



MDA New Markets / E-Commerce Grants

<https://www.mda.state.mn.us/business-dev-loans-grants/new-markets-cost-share-program>

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Farmers' Market Hubs: How to Apply Tipsheet

1. Your farmers' market is eligible to apply if the market is a Minnesota Grown member, and the market participated in online sales or other new forms of marketing on behalf of vendors.
2. Go to the web page above. In the right-hand column, find links to "How to Fill Out Your Online Application" and "Apply Online." Follow instructions 1 through 8 in the "How to Fill Out..." document to set up your online account and find the online application form.

This grant program was originally designed for wholesale food manufacturers to help them showcase and market their products. Therefore, the application uses language that is tailored to these food manufacturers and you need to mentally adapt it to the farmers' market situation.

3. The application asks, **"Does your product include an ingredient grown in Minnesota?"**
 - Answer Yes. Your farmers' market is assembling customer orders from products grown in Minnesota. The assembled customer order is your market's "product."
4. The application asks, **"Where was your product manufactured? Please list the city and state where your product was made."**
 - Provide the city and state where your farmers' market is located. Remember: Your "products" are the assembled customer orders.
5. The application asks if your business is registered with the Minnesota Secretary of State, and says this registration is required in order to apply.
 - If your market is city-run, your city government is recognized by the MN Secretary of State by definition, and the cost-share program will accept your application.



Farmers' Market Hubs | farmersmarkethub.org

- If your market is not registered with the MN Secretary of State, go here to find instructions on how to set up the market as a business entity and get it registered:
<https://www.sos.state.mn.us/business-liens/start-a-business/how-to-start-a-business-in-minnesota/>
 - A typical business structure for a farmers' market in Minnesota is a Nonprofit Corporation. You are not required to register as a federal nonprofit in order to register in Minnesota as a Nonprofit Corporation. You'll have to renew your registration every year, but the renewal is free.
6. The application asks you to "Select the House district(s) where your product is primarily/mostly manufactured."
 - Again, your "products" are the customer orders that are assembled at your market. Select the Minnesota House district for the location of your farmers' market.
 7. In-Store Demos.
 - Leave this section blank; it does not apply to farmers' markets.
 8. Tradeshows.
 - Leave this section blank; it does not apply to farmers' markets.
 9. Merchandising and Point-of-Sale costs.
 - Leave this section blank; it does not apply to farmers' markets.
 - This section is about money a food product manufacturer would pay to a grocery store for product placement on shelves or to be featured in a store flyer.
 - If you purchase signage, flyers, or other advertising for your farmers' market, you may be able to use the Minnesota Grown program's cost-share for those items:
<https://minnesotagrown.com/members-retailers/cost-share-program/>
 10. Minnesota Pavilion "Walk the Floor Mentorship" Expenses.
 - Leave this section blank; it does not apply to farmers' markets.
 11. The application asks if your business has been affected by COVID-19. The examples given are relevant to food product manufacturers, so they might not sound like what your market experienced. If you had to pay for more manager or labor time than you anticipated because of pivoting to retail sales because of COVID-19, you can say that here.

Example language: "Pivot to online retail sales resulted in extra expense for manager's time to assist vendors and customers in using the online platform, getting products listed, managing the assembly of orders and customer pick-ups."



12. The application asks for “Total Project or Activity Investment.” This wording may cause confusion. ONLY enter the amount of money for which you are requesting 50% reimbursement, not the entire amount of money spent on all market operations.

How to calculate your Total Project or Activity Investment:

- Start with your market’s total expenditures.
- Some of your market operations expenditures may not be eligible for reimbursement under this grant. Subtract all non-eligible expenses from your total.

Eligible Expenses	Non-Eligible Expenses
E-commerce platform registration/sign-up fees, platform fees paid based on sales, fees for advertising/premium positioning, and extensions such as store locators and other web store utilities	Card reader machine purchase or associated fees; merchandise payment processing and electronic payment processing fees from Stripe, Square, Paypal, etc.
Web store development or build-out of store on existing website	General market website expenses
[Possible exception for signage specifically needed for online sales activities at farmers’ markets. Example: signage to direct a customer drive-through for pick-up of orders placed online.]	Sign printing & hardware; other printing
Manager or contractor time specifically dedicated to managing an online sales enterprise, including assisting vendors and customers with a sales platform, sourcing product for market share boxes or institutional orders, assembly of customer orders, supervision of customer pick-ups.	Manager time not directly related to the market’s online sales activities
E-commerce platform or individual web store creative and design contracting, including photography or videography, and other platform-specific setup costs	General market advertising



<p>Social media advertising to drive traffic to your e-commerce site</p> <p>Additional services used to increase, develop, or diversify your e-commerce marketing</p>	
	<p>Pass-through dollars to farmers: credit/debit card payments, SNAP/EBT, Market Bucks, PoP Club, vouchers, or any other forms of scrip that the market passes through to farmers.</p>
	<p>Merchandise. Example: the products purchased by the market from vendors to fill market share boxes.</p>

Example of dividing market expenses into eligible and non-eligible:

Description of Market Expense	Amount	Eligible	Not Eligible
Online sales manager pay	6,000	6,000	
Online sales platform subscription	900	900	
Signage and flyers that incorporated the Minnesota Grown logo	500		500
Radio advertising of the farmers' market	500		500
Sanitizing and handwashing equipment and supplies for the market	250		250
Tables and canopies for order sorting and assembly	500	500	
TOTALS	8,650	7,400	1,250



- Subtract any state and federal grant funding sources received by the market from the Total Project or Activity Investment in eligible funds.

Example of accounting for federal and state sources of funds:

Description of Market Expense	Amount	Eligible	Not Eligible
Online sales manager pay	6,000	6,000	
Online sales platform subscription	900	900	
Signage and flyers that incorporated the Minnesota Grown logo	500		500
Radio advertising of the farmers' market	500		500
Sanitizing and handwashing equipment and supplies for the market	250		250
Tables and canopies for order sorting and assembly	500	500	
TOTAL EXPENSES	8,650	7,400	1,250
SUBTRACT Federal & State funding sources	Amount	Eligible	Not Eligible
Manager pay from State of MN grant	- 2,000	-2,000	
SHIP (Statewide Health Improvement Program) grant to pay for tables & canopies	-500	-500	
Minnesota Grown cost-share for signs & flyers	-250		-250
MDA "Safe at the Farmers' Market" cost-share for sanitation equipment & supplies	-250		-250
TOTAL Expenses after subtracting federal & state grants	5,650	4,900	750

Enter \$4,900 as your Total Project or Activity Investment.

Enter \$2,450 as your "Total Expected Cost Share Amount."



13. Private funding sources can be used to offset the 50% of Total Project or Activity Investment that will NOT be covered by the MDA New Markets/E-Commerce Cost-share. However, you must make sure you are not taking in more money in grants and cost-shares than your market actually spent.

Example of checking on total expenses against all funds received:

Description	Amount	Eligible	Not Eligible
TOTAL Expenses after subtracting federal & state grants	5,650	4,900	750
ACCOUNT for all other funds received:			
MDA New Markets Cost-Share	-2,450	-2,450	
Private funding source - used for hub manager pay	-1,000	-1,000	
TOTAL Expenses after subtracting all other funds received:	2,200	1,450	750

Total expenses after subtracting all other funding sources, including the cost-share, is still a positive amount. That means expenses were larger than grant and cost-share funds received, so this market was not making a profit from grant funds. All federal and state funds received were subtracted before calculating Total Project or Activity amount for the cost-share application. This accounting should pass muster in an audit.

14. Upload your documentation. You must include proof of payment, not just proof of invoicing. Proof of payment could be in the form of an invoice that shows a zero balance due, or copies of checks written.

- There are only 5 spaces for uploading documents. You can combine several documents into a single PDF, or you can send a larger number of documents directly to Brian Erickson via email: brian.j.erickson@state.mn.us