

Instructions: Financial Projections  
November 15, 2020

This spreadsheet will help you to track your initial start-up costs, project if your new operation will be sustainable and how many years it will take before you recover your initial costs and begin making a profit. The only fields that you will fill in are the ones highlighted in yellow. In addition to examples of income and expense categories there are blank fields where you can add other categories. If you run out of fields you can combine several categories together.

This spreadsheet is meant to be used as a worksheet in Excel because projections are automatically performed when you input as many of the values as possible. Financial sustainability is projected when the fields on the right side of the first page reflect the following trends:

the amount of **Capital Investment Needed** is decreasing from year to year,  
and the amount of each year's **Carry-over** is more than the **Cash Flow Buffer Minimum**  
and the **Carry-over** is also increasing from year to year.

If financial sustainability is not projected for the operation you have in mind, you will need to rethink how the operation would function. For example, say that all the fields have been filled in and the projections indicate that the overall trend for the amount of **Capital Investment Needed** each year is increasing. In addition, each year's **Carry-over** does not meet the **Cash Flow Buffer Minimum** in all years and the overall trend of the Carry-over is decreasing. It would be necessary to change income and expense inputs to reflect how your envisioned operation would need to change. Such changes to income and expense inputs should be realistic and achievable. Make changes as necessary to arrive at long-term projections that are sustainable.

**Income:**

There are two sections here one for your first three years of operation (Y1-Y3) and another for the next four (Y4-Y7). You can fill in the same amounts or account for possible differences.

Fill in the total annual retail income that you anticipate from weekly sales of produce from your farm stand or sales at your farmers market. If you are using the Fantastic Farm and Garden Calculator you can use the value generated from the Retail Sales Calculator here.

Fill in the total annual income that you anticipate from weekly wholesale sales. If you are using the Fantastic Farm and Garden Calculator you can use the value generated from the Retail Sales Calculator here.

Fill in the # of full CSA shares you plan to sell and the price you will charge for each share. Fill in the # of half CSA shares you plan to sell and the price you will charge for each share.

Fill in the total annual income that you anticipate from other sources besides the CSA shares. These sources could be such things as Add-ons and Bedding Plant Sales

**Tip:** “Add-ons” are when you make arrangements with another farm or ranch to provide you with items that you don’t produce onsite. The costs of these items are generally passed on to CSA shareholders with some amount of mark-up for profit and to cover logistical factors such as labor for sorting or packaging.

Once you fill in the above fields your Total Projected Income will be calculated.

### **Expenses:**

Fill in values for your Capital Costs. These are items that you will purchase once or that will need to replace infrequently. We suggest that you make a detailed list of all the tools and equipment for this category and then shop around to obtain accurate costs.

An accessory sheet of the Financial Projections tool is called the Asset Replacement Calculator and is opened by clicking the tab at the bottom of the page. This is used for calculating the amount needed to be saved each year for the eventual replacement of any capital assets that you input here. This “amount to save” is automatically deducted in the projections field.

**Tip:** Be sure to include shipping if you order tools or equipment.

Fill in the values for your Annual Administrative and Variable Costs. These are items that you will need to purchase every year. Annual Variable Costs are the costs that change in proportion to the amount of production such as seed and soil amendments, supplies and labor. You will also want to include any costs associated with any add-ons, workshops and farm dinners, if you will be participating in these income-generating markets. There are two sections for Annual Variable Costs one for your first three years of operation (Y1-Y3) and another for the next four (Y4-Y7). You can fill in the same amounts or account for possible differences.

Once you have input all of the values for the expense and income categories assess the Projections section on the right side of the first page. You will need to input a loan interest rate for **Capital Investment Needed** if you plan to borrow from a lender, and input a rate for inflation. Again financial sustainability is projected when the amount of **Capital Investment Needed** is decreasing from year to year, and the amount of each year’s **Carry-over** is more than the **Cash Flow Buffer Minimum** and is also increasing from year to year.