

OHIO STATE UNIVERSITY EXTENSION

Utilizing Grants & Low Interest Loans to Achieve Your Business Objectives

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Why seek grants for your business?

1. Research
2. Expansion
3. Diversification
4. Start new enterprise
5. Marketing
6. Education or community improvement

Although grants are 'free' money, they take time to write, plan, document and report.

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Where do you start with grants?

- Identify your goals and objectives
- Identify potential collaborators
- Then identify grant programs which match your objectives

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What types of grants are available?

Farm & Food Business Grants

- Ohio Department of Agriculture
- Farm Service Agency
- USDA Rural Development
- Farm Aid
- Warner Grant Fund
- USDA - SARE

General Business Grants

- City of Youngstown
- USDA Rural Development

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What types of grants are available?

- US Department of Agriculture grants:
 - Value Added Producer Grants (VAPG)
 - Other USDA grant programs
 - Cost-sharing programs not typically considered grants

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Most Grants are not 'free'

- Matching
 - Proposals may look better with a matching of time and other resources
- Cost-Share
 - You will share in the expenses.
 - Ranges 10-60% most of the time

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Sources of assistance with grant development

- Small Business Development Center (SBDC)
- College or university business development ctr
- Commodity groups/trade associations
- Chambers of commerce
- Ohio State University Extension Offices
- Local economic development professional
- Your brother-in-law



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Who is offering grants?



- **Who?** – Credible source
- **What?** – Mission of their business
 - Asking you to do what? (what are you agreeing to do)
- **Why?** – To support/sustain/improve?
- **When?** – Year around? Deadlines?
- **How?** – Where do they get money?



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Example: USDA SARE Farmer and Rancher Grants



- Sustainable Agriculture Research & Education (SARE) grants:
 - Farmer and Rancher Grant (FRG)

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USDA SARE Farmer and Rancher Grants

- Provides funds to farmers and groups of farmers to improve sustainability of their operations
- Funds are for sustainable agriculture research and demonstration, not for everyday farming expenses or start-up
- **Great examples of 'what' gets funded**






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USDA SARE Farmer and Rancher Grants

-Funding available:

- Individual grant - \$7,500
- Partner grant - \$15,000
- Group grant - \$22,500
- Up to 22 month project
- About 50 grants awarded each year






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USDA SARE Farmer and Rancher Grants

- Who is eligible to apply?
 - Farmers
 - Groups of farmers
 - Youth



Farmer is broadly defined

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USDA SARE Farmer & Rancher Grant Program

- What types of projects and activities are eligible for funding?
 - Research and demonstration
 - Education
 - Not everyday farming expenses






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USDA SARE Farmer & Rancher Grants

-Timeline:



- Call for proposals – late August
- Deadline – mid-November
- Decisions made late winter
- Funds available in Spring

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USDA SARE Farmer & Rancher Grants



- Will fund:
 - market surveys
 - services
 - materials & supplies
 - outreach expenses
 - travel
 - labor
 - refreshments
- Will not fund:
 - real estate purchase
 - start-up or expansion
 - construction or remodeling of buildings
 - testing of commercial products
 - motorized vehicles
 - meals

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USDA SARE Farmer & Rancher Grants



- Will fund at 50%
 - equipment
 - permanent fence
 - perennial plants
 - livestock

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USDA SARE Farmer & Rancher Grants

- How do I apply?
 - Project proposal – four pages
 - Budget with explanation
 - One or two letters of reference



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USDA SARE Farmer and Rancher Grants

-If I am successful, how do I receive the funds?

- 50% at project start-up
- 35% after submission of progress report
- 15% after completion of project and submission of final report



- MANY other grants are 100% reimbursement

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USDA SARE Farmer and Rancher Grants

- Sources of assistance:
 - Local OSU Extension Educator
county.osu.edu
sustainableag.osu.edu
 - Local economic development professional
 - Friends, relatives, etc.

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Grant Activity

- General ideas about your business...



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Loans



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Loans

- Short Term Loans
 - Credit Cards
 - Lines of credit
- Term loans
 - Defined period of time
 - Specific payment
 - ex. Car loan



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Capital


- Your personal money
- Family investment
- Angel investors



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Activity: How much can you afford?

- Involves personal finances



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Why would they fund you?

1. Potential for growth
2. Risk
3. Term of loan/capital investment
4. Payback expected?
5. Return - Interest/Ownership

5 C's

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When do you decide to get a loan?

- Tested & Verified
- Sales have occurred
- Projected Cash Flow
- Business Name/Brand started
- Business entity decided
- Insurance

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EXAMPLE:



**Mahoning Valley Economic
Development Corporation**

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Loans in general

- Review 14-4 to 14-5
- Collateral
- Know your banker

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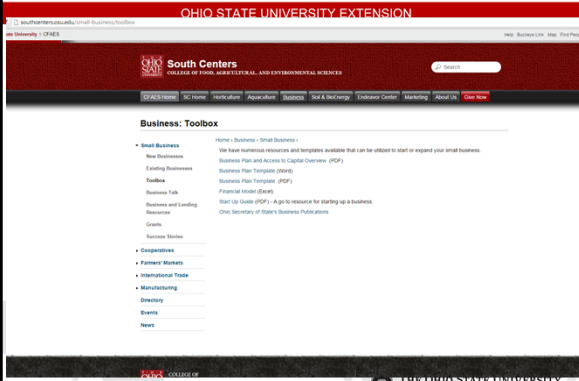
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Business Plan

- Know your value
- Know your credit score
- Complete the business plan
 - <http://southcenters.osu.edu/small-business/toolbox>

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South Centers
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Business: Toolbox

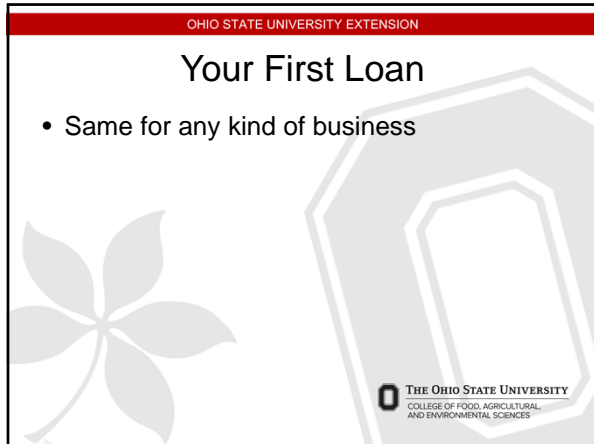
- Small Business
 - Home - Business - Small Business
 - We have numerous resources and templates available that can be utilized to start or expand your small business.
 - New Business
 - Business Plan and Access to Capital Overview (PDF)
 - Business Plan Template (Word)
 - Business Plan Template (PDF)
 - Existing Business
 - Business Plan Template (PDF)
 - Financial Model (Excel)
 - Start-Up Guide (PDF) - A guide to resources for starting up a business.
 - Ohio Secretary of State's Business Publications
 - Toolbox
 - Business Tools
 - Business and Lending
 - Businesses
 - Startups
 - Business Profiles
- Cooperatives
- Primary Markets
- International Trade
- Manufacturing
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- Events
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Your First Loan

- Same for any kind of business



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Amortization Schedule Calculator

This mortgage loan calculator - also known as an amortization schedule calculator - lets you estimate how much of your repayments will go towards the principal and how much will go towards interest. Simply input your repayment start date then click "Calculate".

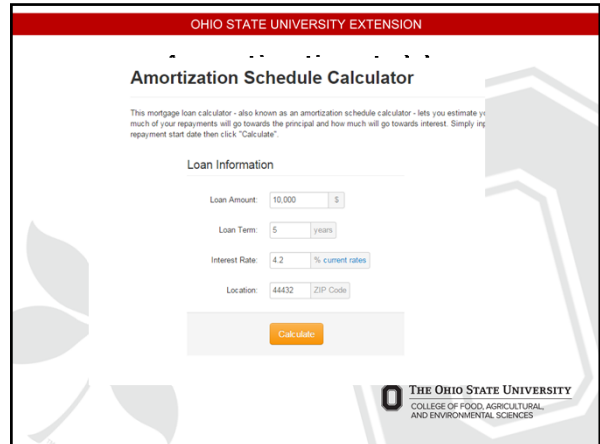
Loan Information

Loan Amount: \$

Loan Term: years

Interest Rate: % [current rates](#)

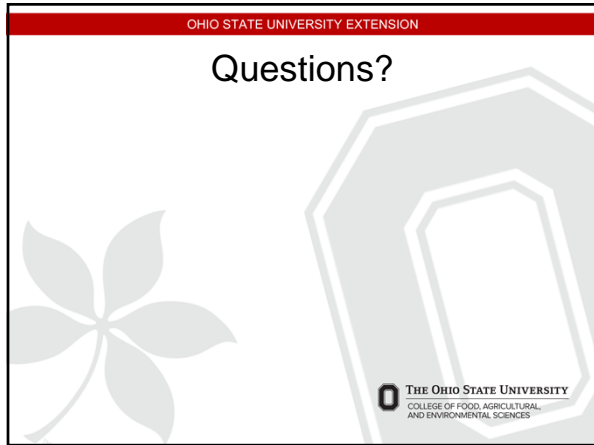
Location: ZIP Code



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Questions?



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