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Rural
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Value-Added Producer Grant Program

2006 Grant Application Guide



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Section 1: The Value-Added Producer Grant Program

1.1 Introduction

The primary objective of this grant program is to help eligible independent producers of agricultural commodities, agricultural producer groups, farmer and rancher cooperatives, and majority-controlled producer-based business ventures develop strategies to create marketing opportunities and to help develop business plans for viable marketing opportunities. Eligible agricultural producer groups, farmer and rancher cooperatives, and majority-controlled producer-based business ventures must limit their proposals to emerging markets. These grants will facilitate greater participation in emerging markets and new markets for value-added products.

In this guide, you will find information to help you:

- Assess your eligibility for VAPG program
- Understand how and when to apply
- Create a successful application

1.2 Authorization

The Agriculture Risk Protection Act of 2000, section 231 (Pub. L. 106-224) established the Value-Added Producer Grant Program. Section 6401 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) amended the program. The Code of Federal Regulations (CFR) sets forth the VAPG regulation at 7 CFR part 4284, subparts A and J. Please read the regulation in conjunction with these guidelines. Should any differences result in the interpretation of these guidelines and 7 CFR part 4284, the regulation will take precedence over information contained in this guide.

The VAPG program is administered by the Rural Business-Cooperative Service (RBS) with assistance from Rural Development (RD) field office staff. RBS annually publishes a Notice of Solicitation of Applications (NOSA) in the *Federal Register* requesting applications for the current funding cycle. The NOSA contains the application requirements as well as other program information. You should use both the program regulation (7 CFR 4284) and the NOSA in conjunction with this Guide when assembling your application.

1.3 Available Funding for FY 2005

For Fiscal Year 2006, approximately \$19.5 million is available for the grant program.

1.4 VAPG Program Contacts

We encourage you to contact the program representative for your state (listed below) early in the application process with any questions or ideas concerning your application. The staff will answer your questions about the application process and program requirements. Please only contact the national office staff if you are unable to reach the representative from your state.

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<p>National Office USDA RBS MS 3250, Rm 4016 1400 Independence Ave. SW Washington, DC 20250-3250 (202) 720-7558 cpgrants@wdc.usda.gov</p>	<p>California Karen Firestein USDA Rural Development 430 G St., Agency 4169 Davis, CA 95616 (530) 792-5829 karen.firestein@ca.usda.gov</p>
<p>Alabama Mary Ann Clayton USDA Rural Development Sterling Center, Ste. 601 4121 Carmichael Rd. Montgomery, AL 36106-3683 (334) 279-3624 mary.clayton@al.usda.gov</p>	<p>Colorado Dolores Sanchez-Maes USDA Rural Development 655 Parfet St., Rm. E-100 Lakewood, CO 80215 (720) 544-2927 dolores.sanchez-maes@co.usda.gov</p>
<p>Alaska Dean Stewart USDA Rural Development 800 West Evergreen, Ste. 201 Palmer, AK 99645 (907) 761-7722 dean.stewart@ak.usda.gov</p>	<p>Connecticut Richard J. Burke USDA Rural Development 451 West St., Ste. 2 Amherst, MA 01002 (413) 253-4319 dick.burke@ma.usda.gov</p>
<p>Arizona Hanna Schwartz USDA Rural Development 4650 North Hwy. Dr., Ste. 1 Tucson, AZ 85705 (520) 887-4505, ext. 113 hanna.schwartz@az.usda.gov</p>	<p>Delaware Signe Hippert USDA Rural Development 4607 S. DuPont Hwy. Camden, DE 19934 (302) 697-4327 signe.hippert@de.usda.gov</p>
<p>Arkansas Tim Smith USDA Rural Development 700 West Capitol Ave., Rm. 3416 Little Rock, AR 72201-3225 (501) 301-3280 tim.smith@ar.usda.gov</p>	<p>Florida Joe Mueller USDA Rural Development 4440 NW. 25th Pl. Gainesville, FL 32606 (352) 338-3482 joe.mueller@fl.usda.gov</p>

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<p>Georgia J. Craig Scroggs USDA Rural Development 333 Phillips Dr. McDonough, GA 30253 (678) 583-0866 craig.scroggs@ga.usda.gov</p>	<p>Iowa Jeff Jobe USDA Rural Development 210 Walnut St., Rm. 873 Des Moines, IA 50309 (515) 284-5192 jeff.jobe@ia.usda.gov</p>
<p>Hawaii Timothy O'Connell USDA Rural Development Federal Building, Rm. 311, 154 Waianuenue Ave. Hilo, HI 96720 (808) 933-8313 tim.oconnell@hi.usda.gov</p>	<p>Kansas F. Martin Fee USDA Rural Development 1303 SW First American Pl., Ste. 100 Topeka, KS 66604-4040 (785) 271-2744 martin.fee@ks.usda.gov</p>
<p>Idaho Rhonda Merritt USDA Rural Development 9173 W. Barnes, Ste. A1 Boise, ID 83709 (208) 378-5623 rhonda.merritt@id.usda.gov</p>	<p>Kentucky Dean Tandy USDA Rural Development 771 Corporate Dr., Ste. 200 Lexington, KY 40503 (859) 224-7303 dean.tandy@ky.usda.gov</p>
<p>Illinois Patrick Lydic USDA Rural Development 2118 West Park Ct., Ste. A Champaign, IL 61821 (217) 403-6211 patrick.lydic@il.usda.gov</p>	<p>Louisiana Judy Meche USDA Rural Development 3727 Government St. Alexandria, LA 71302 (318) 473-7960 judy.meche@la.usda.gov</p>
<p>Indiana Jerry Hay USDA Rural Development 2411 N. 1250 W. Deputy, IN 47230 (812) 873-1100 jerry.hay@in.usda.gov</p>	<p>Maine Michael Grondin USDA Rural Development P.O. Box 405 Bangor, ME 04402-0405 (207) 990-9168 mike.grondin@me.usda.gov</p>

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<p>Massachusetts Richard J. Burke USDA Rural Development 451 West St., Ste. 2 Amherst, MA 01002 (413) 253-4319 dick.burke@ma.usda.gov</p>	<p>Montana William W. Barr USDA Rural Development 900 Technology Blvd., Ste. B P.O. Box 850 Bozeman, MT 59771 (406) 585-2545 bill.barr@mt.usda.gov</p>
<p>Michigan Bobbie Morrison USDA Rural Development 3001 Coolidge Rd., Ste. 200 East Lansing, MI 48823 (517) 324-5222 bobbie.morrison@mi.usda.gov</p>	<p>Nebraska Deb Yocum USDA Rural Development 201 N 25th St. Beatrice, NE 68310 (402) 223-3125, ext. 4 debra.yocum@ne.usda.gov</p>
<p>Minnesota Robyn J. Holdorf USDA Rural Development 375 Jackson St., Ste. 410 St. Paul, MN 55101-1853 (651) 602-7812 robyn.holdorf@mn.usda.gov</p>	<p>Nevada Dan Johnson USDA Rural Development 555 W Silver St., Ste. 101 Elko, NV 89801 (775) 738-8468, ext. 112 dan.johnson@nv.usda.gov</p>
<p>Mississippi Charlie Joiner USDA Rural Development Federal Building, Ste. 831 100 W Capitol St. Jackson, MS 39269 (601) 965-5457 charlie.joiner@ms.usda.gov</p>	<p>New Hampshire Lyn Millhiser USDA Rural Development Third Floor City Center 89 Main St. Montpelier, VT 05602 (802) 828-6069 lyn.milhiser@vt.usda.gov</p>

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<p>New Mexico Eric Vigil USDA Rural Development 6200 Jefferson St. NE, Rm. 255 Albuquerque, NM 87109 (505) 761-4952 eric.vigil@nm.usda.gov</p>	<p>Oklahoma Mike Schrammel USDA Rural Development 100 USDA, Ste. 108 Stillwater, OK 74074-2654 (405) 742-1061 micheal.schrammel@ok.usda.gov</p>
<p>New York Scott Collins USDA Rural Development The Galleries of Syracuse 441 South Salina St., Ste. 357 Syracuse, NY 13202 (315) 477-6409 scott.collins@ny.usda.gov</p>	<p>Oregon Martin Zone USDA Rural Development 1201 NE Lloyd Blvd., Ste. 801 Portland, OR 97232-1274 (503) 414-3366 martin.zone@or.usda.gov</p>
<p>North Carolina Bruce Pleasant USDA Rural Development 4405 Bland Rd., Ste. 260 Raleigh, NC 27609 (919) 873-2031 bruce.pleasant@nc.usda.gov</p>	<p>Pennsylvania Bernard Linn USDA Rural Development One Credit Union Pl., Ste. 330 Harrisburg, PA 17011-2996 (717) 237-2182 bernard.linn@pa.usda.gov</p>
<p>North Dakota Dennis Rodin USDA Rural Development Federal Building, Rm. 211 220 E Rosser Ave. Bismarck, ND 58502-1737 (701) 530-2065 dennis.rodin@nd.usda.gov</p>	<p>Puerto Rico Luis Garcia USDA Rural Development Muñoz Rivera 654 Plaza Bldg., Ste. 601 San Juan, Puerto Rico 00918 (787) 766-5095, ext. 239 luis.garcia@pr.usda.gov</p>

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<p>South Carolina Debbie Turbeville USDA Rural Development Strom Thurmond Federal Building 1835 Assembly St., Ste. 1007 Columbia, SC 29201 (843) 354-9613, ext. 118 debbie.turbeville@sc.usda.gov</p>	<p>Vermont Lyn Millhiser USDA Rural Development Third Floor City Center 89 Main St. Montpelier, VT 05602 (802) 828-6069 lyn.milhiser@vt.usda.gov</p>
<p>South Dakota Gary L. Korzan USDA Rural Development Federal Building, Rm. 210 200 4th St. SW Huron, SD 57350 (605) 352-1142 gary.korzan@sd.usda.gov</p>	<p>Virgin Islands Joe Mueller USDA Rural Development 4440 NW. 25th Pl. Gainesville, FL 32606 (352) 338-3482 joe.mueller@fl.usda.gov</p>
<p>Tennessee Dan Beasley USDA Rural Development 3322 West End Ave., Ste. 300 Nashville, TN 37203 (615) 783-1341 dan.beasley@tn.usda.gov</p>	<p>Virginia Laurette Tucker USDA Rural Development Culpeper Building, Ste. 238 1606 Santa Rosa Rd. Richmond, VA 23229 (804) 287-1594 laurette.tucker@va.usda.gov</p>
<p>Texas Billy Curb USDA Rural Development Federal Building 101 South Main, Ste. 102 Temple, TX 76501 (254) 742-9775 billy.curb@tx.usda.gov</p>	<p>Washington John Brugger USDA Rural Development 8815 E. Mission, Ste. B Spokane Valley, WA 99212-2445 (509) 924-7350, ext. 114 john.brugger@wa.usda.gov</p>

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Wisconsin Barbara Brewster USDA Rural Development 4949 Kirschling Ct. Stevens Point, WI 54481 (715) 345-7610 barbara.brewster@wi.usda.gov	

1.5 VAPG Resources on the Web

Visit our website at <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>.

Section 2: General Considerations for a VAPG

2.1 Eligible Entities

An entity is eligible to receive a VAPG if it meets one of the following definitions.

- **Independent Producers**--Agricultural producers, individuals or entities (including for profit and not for profit corporations (excluding Farmer or Rancher Cooperatives), LLCs, partnerships or LLPs), where the entities are solely owned or controlled by Agricultural Producers who own a majority ownership interest in the agricultural product that is produced. An independent producer can also be a steering committee composed of independent producers in the process of organizing an association to operate a Value-Added venture that will be owned and controlled by the independent producers supplying the agricultural product to the market. Independent Producers must produce and own the agricultural product to which value is being added. Producers who produce the agricultural product under contract for another entity but do not own the product produced are not independent producers.
- **Farmer or Rancher Cooperative**--A farmer or rancher-owned and controlled business from which benefits are derived and distributed equitably on the basis of use by each of the farmer or rancher owners.
- **Agriculture Producer Group**--An organization that represents Independent Producers, whose mission includes working on behalf of Independent Producers and the majority of whose membership and board of directors is comprised of Independent Producers.

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- Majority-Controlled Producer-Based Business Venture--A venture where more than 50% of the ownership and control is held by Independent Producers, or, partnerships, LLCs, LLPs, corporations or cooperatives that are themselves 100 percent owned and controlled by Independent Producers.

2.2 Product Eligibility

The proposed project must involve a value-added agricultural product. In order to be considered value-added, the product must fit into the following definition.

The incremental value that is realized by the producer from an agricultural commodity or product as the result of:

- (1) A change in its physical state,
- (2) Differentiated production or marketing, as demonstrated in a business plan, or
- (3) Product segregation. Also,
- (4) The economic benefit realized from the production of farm or ranch-based renewable energy.

Incremental value may be realized by the producer as a result of either an increase in value to buyers or the expansion of the overall market for the product. Examples of value-added products include milling wheat into flour, slaughtering livestock or poultry, making strawberries into jam, the marketing of organic products, an identity-preserved marketing system, wind or hydro power produced on land that is farmed and collecting and converting methane from animal waste to generate energy. Identity-preserved marketing systems include labeling that identifies how the product was produced and by whom.

2.3 Eligible Grant Purposes

The following activities are authorized under the VAPG regulation.

- a. Grant funds may be used for planning activities for projects focusing on processing and marketing a value-added product. Examples of acceptable planning activities include:
 - Obtaining legal advice and assistance related to the proposed venture
 - Conducting a feasibility analysis of a proposed value-added venture to help determine the potential marketing success of the venture
 - Developing a business plan that provides comprehensive details on the management, planning, and other operational aspects of a proposed venture
 - Developing a marketing plan for the proposed value-added product, including the identification of a market window, the identification of potential buyers, a description of the distribution system, and possible promotional campaigns
- b. Grant funds may be used for working capital expenses for projects focusing on processing and marketing a value-added product. Examples of acceptable working capital uses include:
 - Designing or purchasing an accounting system for the proposed venture

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- Paying for salaries, utilities, and rental of office space
- Purchasing inventory, office equipment (e.g. computers, printers, copiers, scanners), and office supplies (e.g. paper, pens, file folders)
- Conducting a marketing campaign for the proposed value-added product

2.4 Ineligible Grant Purposes

Grant funds shall not be used to pay for any of the following activities.

- Plan, repair, rehabilitate, acquire, or construct a building or facility, including a processing facility
- Purchase, rent, or install fixed equipment, including processing equipment
- Purchase vehicles, including boats
- Pay for the preparation of the grant application
- Pay expenses not directly related to the funded venture;
- Fund political or lobbying activities;
- Fund any activities prohibited by 7 CFR parts 3015 and 3019
- Fund architectural or engineering design work for a specific physical facility
- Fund any expenses related to the production of any commodity or product to which value will be added, including seed, rootstock, labor for harvesting the crop, and delivery of the commodity to a processing facility
- Fund research and development
- Purchase land

2.5 Matching Funds Eligibility <http://www.rurdev.usda.gov/rbs/coops/rcdg/forms.htm>

Matching funds are required. Applicants must verify in their applications that matching funds are available for the time period of the grant. Matching funds must be at least equal to the amount of grant funds requested. Unless provided by other authorizing legislation, other Federal grant funds cannot be used as matching funds. Matching funds must be spent at a rate equal to or greater than the rate at which grant funds are expended. Matching funds must be provided by either the applicant or by a third party in the form of cash or in-kind contributions. Matching funds must be spent on eligible expenses and must be from eligible sources.

2.6 Activity Eligibility

The project proposed must specify whether grant funds are requested for planning activities or for working capital. Applicants may not request funds for both types of activities in one application. Applications requesting funds for both planning activities and for working capital will not be considered for funding. Applicants other than independent producers applying for a working capital grant must demonstrate that the venture has not been in operation more than two years at the time of application.

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2.7 Grant Period Eligibility

Applications that have a timeframe of more than 365 days will be considered ineligible and will not be considered for funding. Applications that request funds for a time period ending after December 31, 2006, will not be considered for funding.

2.8 Completeness Eligibility

Applications without sufficient information to determine eligibility will not be considered for funding. Applications that are missing any required elements (in whole or in part) will not be considered for funding, except for exceptions noted in the NOSA, Section V.B.

2.9 Multiple Grant Eligibility

An applicant may not receive more than one grant in any one funding cycle. An applicant may submit multiple applications, but if more than one application scores high enough to be funded, only the highest ranked application will be funded.

Applicants who have already received a Planning Grant for the proposed Project cannot receive another Planning Grant for the same Project. Applicants who have already received a Working Capital Grant for a Project cannot receive any additional grants for that Project. Please note that the Agency penalizes an applicant who is applying for a Planning Grant when it has already received a Planning Grant or who is applying for a Working Capital Grant when it has already received a Working Capital Grant by deducting ten points from the applicant's score under the NOSA, Section V.A.1.ix. and V.A.2.ix.

2.10 Current Grant Eligibility

If an applicant currently has a VAPG, the grant period for that grant must be scheduled to expire by December 31, 2006.

2.11 Security Requirements

A grant agreement will be executed between the recipient and RBS.

Section 3: Application Submission Process

3.1 Filing Applications

You may file an application in either paper or electronic format. Send paper applications by U.S. Postal Service or courier delivery services to the address listed in Section 3.4 of this Guide. File an application electronically through <http://www.grants.gov>, the official Federal Government website. RBS will not accept applications by hand-delivery, fax, or e-mail.

3.2 DUNS Number Requirement

Whether you file a paper or an electronic application, you will need a Dun and Bradstreet Data Universal Numbering System (DUNS) number. You must provide your DUNS number on the

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SF-424, "Application for Federal Assistance." If you are an individual or steering committee, you are exempt from the DUNS number requirement.

To verify that your organization has a DUNS number or to receive one at no cost, call the dedicated toll-free request line at (866) 705-5711 or access the website at: <http://www.dnb.com/us/>. You will need the following pieces of information when requesting a DUNS number.

- Legal name
- Headquarters name and address of the organization
- Doing business as (dba) or other name by which the organization is commonly recognized
- Physical address
- Mailing address (if separate from headquarters and/or physical address)
- Telephone number
- Contact name and title
- Number of employees at the physical location

3.3 Paper Applications

Mail an original paper application (no stamped, photocopied, or initialed signatures) and one copy by the deadline date to the following address:

Cooperative Programs
Attn: VAPG Program
MS 3250, Rm. 4016
1400 Independence Ave. SW
Washington, DC 20250
(202) 720-7558

The application must be postmarked by the deadline date. The application and any materials sent with it become Federal records by law and cannot be returned to you.

3.4 Electronic Applications

File an electronic application at the website: <http://www.grants.gov>. Note that you will need to follow the instructions on the website to submit an application. Your submission must include the required forms (outlined below) and an attachment which must include all remaining elements of your application.

You must be registered with Grants.gov before you can submit an application. If you have not used Grants.gov before, you will need to register with the Central Contractor Registry (CCR) and the Credential Provider. You will need a DUNS number to access or register at any of the services. The registration process may take several business days to complete. Follow the instructions at Grants.gov for registering and submitting an electronic application. RBS may request original signatures on electronically submitted documents later.

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The CCR registers your organization, housing your organizational information and allowing Grants.gov to use it to verify your identity. You may register for the CCR by calling the CCR Assistance Center at (888) 227-2423 or you may register online at: <http://www.ccr.gov>.

The Credential Provider gives you or your representative a username and password, as part of the Federal Government's e-Authentication to ensure a secure transaction. You will need the username and password when you register with Grants.gov or use Grants.gov to submit your application. You must register with the Credential Provider through Grants.gov at the following website: <https://apply.grants.gov/OrcRegister>.

3.5 Deadlines for Grant Applications

The deadline to submit final applications is March 31, 2006.

A paper application will be considered on time if it is postmarked by the deadline date. If the application is filed electronically, an electronic date and time stamp on or before the deadline date will be considered on time.

Note: Packages arriving at USDA via the U.S. Postal Service are irradiated, which can damage the contents. RBS encourages you to consider the impact of this procedure when selecting your application delivery method.

Section 4: Requirements for a Completed Grant

4.1 Preparing the Application

A complete application includes the following elements.

1. Standard application forms
2. Title Page
3. Table of Contents
4. Executive Summary
5. Eligibility Discussion
6. Proposal Narrative
7. Conflict of Interest Disclosure
8. Certification of Judgment
9. Verification of Matching Funds
10. Certification of Matching Funds

To be considered for a VAPG, you must meet the eligibility requirements and you must submit a complete application by the deadline date. You should consult the cost principles (OMB Circular A-122 and the Federal Acquisition Regulation, Section 31.2) and general administrative requirements for grants (7 CFR parts 3015 and 3019) in order to prepare the budget and complete other parts of the application.

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4.2 Required Forms

Applicants must complete and submit the following forms to apply for a VAPG.

- SF-424, “Application for Federal Assistance” (see NOSA, Section IV.B.1. for additional information)
- SF-424A, “Budget Information – Non-Construction Programs” (see NOSA, Section IV.B.2. for additional information)
- SF-424B, “Assurances – Non-Construction Programs” (see NOSA, Section IV.B.3. for additional information)

4.3 Title Page

The Title Page should include the title of the project as well as any other relevant identifying information. The length should not exceed one page (see NOSA, Section IV.B.5).

4.4 Table of Contents

The Table of Contents should include pages numbers for each main element of the application, including the Proposal Evaluation Criteria (see NOSA, Section IV.B.6 for additional information).

4.5 Executive Summary

The Executive Summary should briefly describe the project, including goals, tasks to be completed and other relevant information that provides a general overview of the project. In this section the applicant must clearly state whether the proposal is for a planning grant or a working capital grant and the amount requested (see NOSA, Section IV.B.7 for additional information).

4.6 Eligibility Discussion

The Eligibility Discussion section must include a detailed discussion, not to exceed four pages, describing how the applicant, project, and purpose meet the eligibility requirements (see NOSA, Section IV.B.8 for additional information).

4.7 Proposal Narrative

The Proposal Narrative should not exceed 35 pages and must include the following elements.

4.7.1 Project Title

The title of the proposed project must be brief, not to exceed 75 characters, yet describe the essentials of the project. It should match the project title submitted on the SF-424. The Project Title does not need to appear on a separate page. It can be included on the Title Page and/or on the Information Sheet (see NOSA, Section IV.B.9.i.).

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4.7.2 Information Sheet

The Information Sheet is a separate one page document listing each of the evaluation criteria referenced in this funding announcement followed by the page numbers of all relevant material contained in the proposal that address or support each Proposal Evaluation Criterion (see NOSA, Section IV.B.9.ii.).

4.7.3 Goals of the Project

The Goals of the Project section should be a clear statement of the ultimate goals of the project. There must be an explanation of how a market will be expanded and the degree to which incremental revenue will accrue to the benefit of the agricultural producer(s) (see NOSA, Section IV.B.9.iii.).

4.7.4 Work Plan and Budget

The narrative must contain a description of the project and set forth the tasks involved in reasonable detail. The description should specify the activity, who will perform the activity, during what time frame the activity will take place, and the cost of the activity. Please note that one of the Proposal Evaluation Criteria evaluates the Work Plan and Budget. Applicants should only submit the Work Plan and Budget once, either as Section IV.B.9. or as part of the Work Plan/Budget evaluation criterion discussion (see NOSA, Section IV.B.9.iv, Section V.A.1.v., and Section V.A.2.v. for additional information).

4.7.5 Pro Forma Financial Statements

Working capital applications must also include three years of pro forma financial statements, including an explanation of all assumptions, such as input prices, finished product prices, and other economic factors used to generate the financial statements. The financial statements must include cash flow statements, income statements, and balance sheets. Income statements and cash flow statements must be monthly for the first year, then annual for the next two years. The balance sheet should be annual for all three years (see NOSA, Section IV.B.9.v. for additional information).

4.7.6 Performance Evaluation Criteria

Applicants applying for Planning Grants must suggest at least one criterion by which their performance under a grant could be evaluated. Applicants applying for Working Capital Grants must identify their current customer base, their current revenue accruing to Independent Producers, and the current number of jobs existing for the Venture. Working capital Projects with significant energy components must also report current capacity (e.g. gallons of ethanol produced annually, megawatt hours produced annually). Working Capital Grant applicants may also suggest additional performance evaluation criteria for incorporation into the grant award. Any suggested criteria are not binding on USDA. (see NOSA, Section IV.B.9.vi.).

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4.7.7 Proposal Evaluation Criteria

Each of the proposal evaluation criteria referenced in the NOSA must be addressed, specifically and individually, in narrative form. There are separate evaluation criteria for planning grant applications and working capital applications (see NOSA, Section V.A.1. for additional information on planning criteria and Section V.A.2. for additional information on working capital criteria). The criteria are listed below.

Planning Grant Criteria

- i. Nature of the proposed venture
- ii. Qualifications of those doing work
- iii. Project leadership
- iv. Commitments and support
- v. Work plan/Budget
- vi. Amount requested
- vii. Project cost per owner-producer
- ix. Business size
- x. Number of grants
- xi. Presidential initiative of bio-energy
- xii. Administrator points

Working Capital Grant Criteria

- i. Business viability
- ii. Customer base/increased returns
- iii. Commitments and support
- iv. Management team/work force
- v. Work plan/Budget
- vi. Amount requested
- vii. Project cost per owner-producer
- ix. Business size
- x. Number of grants
- xi. Presidential initiative of bio-energy
- xii. Administrator points

4.8 Conflict of Interest Disclosure

If the applicant plans to conduct business with any family members, company owners, or other identities of interest using grant or matching funds, the nature of the business to be conducted and the nature of the relationship between the applicant and the identity of interest must be disclosed. Examples include in-kind matching funds donated by the applicant's immediate family and contracting with someone who has a financial interest in the venture for services paid by grant or matching funds (see NOSA, Section IV.B.10.). If the applicant believes that no conflicts of interest exist with respect to its proposed project, it must state that belief.

4.9 Certification of Judgment

Applicants must certify that the United States has not obtained a judgment against them. No grant funds shall be used to pay a judgment obtained by the United States (see NOSA, Section IV.B.11.).

4.10 Verification of Matching Funds

Applicants must provide a budget to support the work plan showing all sources and uses of funds during the project period. Applicants will be required to verify matching funds, both cash and in-kind. All proposed matching funds must be specifically documented in the application (see NOSA, Section IV.B.12. for additional information).

4.11 Certification of Matching Funds

Applicants must certify that matching funds will be available at the same time grant funds are anticipated to be spent and that matching funds will be spent in advance of grant funding, such that for every dollar of grant funds advanced, not less than an equal amount of matching funds will have been expended prior to submitting the request for reimbursement. Please note that this certification is a separate requirement from the Verification of Matching Funds requirement (see NOSA, Section IV.B.13. for additional information).

Section 5: Application Review Process

5.1 Receipt Acknowledgement

RBS will acknowledge the receipt of your application by e-mail or letter within 30 days of receiving your application. Your application will be initially screened to determine if it is complete and eligible. If your application is determined to be complete and eligible, it will be further evaluated. If your application is determined to be incomplete, ineligible, or both, you will be notified of the reasons within 45 days of the award announcements.

5.2 Evaluating the Application

Each complete and eligible application will be evaluated by the Servicing State Office and three other reviewers. One evaluation will be completed by the Servicing State Office. A second evaluation will be conducted by an RD staff member working for an RD office outside of the applicant's state. Two other evaluations will be conducted by non-Federal personnel with business and agricultural expertise. See the NOSA, Section V.B. for additional information.

5.3. Scoring Criteria

Applications that are complete and eligible will be ranked competitively based on the criteria listed in Section 4.7.7 of this Guide. For additional information on the criteria, see the NOSA, Section V.A.1. and Section V.A.2.

5.4 Application Selection

RBS will rank all complete and eligible applications by their final score. Applications will be selected for funding in rank order, subject to the availability of VAPG funds. Whenever possible, comments from the reviewers and the application's final score will be made available to the applicant upon request.

5.5 Possible RBS Actions on an Application

In making its decision about your application, RBS may determine that your application is:

- Eligible and selected for funding
- Eligible, but offered fewer funds than requested
- Eligible, but not selected for funding

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- Ineligible for funding

5.6 Appeals Process

In accordance with 7 CFR part 11, you generally have the right to appeal RBS decisions that are adverse to you. RBS will notify you of your appeal rights when it notifies you of the decision for your application. If RBS has determined its decision is not appealable, you may request that the National Appeals Division (NAD) determine the appealability of a specific decision. The request must be in writing and filed at the appropriate Regional Office, which can be found at <http://www.nad.usda.gov/offices.htm> or by calling (703) 305-1166.

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Appendix A – Rules and Regulations

These rules and regulations have been mentioned throughout the text of this Guide, but are listed in one place for easy reference. The Code of Federal Regulations (CFR) is located at <http://www.gpoaccess.gov/cfr/index.html>. The OMB Circulars are located at http://www.whitehouse.gov/omb/grants/grants_circulars.html. The Federal Acquisition Regulation is located at <http://www.arnet.gov/far/>.

- CFR, Title 7, Part 11, subpart A, “National Appeals Division Rules of Procedures”
- CFR, Title 7, Part 3015, “Uniform Federal Assistance Regulations”
- CFR, Title 7, Part 3019, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations”
- CFR, Title 7, Part 4284, subpart A, “General Requirements for Cooperative Services Grant Programs, Value-Added Producer Grants, Agriculture Innovation Centers and Rural Cooperative Development Grants”
- CFR, Title 7, Part 4284, subpart J, “Value-Added Producer Grants”
- OMB Circular A-122, “Cost Principles for Non-Profit Organizations”
- Federal Acquisition Regulation

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Appendix B – Planning Application Completeness Checklist

Form of submission

- Font size = 12 point unreduced
- Paper size = 8.5 by 11 inches
- Page margin size = 1 inch on the top, bottom, left, and right
- Printed on only 1 side of each page
- Held together only by rubber bands or metal or plastic clips, not bound in any other way or sent electronically via <http://www.grants.gov>
- Language = English, with no jargon
- Submission includes all pages of the application

Content of submission

- 1. Form SF-424
 - Legal name of applicant (Item 5)
 - Applicant's DUNS number unless individual or steering committee (Item 5)
 - Applicant's complete mailing address (Item 5)
 - Name of contact person (Item 5)
 - Telephone number of contact person (Item 5)
 - Employer Identification Number/Social Security Number (Item 6)
 - Proposed start date of project (Item 13)
 - Proposed end date of project (Item 13)
 - Federal funds requested (Item 15a)
 - Matching funds amount (Items 15b-15e)
 - Answer to question, "Is applicant delinquent on any federal debt?" (Item 17)
 - Name of authorized representative (Item 18a)
 - Telephone number of authorized representative (Item 18c)
 - Signature of authorized representative (Item 18d)
 - Date form was signed (Item 18e)
- 2. Form SF-424A
 - Section A (both federal and matching funds)
 - Section B (both federal and matching funds)
 - Section C (matching funds only)
 - Section D (both federal and matching funds)
- 3. Form SF-424B
 - Signature of authorized representative
 - Title of authorized representative
 - Name of authorized representative
 - Date signed by authorized representative
- 4. Survey on Ensuring Equal Opportunity for Applicants – Submission of this form is voluntary for non-profit applicants. For-profit applicants should not submit this form.
- 5. Title Page – Title of the project (limit = 1 page)
- 6. Table of Contents

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- Page number for Executive Summary
 - Page number for Eligibility Discussion
 - Page number for Project Title
 - Page number for Information Sheet
 - Page number for Goals of the Project
 - Page number for Work Plan
 - Page number for Performance Evaluation Criteria
 - Page number of Proposal Evaluation Criteria
 - Page number for Conflict of Interest Disclosure
 - Page number for Certification of Judgment
 - Page number for Verification of Matching Funds
 - Page number of Certification of Matching Funds
7. Executive Summary (limit = 1 page)
- Describe goals of project
 - Describe tasks to be completed
 - Other relevant information that provides a general overview of the project
 - Statement saying whether funds are requested for planning purposes or working capital purposes
8. Eligibility Discussion (limit = 4 pages)
- Description of type of applicant
- If the applicant is an Independent Producer
- Demonstrate that 100 percent of the owners of the business applying meet the definition of an Independent Producer
 - Demonstrate owners of entity applying currently own and produce more than 50% of the raw commodity that will be used for the value-added product.
 - Demonstrate that product is owned by independent producers from its raw commodity state through production of value-added product
- If the applicant is an Agricultural Producer Group
- State mission and demonstrate that mission includes working on behalf of Independent Producers
 - Demonstrate that the majority of its membership and board of directors are comprised of Independent Producers
 - Identify the Independent Producers on whose behalf the work will be done (the identification can either be by name or by class)
 - Demonstrate that the Independent Producers on whose behalf the work will be done currently own and produce more than 50 percent of the raw commodity that will be used for the value-added product
- If the applicant is a Farmer or Rancher cooperative
- Reference the business' good standing as a cooperative in its state of incorporation
 - Demonstrate the cooperative is 100% owned and controlled by Independent Producers

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If the cooperative is applying on behalf of only a portion of its membership

- Identify the portion of membership on whose behalf the work will be done (identification can be either by name or by class)
- Demonstrate that all members in this portion of its membership meet the definition of Independent Producer
- Demonstrate that the Independent Producers currently own and produce more than 50 percent of the raw commodity that will be used for the value-added product

If the applicant is a Majority-Controlled Producer-Based Business Venture

- Demonstrate that more than 50 percent of the ownership and control is held by Independent Producers, or, partnerships, LLCs, LLPs, corporations or cooperatives that are themselves 100 percent owned and controlled by Independent Producers
 - State number of owners who are Independent Producers and the number of owners who are not Independent Producers
 - State the Independent Producers' financial interest and the non-Independent Producers' financial interest
 - Demonstrate that the majority of voting rights belong to Independent Producers who currently own and produce more than 50 percent of the raw commodity that will be used for the value-added product
- Describe how the value-added product meets the definition of "Value-Added"
- Describe the raw commodity that will be used
 - Describe the process used to add value
 - Describe the value-added product that will be marketed

If the product meets definition 1

- Describe the changes in the physical state of form of the product

If the product meets definition 2

You should not apply for a planning grant under this definition

If the product meets definition 3

- Explain how physical segregation of a commodity or product enhances its value
- Demonstrate that a physical barrier separates the commodity/product from similar commodities during production
- Demonstrate that commodity/product will continue to be separated during processing
- Demonstrate that Value-Added product produced will be separated from similar products during marketing

If the product meets definition 4

- Explain how renewable energy will be generated on a farm or ranch

Describe how the project purpose is eligible for funding

- Describe how the proposed Project consists of eligible planning activities

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- Demonstrate that the activities are directly related to the processing and/or marketing of a value-added product
- 9. Proposal Narrative (limit = 35 pages)
 - i. Project Title – Title for the project is given in the application
 - ii. Information Sheet – List each Proposal Evaluation Criterion with page numbers
 - iii. Goals of the Project
 - Explanation of how the market will be expanded through the project
 - Explanation of the degree to which incremental revenue will accrue to the benefit of the producer(s)
 - iv. Work Plan
 - Description of the project
 - Set forth the tasks to be performed in reasonable detail
 - vi. Performance Evaluation Criteria – Suggest at least one criterion by which the project should be evaluated in the event a grant is awarded
 - vii. Proposal Evaluation Criteria
 - i. Nature of Proposed Venture
 - ii. Qualifications of those doing the work
 - iii. Project leadership
 - iv. Commitments and support
 - v. Work plan/budget
 - Budget presents a detailed breakdown of all estimated costs associated with the planning activities and allocates those costs among the listed tasks
 - Matching funds and grant funds are represented in the budget
 - vi. Amount requested is stated
 - vii. Project cost per owner-producer
 - State the number of owner-producers that are Independent Producers and part of the Venture
 - ix. Business size – must state amount of gross sales for most recent fiscal year
 - x. Number of grants – indicate whether the applicant has received any VAPGs since 2001

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- xi. Bio-energy – indicate whether at least 51 percent of the energy is generated on-farm or on-ranch
- 10. Conflict of interest disclosure – if not applicable, must state that in the application
- 11. Certification of judgment
- 12. Verification of matching funds
 - Budget (may be located elsewhere in the application)
 - All proposed matching funds are specifically documented in the application
 - Matching funds are available for the time period of the grant
 - Matching funds are not significantly overvalued

If matching funds are cash from the applicant,

- Bank statement with an ending date within 30 days of the application deadline or statement from lending institution verifying the amount available, the time period of availability of the funds, and the purposes for which funds may be used

If matching funds are from a loan or line of credit to the applicant,

- Statement from the lending institution verifying the amount available, the time period of availability of the funds, and the purposes for which funds may be used

If matching funds are in-kind from the applicant,

- Signed letter from the applicant or its authorized representative verifying the goods or services to be donated, when the goods or services will be donated, and the value of the goods or services

If matching funds are cash from a third party,

- Signed letter from that third party verifying how much cash will be donated and when it will be donated

If matching funds are in-kind from a third party,

- Signed letter from a third party verifying the goods or services to be donated, when the goods and services will be donated, and the value of the goods and services

- 13. Certification of matching funds

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Appendix C – Working Capital Application Completeness Checklist

Form of submission

- Font size = 12 point unreduced
- Paper size = 8.5 by 11 inches
- Page margin size = 1 inch on the top, bottom, left, and right
- Printed on only 1 side of each page
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 - Applicant's complete mailing address (Item 5)
 - Name of contact person (Item 5)
 - Telephone number of contact person (Item 5)
 - Employer Identification Number/Social Security Number (Item 6)
 - Proposed start date of project (Item 13)
 - Proposed end date of project (Item 13)
 - Federal funds requested (Item 15a)
 - Matching funds amount (Items 15b-15e)
 - Answer to question, "Is applicant delinquent on any federal debt?" (Item 17)
 - Name of authorized representative (Item 18a)
 - Telephone number of authorized representative (Item 18c)
 - Signature of authorized representative (Item 18d)
 - Date form was signed (Item 18e)
- 2. Form SF-424A
 - Section A (both federal and matching funds)
 - Section B (both federal and matching funds)
 - Section C (matching funds only)
 - Section D (both federal and matching funds)
- 3. Form SF-424B
 - Signature of authorized representative
 - Title of authorized representative
 - Name of authorized representative
 - Date signed by authorized representative
- 4. Survey on Ensuring Equal Opportunity for Applicants – Submission of this form is voluntary for non-profit applicants. For-profit applicants should not submit this form.
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- Describe goals of project
 - Describe tasks to be completed
 - Other relevant information that provides a general overview of the project
 - Statement saying whether funds are requested for planning purposes or working capital purposes
8. Eligibility Discussion (limit = 4 pages)
- Description of type of applicant
- If the applicant is an Independent Producer
- Demonstrate that 100 percent of the owners of the business applying meet the definition of an Independent Producer
 - Demonstrate owners of entity applying currently own and produce more than 50% of the raw commodity that will be used for the value-added product.
 - Demonstrate that product is owned by independent producers from its raw commodity state through production of value-added product
- If the applicant is an Agricultural Producer Group
- State mission and demonstrate that mission includes working on behalf of Independent Producers
 - Demonstrate that the majority of its membership and board of directors are comprised of Independent Producers
 - Identify the Independent Producers on whose behalf the work will be done (the identification can either be by name or by class)
 - Demonstrate that the Independent Producers on whose behalf the work will be done currently own and produce more than 50 percent of the raw commodity that will be used for the value-added product
- If the applicant is a Farmer or Rancher cooperative
- Reference the business' good standing as a cooperative in its state of incorporation
 - Demonstrate the cooperative is 100% owned and controlled by Independent Producers

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If the cooperative is applying on behalf of only a portion of its membership

- Identify the portion of membership on whose behalf the work will be done (identification can be either by name or by class)
- Demonstrate that all members in this portion of its membership meet the definition of Independent Producer
- Demonstrate that the Independent Producers currently own and produce more than 50 percent of the raw commodity that will be used for the value-added product

If the applicant is a Majority-Controlled Producer-Based Business Venture

- Demonstrate that more than 50 percent of the ownership and control is held by Independent Producers, or, partnerships, LLCs, LLPs, corporations or cooperatives that are themselves 100 percent owned and controlled by Independent Producers
 - State number of owners who are Independent Producers and the number of owners who are not Independent Producers
 - State the Independent Producers' financial interest and the non-Independent Producers' financial interest
 - Demonstrate that the majority of voting rights belong to Independent Producers who currently own and produce more than 50 percent of the raw commodity that will be used for the value-added product
- Describe how the value-added product meets the definition of "Value-Added"
 - Describe the raw commodity that will be used
 - Describe the process used to add value
 - Describe the value-added product that will be marketed

If the product meets definition 1

- Describe the changes in the physical state of form of the product

If the product meets definition 2

- Explain how the production or marketing of the commodity enhances the value-added product's value by using a comparison with value-added products produced or marketed in the standard manner

If the product meets definition 3

- Explain how physical segregation of a commodity or product enhances its value
- Demonstrate that a physical barrier separates the commodity/product from similar commodities during production
- Demonstrate that commodity/product will continue to be separated during processing
- Demonstrate that Value-Added product produced will be separated from similar products during marketing

If the product meets definition 4

- Explain how renewable energy will be generated on a farm or ranch

- Describe how the project purpose is eligible for funding

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- Describe how the proposed Project consists of eligible working capital activities
- Demonstrate that the activities are directly related to the processing and/or marketing of a value-added product
- Reference a third-party, independent feasibility study and a business plan that have been completed specifically for the proposed Project

If applicant is not an Independent Producer,

- Demonstrate that its proposed Venture has been in operation for less than two years at the time of application, in order to show that the applicant is entering an emerging market

9. Proposal Narrative (limit = 35 pages)

- i. Project Title – Title for the project is given in the application
- ii. Information Sheet – List each Proposal Evaluation Criterion with page numbers
- iii. Goals of the Project
 - Explanation of how the market will be expanded through the project
 - Explanation of the degree to which incremental revenue will accrue to the benefit of the producer(s)
- iv. Work Plan
 - Description of the project
 - Set forth the tasks to be performed in reasonable detail
- v. Pro Forma Financial Statements
 - Explanation of assumptions
 - 3 years of cash flow statements, with the first year being monthly and the second and third years being annual
 - 3 years of income statements, with the first year being monthly and the second and third years being annual
 - 3 years of balance sheets, with all years being annual
- vi. Performance Evaluation Criteria
 - Identify current customer base
 - Identify current revenue accruing to Independent Producers
 - Identify current number of jobs existing for the Venture

If the proposed Project has a significant energy component

- Report current capacity (e.g. gallons of ethanol produced annually, megawatt hours produced annually)

- vii. Proposal Evaluation Criteria
 - i. Business Viability
 - ii. Customer base/increased returns

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- Provide documented estimates of the expected expansion of customer base
- Describe how a greater portion of the revenue derived from the Venture will be returned to the producers that are owners of the Venture

- iii. Commitments and support

- iv. Management team and work force

- v. Work plan/budget
 - Budget presents a detailed breakdown of all estimated costs associated with the planning activities and allocates those costs among the listed tasks
 - Matching funds and grant funds are represented in the budget

- vi. Amount requested is stated

- vii. Project cost per owner-producer
 - State the number of owner-producers that are Independent Producers and part of the Venture

- ix. Business size – must state amount of gross sales for most recent fiscal year

- x. Number of grants – indicate whether the applicant has received any VAPGs since 2001

- xi. Bio-energy – indicate whether at least 51 percent of the energy is generated on-farm or on-ranch

- 10. Conflict of interest disclosure – if not applicable, must state that in the application

- 11. Certification of judgment

- 12. Verification of matching funds
 - Budget (may be located elsewhere in the application)
 - All proposed matching funds are specifically documented in the application
 - Matching funds are available for the time period of the grant
 - Matching funds are not significantly overvalued

If matching funds are cash from the applicant,

- Bank statement with an ending date within 30 days of the application deadline or statement from lending institution verifying the amount available, the time period of availability of the funds, and the purposes for which funds may be used

If matching funds are from a loan or line of credit to the applicant,

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If matching funds are in-kind from the applicant,

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- Signed letter from the applicant or its authorized representative verifying the goods or services to be donated, when the goods or services will be donated, and the value of the goods or services

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If matching funds are in-kind from a third party,

- Signed letter from a third party verifying the goods or services to be donated, when the goods and services will be donated, and the value of the goods and services

- 13. Certification of matching funds