

Cash Flow

It’s the missing piece

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Little Hat Creek Farm
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Virginia Association of Biological Farmers

So you love farming

And you just sold out at your farmer’s market!

But how do you know you’re making money?

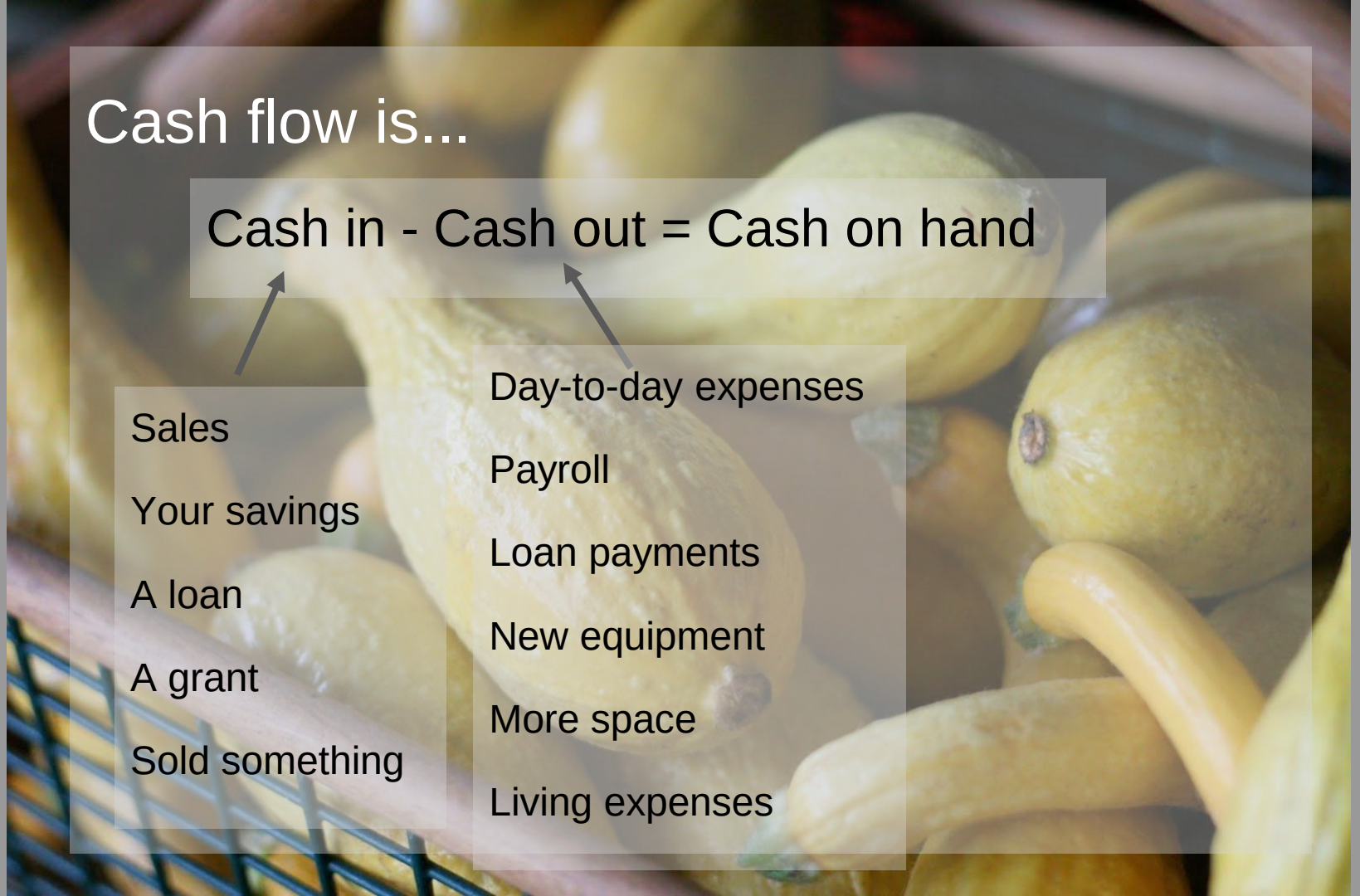


Farming is a seasonal business

How much money do you need for the winter?

What is the smartest way to grow?





Cash flow is...

Cash in - Cash out = Cash on hand

Sales

Your savings

A loan

A grant

Sold something

Day-to-day expenses

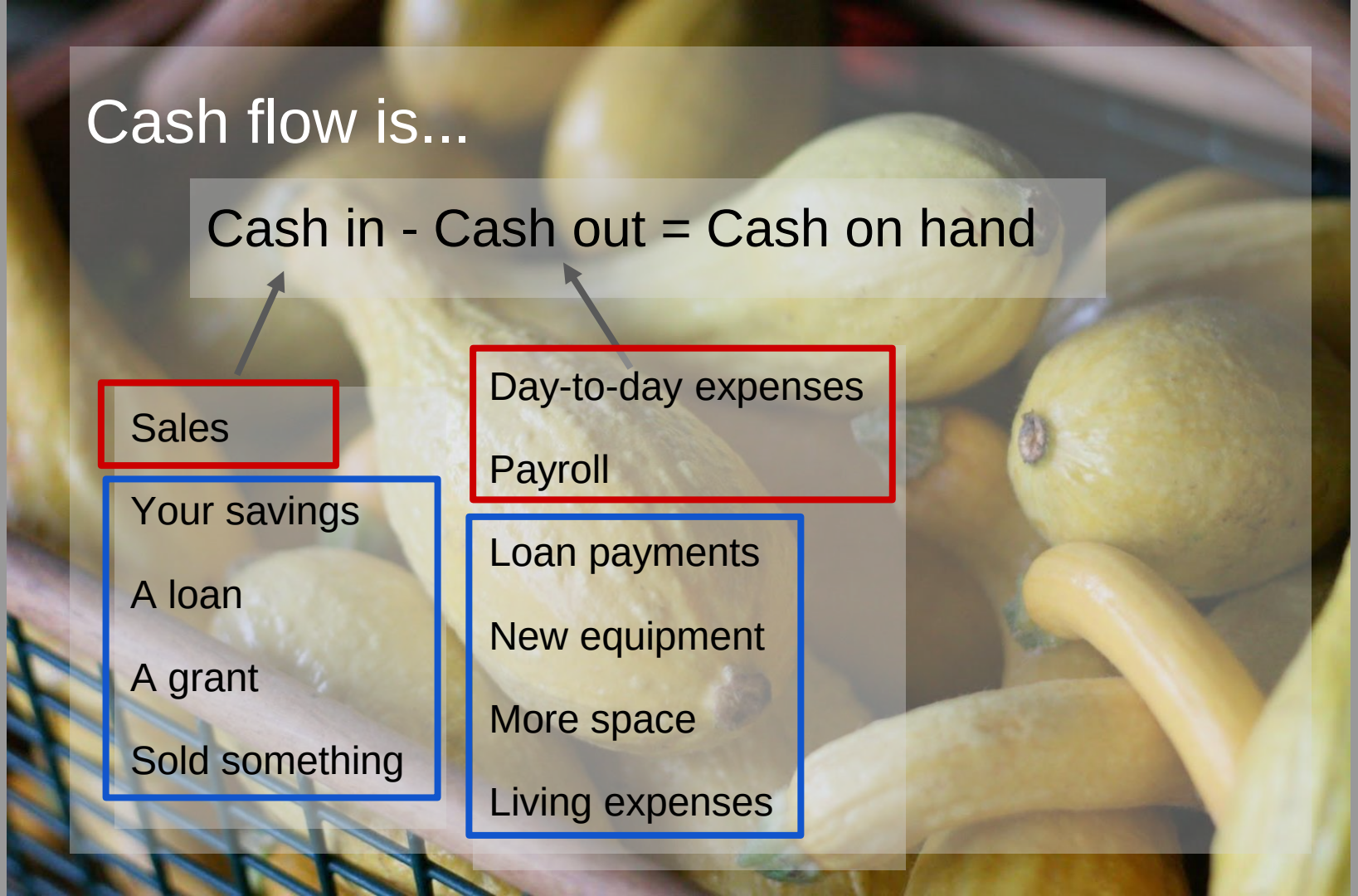
Payroll

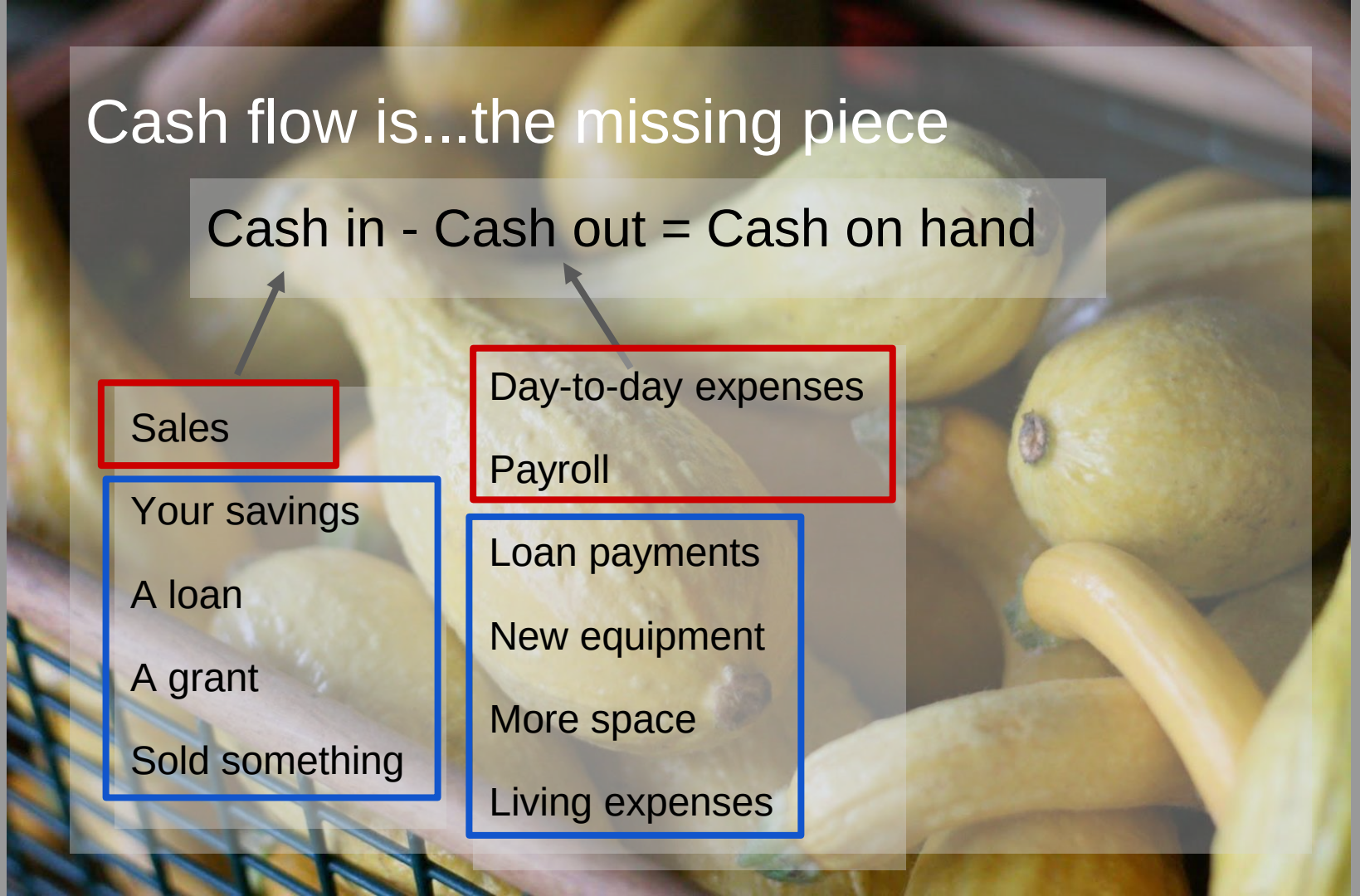
Loan payments

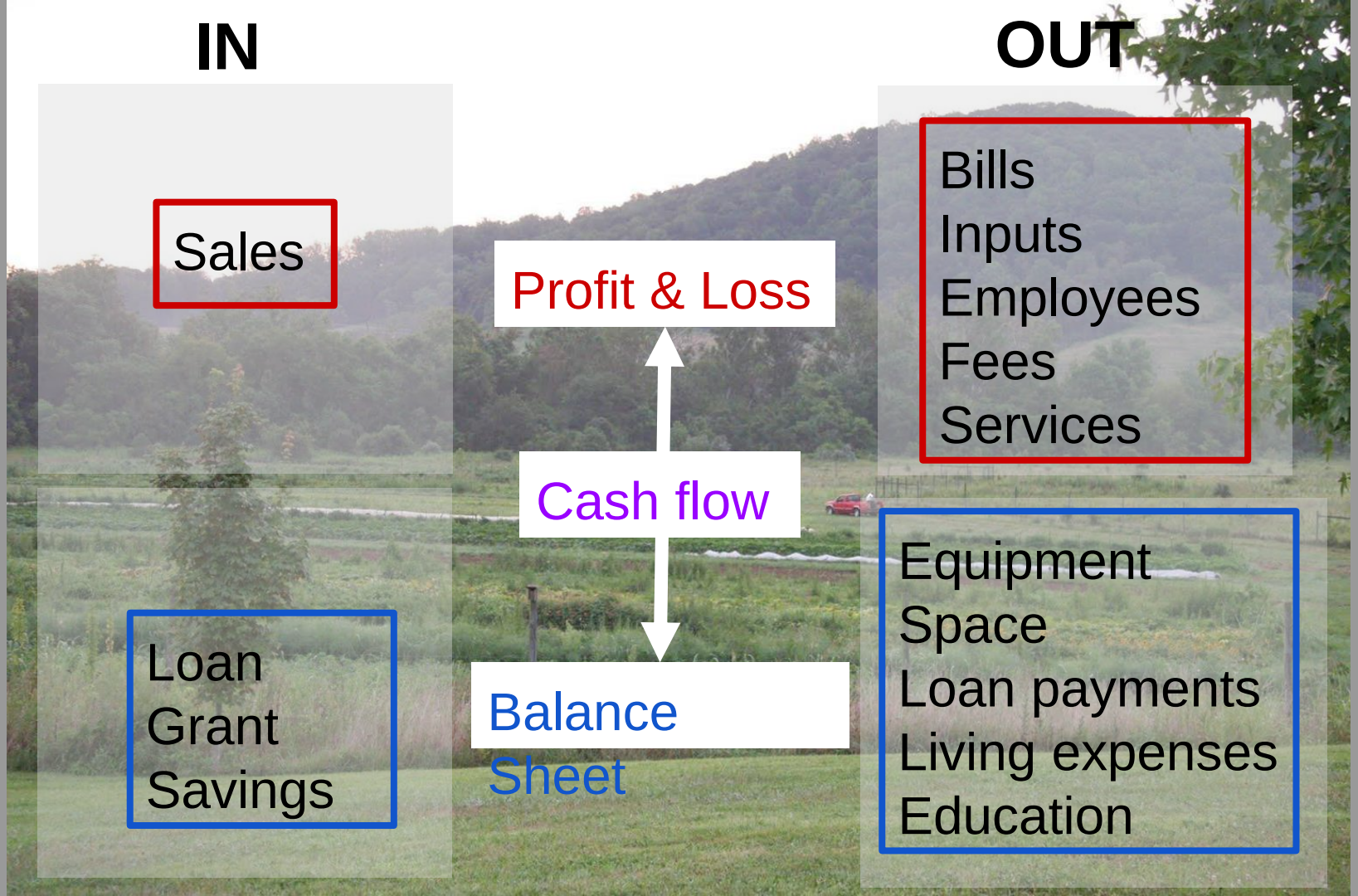
New equipment

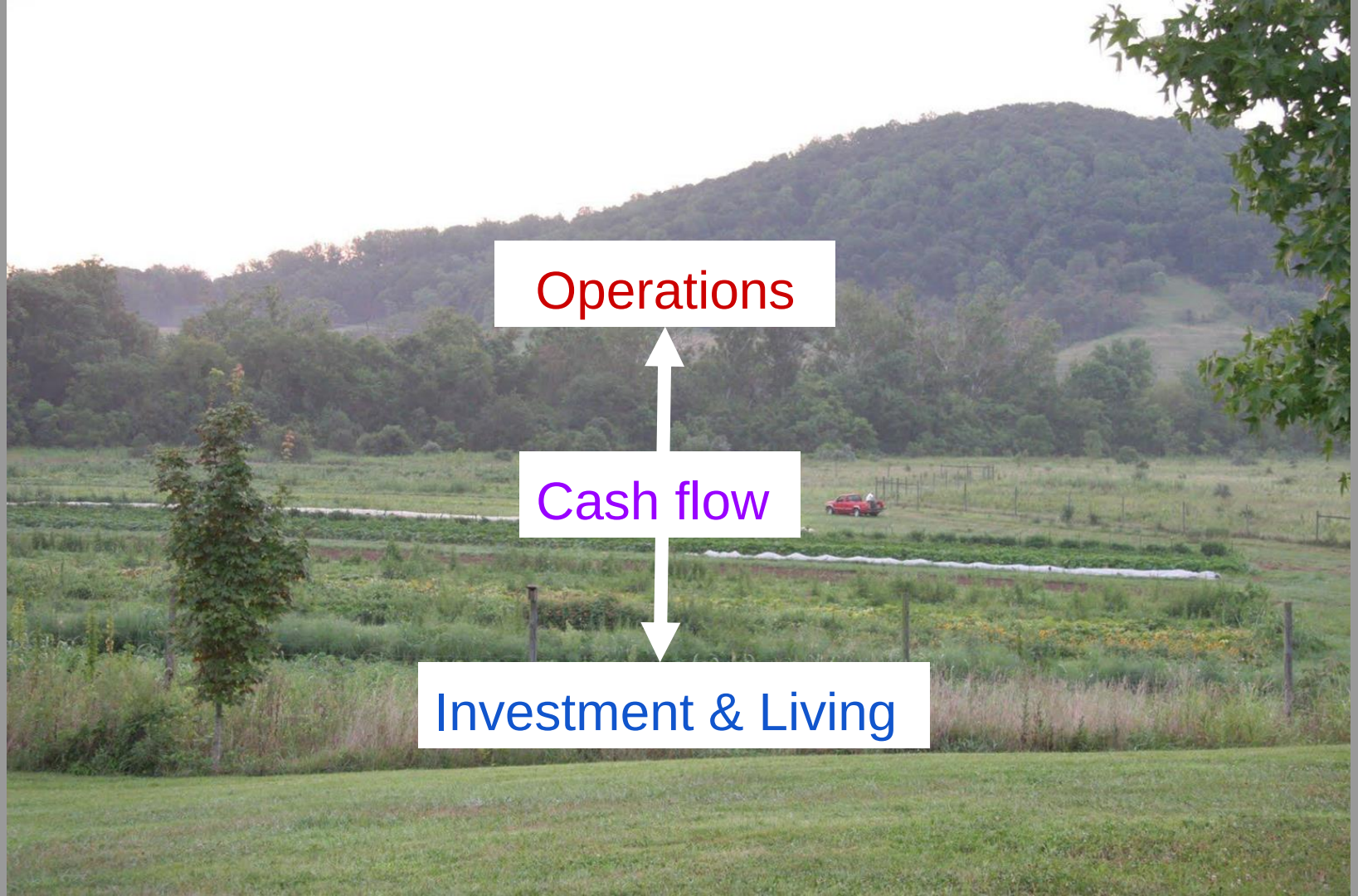
More space

Living expenses


Cash flow is...
Cash in - Cash out = Cash on hand
Sales
Your savings
A loan
A grant
Sold something
Day-to-day expenses
Payroll
Loan payments
New equipment
More space
Living expenses


Cash flow is...the missing piece
Cash in - Cash out = Cash on hand
Sales
Your savings
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A grant
Sold something
Day-to-day expenses
Payroll
Loan payments
New equipment
More space
Living expenses


IN
OUT
Sales
Profit & Loss
Bills
Inputs
Employees
Fees
Services
Cash flow
Loan
Grant
Savings
Balance Sheet
Equipment
Space
Loan payments
Living expenses
Education


Operations
Cash flow
Investment & Living

When you get started, your cash comes from the balance sheet

Day-to-day income		2019	2020
Farmers Market #1		$50,000.00	$60,000.00
On-farm sales		$150.00	$1,000.00
	Start-up		
Cash on hand	$10,000.00	$30,000.00	$1,450.00
Cash in			
Day-to-day income		$50,150.00	$61,000.00
Startup loan	$20,000.00		
Cash you can spend	$30,000.00	$80,150.00	$62,450.00
Cash out			
Profit & Loss			
Employees		$12,000.00	$12,000.00

Owner Savings

Loan

This vegetable farm sells at one farmer's market and on-farm

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How do you spend it?

The farmers have one employee and no other job

Cash you can spend	$30,000.00	$80,150.00	$62,450.00
Cash out			
Profit & Loss			
Employees		$12,000.00	$12,000.00
Seeds		$1,500.00	$1,500.00
Bills		$37,000.00	$37,000.00
Balance sheet			
Greenhouse		$10,000.00	
Tractor		$6,000.00	
Loan payment		$1,200.00	$1,200.00
Living expenses		$11,000.00	$11,000.00
Cash you spent	$0.00	$78,700.00	$62,700.00
Cash available for the next year	**$30,000.00**	**$1,450.00**	**-$250.00**

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Pretty good for the first year!

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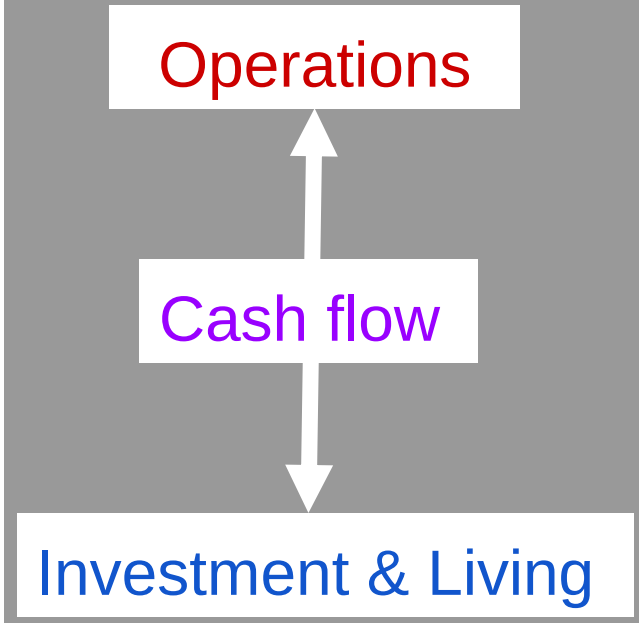
Income has gone up 20%...

Expenses stayed the same

You didn't buy anything...

...but there's still no cash left

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Now it’s
your turn!