accounted for each year. Use the space below to record the value of inventory at the beginning of the year and at the end of the year. Subtract the ending inventory value from the beginning inventory value. You will be asked to add or subtract the final change in inventory when calculating net farm income on **Worksheet 2T.14**: **Current Income Statement**.

	Beginning Inventory \$	Ending Inventory \$	Ending–Beginning Inventory \$
Crops and feed (a)	_		
Livestock held for sale (b)			
Accounts receivable (c)			
Hedging accounts (d)			
Other inventory (e)			
Prepaid expenses and supplies (f)			
Growing crops (g)			
Inventory change (h) = (a+b+c+d+e+f+g)			
Accounts payable (i)			
Accrued interest (j)			
Inventory change (k) = (i+j)			
TOTAL INVENTORY CHANGE = (h-k)			

ASSETS

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Worksheet 2T.17: Current Balance Sheet (http://misadocuments.info/2T.17CurrentBalanceSheet.pdf)



CURRENT BALANCE SHEET

Construct your current and historical balance sheets using this worksheet. Where possible, include itemized details under each asset and liability category. A spreadsheet is available to assist with these calculations at http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx.

Current Farm Assets	
Cash and checking	
Prepaid expenses and supplies	
Growing crops	
Accounts receivable	
Hedging accounts	
Crops and feed in storage	
Crops under government loan	
Market livestock	
Other current assets	
Total current assets (a)	
Intermediate Farm Assets	
Breeding livestock	
Machinery and equipment	
Other intermediate assets	
Total intermediate assets (b)	
Long-Term Farm Assets	
Farmland	
Buildings and improvements	
Other long-term assets	
Total long-term assets (c)	
Total Farm Assets (d) = (a+b+c)	
Nonfarm Assets (a) – (a+0+c)	
nomann Assets (e) Total Assets (f) = (d+e)	 continued →
IOIALASSEIS II I = IOTEI	



LIABILITIES

Total Farm Liabilities (j) = (g+h+i)

Nonfarm Liabilities (k)
Total Liabilities (l) = (j+k)

Net Worth = (f-l)

Current Farm Liabilities Accrued interest Accounts payable Current farm loans Principal on CCC loans Principal on term loans Total Current Farm Liabilities (g) Intermediate Farm Liabilities (i)

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Worksheet 2T.18: Current Whole-Farm SWOT (http://misadocuments.in-fo/2T.18CurrentSWOT.pdf)



CURRENT WHOLE-FARM SWOT

Summarize the internal strengths and weaknesses as well as the external opportunities and threats for your business as it exists today. Consider all aspects of your business marketing, operations, human resources and finances.

INTERNAL FACTORS			
Strengths	Weakness	es	
EXTERNAL FACTORS			
Opportunities	Threats		