

3.3 Money matters

SPADEWORK
BROADCASTING
GERMINATION
MULCHING
STAKING
HARVEST
SUSTAINABILITY
RESOURCES

- > *Introduction*
- > *Financial systems*
- > *The Treasurer*
- > *Funding*
- > *Budget*
- > *ABN and GST*
- > *Asset Register*
- > *Checklist*

Introduction

This Toolkit is based on the financial model of the Willunga Farmers Market. It presumes that once established the market is self-supporting.

Financial systems

It is vital to establish good financial records from the start:

- > Initial start-up is difficult and you need to keep a close eye on finances – this requires good records.
- > The organisation will be publicly accountable for the way any grant money is spent.
- > Good financial information means good financial control and the ability to ‘grow’ the organisation.

The Treasurer

The Treasurer is responsible for ensuring that the financial records of the association are kept in an accurate and proper manner according to Australian Accounting Standards and the legal and fiduciary requirements of the Incorporated Associations Act. This means:

- > Setting up a cashflow accounting system. It is highly advisable to do this on one of the available accounting software packages eg *MYOB*, *Cashflow Manager* or *QuickBooks*.
- > Developing preliminary cashflow projections.
- > Setting up internal cash handling procedures. Markets are cashflow economies and theft is the biggest risk faced by any organisation. Simple procedures eg: two people to count and sign for all monies received as soon as possible after receipt, set in place from the outset and overseen by the Treasurer will reduce this risk considerably.
- > Establishing and fulfilling taxation requirements such as registering with the Australian Tax Office (ATO) for an Australian Business Number (ABN), Tax File Number (TFN), Goods and Services Tax (GST) and Pay As You Go (PAYG) tax.
- > Completing and lodging Business Activity Statement (BAS) returns to the ATO (usually quarterly).
- > Determining the budget – what are the costs, what are the sources of income etc.
- > Providing up-to-date, accurate reports to the Management Committee on a regular basis eg: profit & loss, balance sheet.
- > Preparing accounts of the association for an annual audit.

Funding

Some local councils may pay start-up costs for a farmers’ market and/or the salary of a market manager.

Some farmers’ markets receive funding through state or federal government bodies for initial start-up with the understanding that they will be self-supporting within a specified period.

The best place to go for information about funding is the Economic Development Officer at your local council and/or Regional Development Board. They should be able to direct you to appropriate funding sources and give you advice about applying for funding. Also, there are many websites that list organisations that give grants (see below).

Many grants from government or charitable foundations are only available to incorporated, not-for-profit, community organisations. You will also need to have an ABN and may need to be registered for GST (see below).

Think broadly – you may find funding to develop a farmers’ market through grants for community development, health, agriculture, food, economic development, employment etc.

The Willunga Farmers Market Experience

At the first meeting of the interim committee we realised that a lot of costs were going to be incurred before the first market was held. We had to set up the office, pay for incorporation, insurance and for the development application. We needed to pay for work to be done on the site, for publicity and we wanted to employ a Market Manager as soon as possible. Luckily, Jude had joined the interim committee as treasurer. Not only was she a passionate almond grower but she also had a head for figures and experience as a treasurer.

Janice and Martin, the Economic Development Officers at the City of Onkaparinga provided invaluable information about funding possibilities and gave us advice about writing our first (successful) application.

One of the best things we did from the earliest days was appoint an auditor who not only conducts the annual audit – a requirement under the Incorporated Associations Act but also has acted as a mentor for all matters financial for the Treasurer.

Do your research. Make sure you understand the organisation and its criteria for funding so that you can 'pitch' your application appropriately

In a grant application, typically, you will need to:

- > Describe the organisation and its aims and objectives
- > Describe your project and support your case for funding
- > Give details of proposed budget

If possible, get someone with experience in grant writing to check through your application.

You may be able to approach businesses or organisations to directly sponsor the market. (For more about sponsorship see *7.1 Sustainability*.)

Budget

Irrespective of how the market will be funded, you need to work out a budget. Initially, a cashflow budget with income and expenses will be enough:

- > To determine how much it is going to cost to get established
- > To determine weekly cashflows and the 'break-even' point

For general information about working out a cash flow budget see the FoodBiz Toolkit section 8.2: *A Cash Flow Budget*.

Further down the track as the market grows this cashflow budget can be used to establish longer term financial goals and benchmarks e.g. can we afford more employee hours, more equipment, to employ a bookkeeper etc

Potential income sources

- > Grants
- > Stall fees
- > Trestle, tent & cool-room hire
- > Membership fees
- > Fundraising (See *7.1 Sustainability*)
 - breakfast stall
 - sale of market bags, aprons etc
 - raffles
- > Donations
 - labour (eg siteworks, distributing flyers, posters)
 - materials (eg for signs, office supplies, prizes for raffles)
 - site
 - cash
- > Sponsorship (See *7.1 Sustainability*)

Potential expenditure

- > Workshops/meetings
- > Incorporation
- > Site
 - site rental or lease
 - site works
 - power

- water
- planning application
- coolroom
- bbq
- café tables & chairs
- umbrellas
- rubbish bins
- storage for site equipment

> Office

- office
- rental/lease
- furniture
- equipment – computer (consider leasing)
- internet connection
- consumables – stationery
- power, water, phone
- photocopying

> Events

- > Memberships eg local food group, National Farmers Market Association

> Fundraising

> Market Manager

- wages
- superannuation
- workcover

> Advertising

- signs
- newspaper ads
- printing – flyers, posters
- distribution

> Fees – lawyer, accountant, auditor

> Insurance

ABN and GST

An Australian Business Number (ABN) is a compulsory requirement that the association will need for doing business

- > When dealing with government departments for funding
- > Trading with other businesses – you must supply a tax invoice with an ABN on it
- > Writing receipts for stallholders (these are also tax invoices)

You can apply on-line through the ATO's Business Portal (see website address below) or by contacting the Australian Tax Office.

The same application allows you to register for GST (Goods and Services Tax) purposes. A not-for-profit association technically does not need to be registered for GST until the turnover is \$100,000. However, it is almost impossible in today's legislative and taxation environment to operate without registering.

Asset Register

As assets are acquired you will need to develop an asset register for depreciation and insurance purposes.

Checklist

- > Appoint a Treasurer
- > Register the business name
- > Open a bank account
- > Develop a set of financial protocols
- > Apply for ABN and register for GST
- > Choose software accounting program
- > Develop a budget that includes a cash flow projection for at least the first year
- > Appoint an auditor

Websites

Grants:

Food Industry Development Officers:

<http://www.safoodcentre.com/about/pages/contactus/fidos/>

Regional Development Boards:

<http://www.ora.sa.gov.au/boards.shtml>

Local government organisations:

<http://www.lga.sa.gov.au/site/page.cfm?u=210>

Regional Funding and Grants Register:

<http://www.grants.ord.sa.gov.au>

Local, state and federal government community grants:

<http://www.aph.gov.au/library/intguide/sp/spgrants.htm>

Financial management for community groups:

From OurCommunity website:

http://www.ourcommunity.com.au/management/view_help_sheet.do?articleid=65

From Community Broadcasting Assoc of Aus website:

<http://www.cbaa.org.au/content.php/12.html?pubid=38>

ABN & GST

Information: <http://www.ato.gov.au/>

Apply on-line:

<http://www.business.gov.au/Business+Entry+Point/>

Appendices:

Appendix E Cash flow projection

Appendix F Treasurer's Handbook