

Session #2: Finances and Production

In this Session you will...

- Understand how to compile and analyze a Profit and Loss Statement
- Understand how to compile and analyze a cash flow statement
- Understand how to compare profitability of different Enterprises
- Understand how to calculate and use Unit Cost of Production
- Understand how to set Financial and Quality of Life Goals
- Understand how to calculate the levels of sales you would need to meet your Financial Goals (*Breakeven*)
- Understand how to compare where you are now (Asset Inventory) with where you want to be (Goals), identify the gaps, and chart a *high level* plan for filling the gaps (Objectives)

After this Session, you should be able to write . . .

- Your Goals and Objectives
- Your Production & Operations Plan

Accompanying Readings

- NxLevel Chapter 8 pages 21-39

9:00 – 10:00 AM	The Basics of Profit & Loss <ul style="list-style-type: none"> ● Overall ● By Enterprise ("goats vs. vegetables"), by Unit ("beets vs. carrots") ● Gross Sales, Variable Costs, Gross Profit, Expenses, Net Profit ● Gross & Net Margin ● The Cost of you ● Breakeven
10-10:45	Cash Flow Statements <ul style="list-style-type: none"> ● A Cash Flow Statement is... ● Differences between the Cash Flow & Profit/Loss Statements
10:45 - 11	Break
11-12	Group Activity: Profit and Loss vs. Cash Flow vs. Balance Sheet
12-12:30	Lunch
12:30-2	Profit and Loss by Enterprise <ul style="list-style-type: none"> ● Defining Enterprises on Your Farm

	<ul style="list-style-type: none">• Methods for Calculating Profit & Loss by Enterprise• Breakeven, revisited: Focus on the Profit Centers <p>Unit Cost</p> <ul style="list-style-type: none">• "The Price You Need to Pay - All Your Expenses and Yourself"• Allocating Direct Variable Costs• Allocating Fixed Costs• Using Net Margin to Compare the Profitability of Different Crops/Products• Evaluating Equipment Purchase Decisions (When is it worth it?)• Comparing profitability of different customers
2 - 3:30	Group Activity: Mock Consult for Three Farms



Farm CFO for hire
Cost Analysis / Market Development
Crop Planning / Bookkeeping

