

# DETERMINING THE BUDGET FOR YOUR COMMUNITY DRIVEN MARKETPLACE



MIFMA defines community-driven marketplaces as farmers markets and other programs directly facilitating the exchange between consumers and producers of local food and farm products. Examples: farmers markets, mobile markets, farm stands, food box programs, CSAs, etc.

## 1. My market is run by an operating organization or municipality. How do I find my budget?

An Operating Organization is an entity that makes management decisions about the market, likely including hiring/supervision of the market manager, hosting the market's decision-making body, selecting vendors, etc. Common examples include:

- Local government (city, township, county, tribal government, etc.)
- Downtown Development Authority
- Market nonprofit organization (market organized as its own 501(c)3 nonprofit)
- Umbrella nonprofit organization (market is a program of a 501(c)3 nonprofit)
- Market is a part of a nonprofit business association (501(c)6) / Chamber of Commerce
- Hospital/Health Care Organization
- MSUE Cooperative Extension
- University or College
- Cooperative
- Private company
- Unincorporated nonprofit or community group, or informal organization (e.g. neighborhood association)



If one of these situations describes your market, there are two ways to proceed:

- **Option 1: Contact your budget manager or the municipality's accountant and ask to see your market's budget.**
- **Option 2: Work with your organization's treasurer or financial manager to create a budget for your market.**

## 2. My market doesn't have a budget. How do I create one?

To create a budget for your market, list out all of your revenue streams and expenditures and estimate the value you expect each to be in your budget year. Total up your annual estimated revenue and expenditures. Subtract total expenditures from total revenue to calculate your net revenue or loss for the year. MIFMA's membership dues amount should be based on the total revenue OR expenditures, whichever is higher

- Examples of **revenue** include sponsorship, donations, vendor fees, merchandise sales, grants, and fundraising.
- Examples of **expenses** include insurance and permits, supplies, staff compensation, market event costs, memberships, rental or lease agreements, EBT and other technology fees, and marketing costs.

Please note that the numbers used in these example budgets are for illustrative purposes only, and are not representative of any suggested or actual Michigan community driven marketplace budgets.

### Farmers Market

Revenue	
Vendor Fees	\$2,500
Sponsorships	\$5,000
Grants	\$5,000
Merchandise Sales	\$350
TOTAL Revenue: \$12,850	
Expenditures	
Insurance and Permits	\$500
Supplies	\$1,500
EBT/Technology Fees	\$300
Marketing	\$500
Memberships	\$250
Market Staff	\$7,800
Legal and Professional Fees	\$2,500
TOTAL Expenditures : \$10,850	

### Farm Stand

Revenue	
Produce Sales	\$5,750
Sponsorships	\$2,000
Grants	\$5,000
Merchandise Sales	\$3,000
Cottage Food Sales	\$3,500
TOTAL Revenue: \$19,250	
Expenditures	
Insurance and Permits	\$500
Supplies	\$2,000
EBT/Technology Fees	\$300
Marketing	\$500
Memberships	\$250
Staff	\$5,000
Legal and Professional Fees	\$2,500
Tents	\$1,000
Tables	\$300
Signage	\$500
Printing	\$200
Rain Walls	\$150
TOTAL Expenditures: \$13,200	



### 3. Budget Tips

While MIFMA membership dues are based on your previous year's budget, the following are some tips for creating a budget for the upcoming season:

- Review past income reports and identify changes to the market that may affect income in the upcoming season.
- Focus on income that is mostly guaranteed. Avoid budgeting around revenue that is not secured.
- Account for any bills that the market may pay throughout the year.
- Consider scenarios that may come up during your market season that could affect the budget.
- Review your budget often and update it when necessary.
- Include taxes, insurance, and licensing fees.
- Your budget will not be perfect the first year. Continue updating and monitoring your budget in order to promote accuracy.



### 4. Additional Resources

#### Marketshare Budget Scenarios from Market Umbrella

- [https://www.marketumbrella.org/downloads/OD\\_Scenario\\_1.pdf](https://www.marketumbrella.org/downloads/OD_Scenario_1.pdf)
- [https://www.marketumbrella.org/downloads/OD\\_Scenario\\_2.pdf](https://www.marketumbrella.org/downloads/OD_Scenario_2.pdf)
- [https://www.marketumbrella.org/downloads/OD\\_Scenario\\_3.pdf](https://www.marketumbrella.org/downloads/OD_Scenario_3.pdf)
- [https://www.marketumbrella.org/downloads/OD\\_Scenario\\_4.pdf](https://www.marketumbrella.org/downloads/OD_Scenario_4.pdf)

#### Farm Balance Sheet Template from MSU Extension

- <https://www.canr.msu.edu/resources/farm-balance-sheet-template>