



Teaching Financial Literacy

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Underlying Goals of T.A.

- Help them understand “why bother?”
- Give farmers the knowledge and skills to be better managers
- Create tools that they can use when the TA is done
- Help them understand the risks

Ensure Farmers are Financially Sustainable

○ Avoid a cash crisis that is an inherent risk with a seasonal business

Why Bother?

- If you budget, you can buy (not borrow)
- You can plan for seasonality
- You can apply for a loan (for bigger purchases)
- You can file your taxes



Goals – Develop Building Blocks

**Understand
Basic
Accounting**

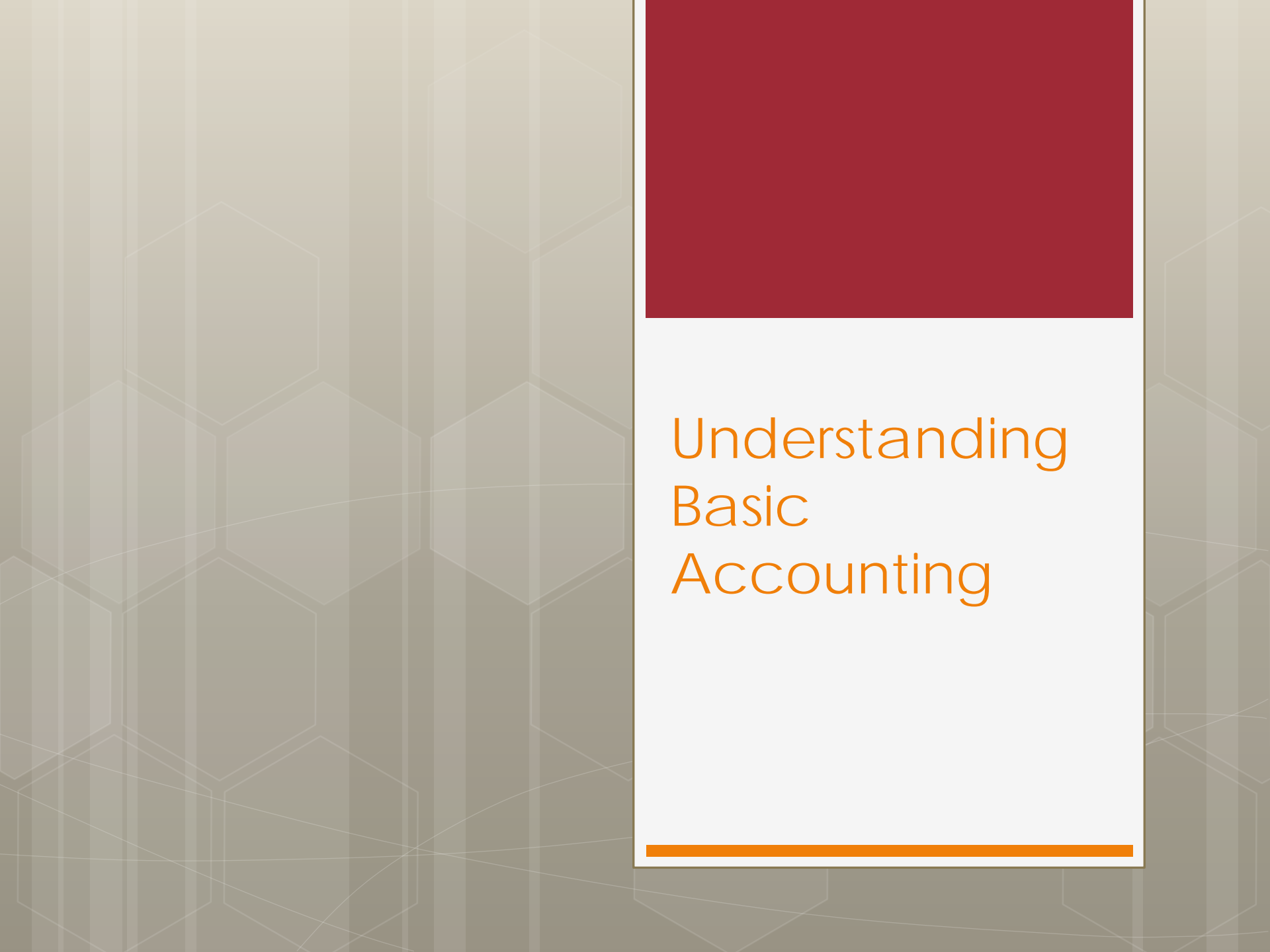
**Develop
Systems for
Bookkeeping**

**Track and
Measure
your progress**

Plan for
growth and
profit

7 Tips for Teaching Financial Literacy

1. Speak English (or Spanish) and not accountant-ese.
2. Perfect is the enemy of the good
3. Acknowledge resistance (and get buy-in)
4. The question is the answer
5. No Vision, No Change
6. Define Success
7. Build Your Team




Understanding Basic Accounting

Income Statement: Summarizes Operating Revenues and Expenses

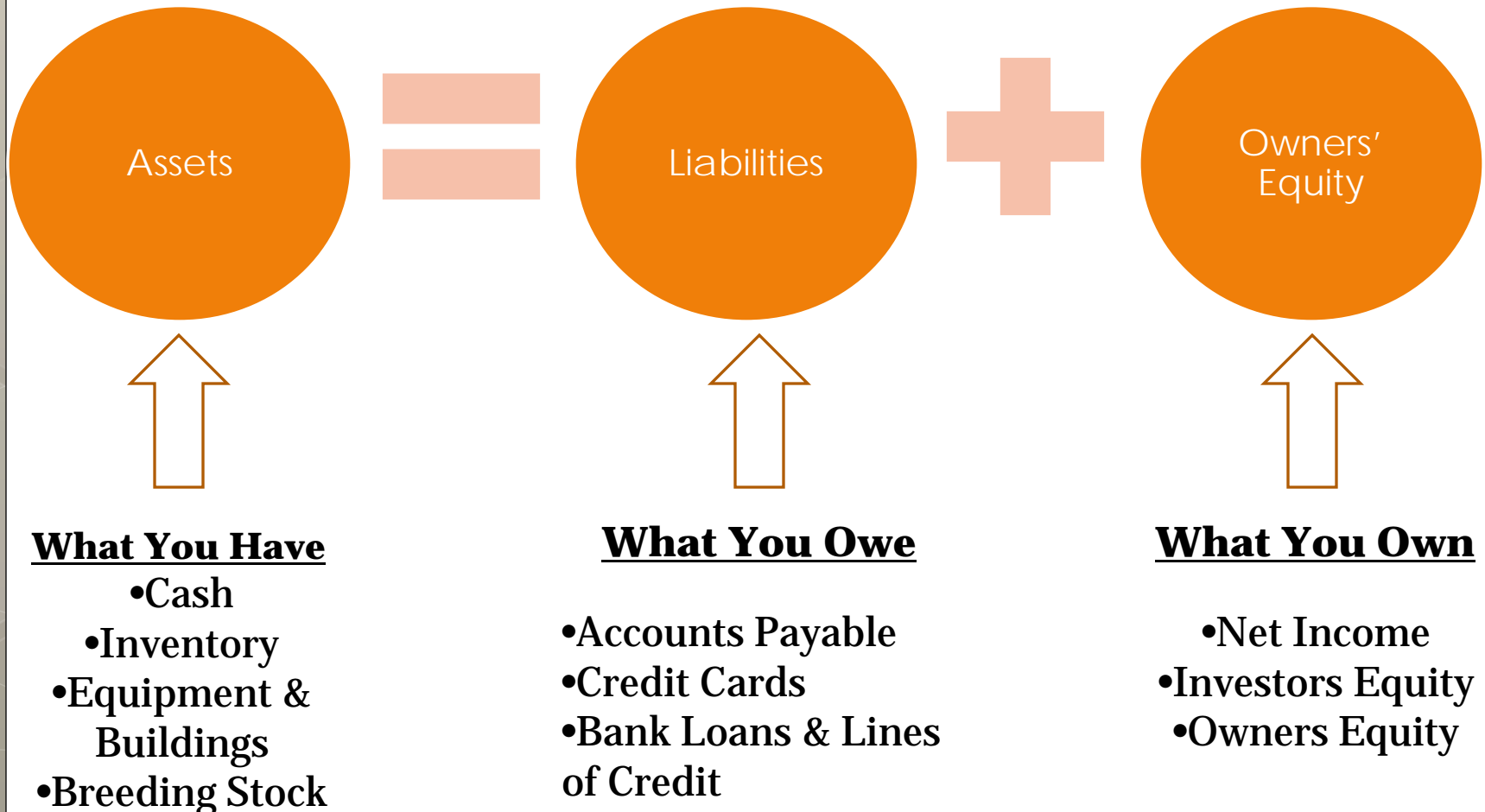
- Revenue
 - Net Sales
- COGS
 - Seeds/Seedling
 - Produce for Resale
- Operating Expenses
 - Direct Operating
 - Labor
 - Occupancy
 - G&A
 - Repairs and Maintenance
 - Income Taxes
- Operating Income = Revenue – Expenses

Statement of Cash Flows

- Cash Flow from Operations
- Cash Flow from Investing
- Cash Flow from Financing

Net Income  Cash Flow

The Balance Sheet Equation



Creating Financial Projections

- Balance Sheet
 - A list of assets and liabilities
 - Lenders are very interested
 - More nuanced value to farmers
- Cash Flow
 - Cash from operations, plus capital purchase and financing
- Income Statement
 - An overview of the operation

"Quick and Dirty" Cash Flow

4. Enter beginning cash balance here:

\$ 773.00

5. Do you stay cash positive?

Yes!

2. Projections (Annual)

1. Accounts

3. Projections (Monthly)

Revenues

	January	February	March	April	May	June	July	August	September	October
Sales										
CSA	\$ 1,890	-	\$ 2,700	\$ 4,400	\$ 2,800	\$ 1,500	-	-	-	-
Farmers' Market	-	-	-	-	-	-	-	-	-	-
Wholesale	\$ 1,700	\$ 250	-	-	\$ 1,200	\$ 3,500	\$ 11,000	\$ 30,000	\$ 33,000	\$ 17,600
Greenhouse										
Seedling Sale	-	-	-	-	\$ 2,700	-	-	-	-	-
Other	-	-	-	-	-	\$ 500	-	-	-	-
Total Revenues	\$ 3,590	\$ 250	\$ 2,700	\$ 4,400	\$ 6,700	\$ 5,500	\$ 11,000	\$ 30,000	\$ 33,000	\$ 17,600

Cost of Goods Sold

Produce for Resale	\$ 200	-	-	-	-	\$ 100	\$ 500	\$ 100	\$ 200	\$ 100
Total COGS	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 500	\$ 100	\$ 200	\$ 100

Gross Profit

	\$ 3,390	\$ 250	\$ 2,700	\$ 4,400	\$ 6,700	\$ 5,400	\$ 10,500	\$ 29,900	\$ 32,800	\$ 17,500
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Expenses

	January	February	March	April	May	June	July	August	September	October
Direct Operating										
Chemicals										
Fertilizer and Lime	\$ -	\$ -	\$ -	\$ 150	\$ 100	\$ 100	\$ 300	\$ 100	\$ 50	\$ -
Freight and Transport										
Gasoline, Fuel, and Oil										
Equipment										
Tools and hardware	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 100	\$ 100	\$ 300	\$ 300	\$ 200
Other	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ 120	\$ 600	\$ 120	\$ -
Equipment Rental	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 100	\$ -	\$ 100	\$ -	\$ -
Supplies										
Greenhouse accessories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 200	\$ 100
Stakes, mulch, reemay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ 500	\$ 80
Packaging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 250	\$ 1,200	\$ 500	\$ 200
Row Cover										
Scale										
Seeds and Plants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 1,000	\$ 1,400	\$ 1,300
Top Soil/Potting Soil	\$ -	\$ -	\$ -	\$ 2,255	\$ 200	\$ 200	\$ 100	\$ 100	\$ -	\$ -
Total Direct Operating	\$ -	\$ -	\$ -	\$ 2,405	\$ 550	\$ 570	\$ 4,170	\$ 3,600	\$ 3,070	\$ 1,880



Thank you!

More resources:

<http://www.juliashanks.com/tools-for-entrepreneurs/>

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Call:

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Develop Systems

- Gather Historical Data
 - QuickBooks
 - Tax Returns – Schedule F
 - General Ledgers
- Refine Bookkeeping Systems
- Create Budgeting and tracking tools
- Define Metrics for Measurement