



2009 Annual Report

Panhandle Fresh
Marketing
Association, Inc.

Team Santa Rosa Economic
Development Council
6491 Caroline St.
Milton, FL 32570-4592
850.748.0344 or 850.623.0174

BACKGROUND

Panhandle Fresh Marketing Association (PFMA) began as a Florida not for profit organization in November 2007. The PFMA, a community based food system model (CBFS), is a local effort to assist farmers in pooling their resources and allowing them access to larger markets in the produce industry. Proceeds from PFMA are reinvested into educational resources for producer technical assistance and training.

PFMA operates in the regional area including, but not limited to: Florida counties of Escambia, Santa Rosa, Okaloosa, Walton and Jackson and Alabama counties of Mobile, Escambia and Baldwin. PFMA provides producers with the following: accounting services, matching of orders with available PFMA produce, Wal-Mart (and other vendor) vendor ID number, required \$2,000,000 hold/harmless liability, business planning models through Small Business Development Center, technical support through the West Florida Research and Education Center, assistance to obtain a USDA Food Safety audit and marketing of brand and produce items.

Mission Statement

To improve profits and sustainability of regional farmers by adding value to their product, diversifying their crop mix, and protecting their land for future generations.

More information on the CBFS model...

A community based food system model provides many benefits. CBFS promotes entrepreneurial activities by local farms. It supports local markets and businesses. Further, a CBFS empowers citizens to play an active role in their community's food supply and security, while promoting their own economy. Also, CBFS aids in the protection of our local rural lands, thereby protecting what makes our community unique. Additionally, this model limits the transportation of good and reduces our carbon footprint. Not to mention, produce tastes better and has a higher nutritional value.



Green Peanuts from Holland Farms.

MESSAGE FROM THE CHAIRMAN

When the TEAM Santa Rosa Economic Development Council agreed to incorporate the Panhandle Fresh Marketing Association as a non-profit organization to support the farming industry in our area, it was an experimental venture. As with any business activity, the risk of failure was weighed against the benefits of strengthening the market sustainability of produce farming in our area. We believe the second year of this venture has proven successful and offers a high probability that we can grow (without pun intended) the opportunities for the farming businesses in our area. Our agricultural community contributes to our county having more than quality neighborhoods, a strong military presence, and beautiful recreation areas. With farm land being preserved as a means of a good livelihood, our county is complimented even more as a desirable place to live and work.

Ed Gray, III
President of Panhandle Fresh Marketing Association
Chairman of TEAM Santa Rosa EDC



ACCOMPLISHMENTS

The Seed is Sprouting

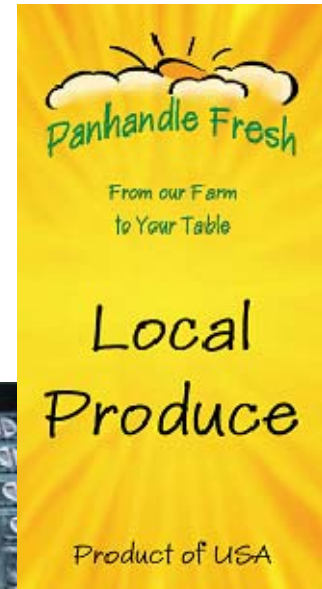
PFMA completed its second year by shipping over \$289,000 revenue in fruit and vegetables, accounting for a 131% increase in its sales. PFMA had 6 producers participating in the 2008 program and has grown to 17 producers in the 2009 season. More growers fueled the volume of seasonal produce available for Wal-Mart. Store Manager of Pace Wal-Mart, Jimmy Cross states in a PNJ article, "We've got good response from the customers. They wish it was available year-round."

With new producers, more produce items shipped this year. Watermelons represented 25% of overall sales with remaining items including: Green Peanuts, Blueberries, Corn, Yellow, White, and Zucchini Squash, Tomatoes, Collard, Mustard, and Turnip Greens, Cantaloupe, Green, Jalapeno, Green Chili, and Banana Peppers, Cucumbers, Canary Melons, Cantaloupe, and more.

Shown display of Blueberries from Escambia County Blueberry Growers and the in store banner marketing this product.

PFMA Bears New Fruit

Further, PFMA gained two new customers. Santa Rosa Medical Center joined and began offering local produce at its Bistro and by creating a farmer's market. SRMC Food Service Manager, April Howell stated in a PNJ article, "Not only do we cook it and serve it, but we have our own farmers' market every other Friday. We bring in the produce and our employees can buy locally grown produce without having to leave and go to the store. It's awesome." Then, PFMA recently began a new partnership with the New North Florida Co-Op located in Marianna, FL to provide raw collard greens for their bagged collard business, shipping to schools and various retail outlets.



Getting the Word Out

PFMA developed and launched its new website, www.panhandlefresh.com. Through the site, consumers can learn more about PFMA and its growers, plus learn the benefits of buying locally grown produce. The website also provides recipes and a blog to learn more about the produce we are growing locally. We provide articles from Dan Mullins, IFAS Extension Commercial Horticulture Agent for Santa Rosa County and produce and nutrition tips from Dorothy Lee, Extension Agent with IFAS Family & Consumer Sciences. Plus, potential producers can view the PFMA farmer application.

Successful Concept

The word is getting out about the success of the new PFMA model. In fact, PFMA has presented its model in several speaking engagements. These include the State Young Farmer & Rancher Conference in Crystal River, FL, University of Florida IFAS Small Farms Alternative Enterprises Conference in Kissimmee, FL, Locally Grown Meeting for Wal-Mart in Orlando, FL, and the 10th Annual Mexican Association of Centers for Small Business Development Conference in Merida, Yucatan.

Also, PFMA was featured in a newspaper article, "Getting Produce from Home" in the *Pensacola News Journal*, Business section on August 2, 2009.



PRODUCER TECHNICAL ASSISTANCE

To ensure farmer success, PFMA works with the University of Florida IFAS Specialty Crop Program. Its mission is to identify and develop new agricultural crop and value-added products for area producers. This program provides education on crop production through the latest production techniques. Field Days allow growers to see crop demonstrations and ask questions to help them on their farms. Current projects include: Greenhouse production, Shade House production, Field and Demonstration, and more.

Further, PFMA partnered with the Extension service to offer growers classes. These include: Florida Small Farms Outreach, a four-part series to help small farm producers get their product to local markets, address obstacles for small producers, and identify new market segments for

selling products locally and Food Safety: Developing a Food Safety Program for Vegetable and Fruit Growers / Packers.

Another needed service to aid in the success of our regional agricultural community is the business planning provided by the university of West Florida Small Business Development Center (SBDC). They have not only assisted in the development of this plan, but have created a model whereby each participant of PFMA can have assistance at no cost to the producer to determine what crops and how much will be most beneficial to them.

KEY LEARNINGS

Food Safety

Food safety is now receiving more emphasis in selling produce in larger market venues. Our key customer implemented a new requirement for each grower to complete a third party Food Safety audit through the USDA or Primus auditors. PFMA sponsored a Food Safety course taught by the UF IFAS Extension service to aid its growers in preparing for a food safety audit. PFMA is partnering with each grower to help them through the new requirements by aiding with developing food safety manuals and acquiring feedback for questions about the process through the third party auditors. Audits are proving to be a hurdle as small farmers need additional funding to pay for the audits and any necessary changes to meet these standards, not to mention, the time and personnel to implement the changes and track food safety documentation.

Another task PFMA could be of great value to the producers is a fill-in-the-blank template for the audits. Much of what and how the producers operate is compliant with the auditors, what seems to be missing is the documentation of what and how they do their production. To this end, PFMA has worked with the auditors to develop this template that each farmer can customize to their own farm and, hopefully, be ready for this audits.

Mother Nature

In the late spring, planting became a huge challenge for farmers due to the big shifts in weather events. A cold, wet spring delayed plantings three to four weeks. Then, as crops began to grow, the month of June brought several weeks of above normal oppressive heat causing photosynthesis to cease for a period of time. Then, the back half of 2009 was dotted with several periods of intense rain, delaying access to fields for harvest. Consequently, our growers' largest volume item, watermelons, did not produce as much volume as the prior year and the overall local produce season had a delayed start.

PLOWING FUTURE GROUND

PFMA has several opportunities to continue more program growth. Currently, farmers are making direct store deliveries for their orders. A distribution center will provide one drop off location for producers and a staging area for building and distributing orders to customer. In 2009, PFMA has applied for a \$175,000 USDA revolving fund grant. If approved, this funding will aid in developing a future distribution center and other programs to assist farmers. Further, PFMA will need to continue seeking more growers and developing out more buyers to connect local produce with viable markets. Last, PFMA is partnering with the farmers to develop a new Community Supported Agriculture (CSA) program. This program would provide a way for consumers to buy local, seasonal foods directly from a farm. The initiative would offer shares to the public mostly consisting of vegetables and fruits, but could also include eggs, meats, honey, fresh-cut and potted flowers and preserves. Currently, input is being sought from the community. Articles have been picked up by the local media (see Public Relations) and the response has been significant. In excess of 30 potential consumers and a few offers to be the drop off point contacted PFMA within just a few days of the articles being released.

ADMINISTRATION

To continue its first season success, PFMA brought on Andrea Sutrick as Marketing Coordinator. Andrea brings ten years of sales and marketing experience with Kraft Foods. Andrea's focus is on the marketing of PFMA and the coordination of the product from farmer to buyer. TEAM Santa Rosa, together with Durst & Associates continues to process and account for the receipts and payments of these activities.

FINANCIALS – See Attached December 2009 Financials and Sales by Item Summary for 2009

PUBLIC RELATIONS

Panhandle Fresh has been featured this year in a variety of local print publications including the Santa Rosa Press Gazette, Pensacola News Journal and Gulf Breeze News. Stories published in these news papers have generated headlines including "Farm Economy Getting a Lift," "Enough About Food? Naw!" and "Plan Offers New Produce." Through marketing and public relations efforts, citizens of the county are fast learning the value of fresh produce and the economic benefits of buying locally.

The Pensacola News Journal wrote in an August 9, 2009 editorial, "[Panhandle Fresh] is another success story for TEAM Santa Rosa, which continues to set the regional pace for economic development. What we like about Panhandle Fresh is that it is building on what should have been a major strength for this area: agriculture." The Gulf Breeze News has also promoted TEAM's effort thru PFMA to develop a Community Supported Agriculture Program as has the

Pensacola News Journal. In a 2009 article, the News Journal quotes Gulf Breeze Mayor Beverly Zimmern as stating, “It would be great to have [produce] more locally. Eating locally and without as much time and distance, the freshness is just so much better.” PFMA has also been promoted throughout the year in the surrounding Chamber of Commerce newsletters. The Santa Rosan and Pace Keynotes publish monthly updates on the latest produce available in the area through the program.

The program is building regional and national attention as well. TEAM Santa Rosa Executive Director traveled to Mexico in the fall to present the PFMA model, which is gaining international acclaim as a prototype. The PFMA Marketing Coordinator has also presented the model in various northwest Florida counties in effort to create regional program momentum.

OFFICERS

<u>NAME</u>	<u>OFFICE</u>
Ed Gray, III	CHAIRMAN
Dick Baker	TREASURER
Cindy W. Anderson	ASSISTANT TREASURER

HOW YOU CAN HELP

Panhandle Fresh Marketing Association is passionate about pursuing the growth of local produce to positively impact our local producer economies, as well as, provide fresh and local produce to shoppers. For inquiries, please contact Andrea Sutrick, Marketing Coordinator.

Panhandle Fresh Marketing Association
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Milton, FL 32570-4592
Office 850.748.0344
Other 850.623.0174
Email panhandlefresh@teamsantarosa.com

PARTNERS

Team Santa Rosa Economic Development Council
University of Florida Institute of Foods and Agricultural Sciences (IFAS)
University of West Florida Small Business Development Center (SBDC)
Santa Rosa County Extension Office
United States Department of Agriculture (USDA)
Santa Rosa County Chambers of Commerce

2009 Closing Financials

	TOTAL	
	Jan - Dec 09	Budget
Ordinary Income/Expense		
Income		
Opening Balance	15,130.00	15,130.00
Fees	385.00	
Reimbursed Payroll Expense	19,791.65	19,792.00
Sales		
Sales Credits	-2,650.35	0.00
Sales - Other	287,738.12	200,000.00
Total Sales	285,087.77	200,000.00
Total Income	320,394.42	234,922.00
Cost of Goods Sold		
Farmer Payments	258,546.31	180,000.00
Total COGS	258,546.31	180,000.00
Gross Profit	61,848.11	54,922.00
Expense		
Administrative Services	2,567.71	0.00
Auto Expenses	2,911.70	4,500.00
Commission	7,822.06	6,000.00
Contractual Services	18,750.06	19,792.00
Contributions	6,000.00	6,000.00
Insurance Expense	1,959.67	2,000.00
Marketing	1,840.00	4,000.00
Meals and Entertainment	289.27	200.00
Office Supplies	1,762.59	2,000.00
Professional Services	2,924.00	4,500.00
Travel Expense	0.00	0.00
Total Expense	46,827.06	48,992.00
Net Ordinary Income	15,021.05	5,930.00

Sales Summary by Item

Description	% of Sales	Rank
Watermelon	19.5%	1
Blueberries	16.8%	2
Green Peanuts	13.6%	3
Corn	13.4%	4
Yellow Squash	6.5%	5
Tomatoes	6.4%	6
Watermelon Seedless	4.6%	7
Canary Melon	3.3%	8
Greens, Collard	3.0%	9
Zucchini	2.4%	10
Cucumber	1.8%	11
Bell Peppers	1.5%	12
Cantaloupe Melon	1.2%	13
Jalapeno Peppers	1.1%	14
Greens, Turnip	0.8%	15
Banana Peppers	0.7%	16
Bambino Melon	0.5%	17
Leek	0.5%	18
Cabbage	0.4%	19
Broccoli	0.4%	20
White Patty Pan Squash	0.3%	21
Cayenne Peppers	0.3%	22
Eggplant	0.3%	23
Greens, Mustard	0.2%	24
Green Tomatoes	0.2%	25
Pumpkin	0.1%	26
Red Potato	0.1%	27
Peas	0.1%	28
Green Chili Peppers	0.0%	29
Okra	0.0%	30
Coleslaw	0.0%	31
Sweet Potato	0.0%	32
Sweet Onion	0.0%	33
Blackberries	0.0%	34
Butternut Squash	0.0%	35
Green Beans	0.0%	36
Grand Total	100.0%	