Making it Happen: Financial Calendar Tool
This material is based upon work supported by USDA/NIFA under Award Number 2015-49200-24225.
Disclosure

The numbers in this presentation are fictitious and used for illustrative purposes only.

As you plan and project for your own business, you will need to research and calculate the financial data based on your specific economic reality.
1. Why Bother?
2. Overview of Calendar - Formatting
3. Overview of Calendar - Concepts
4. Specific Tasks
   a) Weekly: Monitor Cash Balance
   b) Monthly/Quarterly: Compare Actual to Projections
   c) Annually: Cost of Production
Why Bother?

- With regular data entry, bookkeeping is manageable
- With good bookkeeping, you have numbers to make business decisions
  - AND ANALYSIS IS SPEEDY!
- With good numbers, you can better manage cash flow
- And, of course, tax filing is more straightforward
The Calendar
The Calendar Tool - Overview

Enables you to get to the end-goal: manage your business by numbers.

- **Layout**
  - Check-list
  - Table of tasks

- **Operational vs. Managerial Tasks**

- **How to make it work for you?**
  - Daily vs. Weekly; Weekly vs. Bi-weekly
  - QuickBooks vs. other accounting systems
  - Making time & setting reminders
The Carrot Project Financial Calendar Tool Part I: Financial Management Task Checklist

- This tool is designed to help you track financial management tasks critical to maintaining effective business practices.
- Tasks are separated into operational tasks, those supporting business record-keeping needs, and managerial tasks, those relating to planning, business decision-making, and financial analysis.
- Numbers after tasks signify that the task is outlined on The Carrot Project's Financial Calendar Tool Part II: Financial Management Task Details, which explains the goals, tools, and process involved in completing these financial management tasks.

**Daily Operational Tasks**
- Record revenue and expenses in accounting software (don’t forget credit card transactions!)
- Deposit checks and cash in bank account(s)
- Place orders for needed supplies
- File paper work
- Record employee hours for each work task
- Record production data
- Perform these tasks more frequently when transactions are high-volume.

**Weekly or Bi-Weekly Operational Tasks**
- Pay bills and transfer funds as needed
- Prepare sales and expense reports for management
- Prepare any other reports as requested
  - Cash flow projections
  - Budgets
- Transactions
- Pay employees and/or yourself
  - Set aside cash for payroll withholdings, or submit data to payroll company

**Managerial Tasks**
- Assess supply levels and draw up orders when needed
- Monitor production to establish upcoming product sales
- Review sales: compare projections against actuals
- Review expenses: compare projections against actuals
- Review profit and loss reports comparing this year-to-date to last year-to-date

**Monthly or Quarterly Operational Tasks**
- Reconcile bank statements
- Reconcile loan accounts

**Managerial Tasks**
- Analyze financial statements:
  - Profit & Loss statement (8)
  - Balance Sheet (9)
  - Cash Flow
- Review pricing structure (10):
  - Confirm prices cover cost of production plus overhead expenses
  - Review competitive analysis to ensure products are competitively priced in markets

**Business Planning**
- Review and update business plan as needed
- Generate monthly profit & loss and cash flow projections for coming year
- Update calendar checklist to better fit your needs/schedule
- Review any ongoing analysis; sensitivity, break-even, scenario planning, etc.
## The Carrot Project Financial Calendar Tool Part II: Financial Management Task Details

### Weekly/Bi-Weekly

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<thead>
<tr>
<th>Task</th>
<th>Goal</th>
<th>Tools &amp; Data Needed</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor cash balances</td>
<td>Have enough cash to pay upcoming bills without bouncing checks and prioritize expenses, if needed</td>
<td>1. Bank balance&lt;br&gt;2. Amount of uncashed checks&lt;br&gt;3. List of upcoming bills&lt;br&gt;4. List of anticipated revenue&lt;br&gt;5. Completed annual cash flow projections</td>
<td>- Project how much cash you will need each week to pay bills.&lt;br&gt; 1. Calculate how much cash you anticipate coming in (e.g., receivables, new sales)&lt;br&gt;2. Determine when payments (cash out flow) are expected&lt;br&gt;3. Add cash on hand plus expected incoming cash&lt;br&gt;4. Add amounts due&lt;br&gt;5. Prepare for cash needs during times of negative cash balance. (Line of Credit, transfer from savings, use personal moneys, borrow from other sources)&lt;br&gt;6. Use a cash flow projection worksheet!&lt;br&gt;<strong>For each week, compare estimated cash on hand to what cash is needed to cover expenses:</strong>&lt;br&gt; 1. If total amount due is less than cash available, pay bills&lt;br&gt;2. If total amount due is greater than cash available, then, as prepared for above, access cash needed, cut back expenses, or both. Delay payments as a last resort.</td>
</tr>
<tr>
<td>Compile, log, and allocate payroll/labor hours</td>
<td>Track how much labor is spent on various production tasks for periodic analysis</td>
<td>1. Daily labor tracking sheets (employees log hours spent on particular tasks)&lt;br&gt;2. Total labor tracking spreadsheet (managers compile and log all hours)</td>
<td>- All employees enter time into daily labor tracking sheets, indicating how much time was spent on each task&lt;br&gt; Compile all daily labor tracking sheets and log all hours for each task into total labor tracking spreadsheet&lt;br&gt; Allocate labor hours to individual enterprises and overhead accounts&lt;br&gt; Allocate your own labor hours, even if you are not paying yourself&lt;br&gt; Use total labor tracking spreadsheet for periodic analysis (see task #9)</td>
</tr>
</tbody>
</table>
1. Have Monthly Cash Flow Projections
   http://www.thecarrotproject.org/farmer_resources/business_and_financial_planning

2. Have a system for tracking revenue (sales) and expenses
   - QuickBooks
     http://www.thecarrotproject.org/farmer_resources/past_webinars
   - Excel
     http://www.juliashanks.com/excel-register-for-farm-businesses/

3. Set reminders in your actual calendar
Monitor Cash— Weekly or Bi-Weekly

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**Managerial Tasks**
- Monitor cash balances (1)
- Compile lag and allocate all payroll/labor hours (2)

**Monthly or Quarterly Operational Tasks**
- Reconcile bank statements (3)
- Reconcile loan accounts (4)

**Managerial Tasks**
- Review sales: compare projections against actuals (5)
- Review expenses: compare projections against actuals (6)
- Review profit and loss reports comparing this year-to-date to last year-to-date (7)

> Perform these tasks more frequently when transactions are high-volume.

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**Operational Tasks**
- Prepare year-end reports
- Trial balance for accountant
- Close entries at year-end to post depreciation and other noncash expenses
- Enter inventory

**Reporting**
- Submit annual income tax forms (Dates and forms differ depending on business entity, so be sure to consult your tax professional)
- Submit year-end reports to lenders
- Submit any necessary business filings, such as an Annual Report

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# Monitor Cash – Task Detail

## The Carrot Project Financial Calendar Tool Part II: Financial Management Task Details

### Weekly/Bi-Weekly

<table>
<thead>
<tr>
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2. Amount of uncashed checks  
3. List of upcoming bills  
4. List of anticipated revenue  
5. Completed annual cash flow projections | • Project how much cash you will need each week to pay bills.  
  1. Calculate how much cash you anticipate coming in (Ex. receivables, new sales)  
  2. Determine when payments (cash out flow) are expected  
  3. Add cash on hand plus expected incoming cash  
  4. Add amounts due  
  5. Prepare for cash needs during times of negative cash balance. (Line of Credit, transfer from savings, use personal moneys, borrow from other sources)  
  6. Use a cash flow projection worksheet!  
  • For each week, compare estimated cash on hand to what cash is needed to cover expenses:  
    1. If total amount due is less than cash available, pay bills  
    2. If total amount due is greater than cash available, then, as prepared for above, access cash needed, cut back expenses, or both. Delay payments as a last resort. |
| 2 Compile, log, and allocate payroll/labor hours | Track how much labor is spent on various production tasks for periodic analysis | 1. Daily labor tracking sheets (employees log hours spent on particular tasks)  
2. Total labor tracking spreadsheet (managers compile and log all hours) | • All employees enter time into daily labor tracking sheets, indicating how much time was spent on each task  
• Compile all daily labor tracking sheets and log all hours for each task into total labor tracking spreadsheet  
• Allocate labor hours to individual enterprises and overhead accounts  
• Allocate your own labor hours, even if you are not paying yourself  
• Use total labor tracking spreadsheet for periodic analysis (see task #9) |
Monitor Cash—Weekly or Bi-Weekly

Goal: Maintain a positive cash balance in your bank account. Avoid bounced checks and late fees

Tools and Data Needed:
- Current bank balance
- Estimates of cash coming in
- List of bills due
- Estimates of additional expenses
Tools & Data—Where Does It Come From?

- Bank Balance
  - Look on-line at your bank balance (but be careful, there may be outstanding checks)
  - Balance in QuickBooks or accounting software
  - Check register

- Bills Due
  - Have a special place to keep all bills
  - Check A/P in QuickBooks
  - Calendar – what’s coming up?

- Anticipate Cash Coming In
  - Cash Flow Projections
  - Calendar – what’s coming up?
Understanding your Bank Balance?

The online balance is $38,774.25

The QB balance is -1,319.16
Tools & Data– Where Does It Come From?

- **Bank Balance**
  - Look on-line at your bank balance (but be careful, there may be outstanding checks)
  - Balance in QuickBooks or accounting software
  - Look at check register

- **Bills Due**
  - Have a special place to keep all bills
  - Check A/P in QuickBooks
  - Calendar – what’s coming up?

- **Anticipate Cash Coming In**
  - Cash Flow Projections
  - Calendar – what’s coming up?
# A/P Aging Summary Report from QB

## Sustainable Organic Farm + Store, LLC

### A/P Aging Summary

As of February 12, 2018

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 - 30</th>
<th>31 - 60</th>
<th>61 - 90</th>
<th>91 and over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Produce</td>
<td>105.52</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>105.52</td>
</tr>
<tr>
<td>B Company</td>
<td></td>
<td>122.45</td>
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<tr>
<td>F Supplier</td>
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<td>G Company</td>
<td>90.08</td>
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<td></td>
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</tr>
<tr>
<td>H Meat</td>
<td></td>
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<td>172.77</td>
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<td>172.77</td>
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<tr>
<td>M Beverages, Inc.</td>
<td>37.17</td>
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<td>37.17</td>
</tr>
<tr>
<td>M Foods</td>
<td></td>
<td></td>
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<td>129.75</td>
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</tr>
<tr>
<td>M Farm</td>
<td>67.80</td>
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<tr>
<td>P Orchards</td>
<td></td>
<td></td>
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<td><strong>TOTAL</strong></td>
<td><strong>$ 782.28</strong></td>
<td><strong>$ 603.72</strong></td>
<td><strong>$ 0.00</strong></td>
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<td><strong>$ 1,386.00</strong></td>
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Monitor Cash – Looking Good

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<thead>
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<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Beginning Bank Balance</td>
<td>$4,075</td>
</tr>
<tr>
<td>Bills Due This Week</td>
<td>- $1,386</td>
</tr>
<tr>
<td>Other Payments This Week</td>
<td>- $750</td>
</tr>
<tr>
<td>Expected Cash Inflow</td>
<td>$2,500</td>
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<tr>
<td>Available Cash</td>
<td>$4,189</td>
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Monitor Cash – Making Choices

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Monthly: Compare Actual to Projections**

**or as QuickBooks calls it, your “budget”

Goal: To Keep on Track with Profit Targets

Tools & Data Needed
- Cash flow projections
- Complete sales report for comparable period
- Complete expense report for comparable period
- Reports in Excel
Monthly – Compare Actual to Projections

**Daily Operational Tasks**
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<tr>
<td><strong>3</strong></td>
<td>Reconcile bank statements</td>
<td>Ensure all transactions are recorded in a timely and accurate manner and properly accounted for</td>
<td>1. Bank Statement 2. Checkbook register 3. Credit card statements</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Reconcile loan accounts</td>
<td>Stay current on payments and ensure principal and interest are properly allocated</td>
<td>1. Loan amortization worksheet (ask bank or loan officer to supply one) 2. Loan account statements</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Review sales: compare projections against actuals</td>
<td>Determine if sales meet targets and clarify how to improve sales</td>
<td>1. Previously determined sales projections 2. Weekly sales reports AND/OR Monthly profit &amp; loss (as generated by accounting software) or cash flow projections or modified cash flow</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Review expenses: compare projections against actuals</td>
<td>Determine if your spending is on target. This is particularly important in the beginning of the season when cash is tight.</td>
<td>1. Previously determined expense projections 2. Weekly expense reports AND/OR monthly or quarterly profit &amp; loss (as generated by accounting software) or cash flow projections or modified cash flow</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Review Profit and loss reports comparing this year-to-date to last year-to-date.</td>
<td>Understand changes to revenue sources and cost structure of business. Understand where/how the business is growing (or not).</td>
<td>1. Profit and loss reports Or Excel spreadsheets totaling all revenue and expenses 2. Add a column to compare to previous periods</td>
</tr>
</tbody>
</table>
Tools & Data: Where Do They Come From?

- **Cash flow projections**
  - Created at the beginning of the year based on previous year’s financials.
  - [http://thecarrotproject.org/farmer_resources/business_and_financial_planning](http://thecarrotproject.org/farmer_resources/business_and_financial_planning)

- **Sales report for period**
  - QuickBooks Profit & Loss report
  - Excel spreadsheet used to track

- **Expense report for period**
  - QuickBooks Profit & Loss report
  - Excel spreadsheet used to track

- **Reports in Excel**
  - For all expenses, look at percentage of sales
## Process: Comparing Actuals to Projections

<table>
<thead>
<tr>
<th></th>
<th>Feb 16</th>
<th>Budget</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Income</strong></td>
<td>92,443</td>
<td>80,786</td>
<td>11,657</td>
<td>14.4%</td>
</tr>
<tr>
<td><strong>Cost of Goods Sold</strong></td>
<td>57,252</td>
<td>54,975</td>
<td>2,277</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>COGS as Percentage of Sales</strong></td>
<td>62%</td>
<td>68%</td>
<td>-6.1%</td>
<td>-8.99%</td>
</tr>
</tbody>
</table>
# Process: Comparing Actuals to Projections

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Actual</th>
<th>Budget</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeds</td>
<td>772.68</td>
<td>808.00</td>
<td>-35.32</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Small Tools</td>
<td>1,045.76</td>
<td>1,212.00</td>
<td>-166.24</td>
<td>-13.7%</td>
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<tr>
<td>Office Supplies</td>
<td>0.00</td>
<td>60.00</td>
<td>-60.00</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Auto Repairs</td>
<td>1,966.03</td>
<td>404.00</td>
<td>1,562.03</td>
<td>386.6%</td>
</tr>
<tr>
<td>Packaging</td>
<td>30.00</td>
<td>501.00</td>
<td>-471.00</td>
<td>-94.0%</td>
</tr>
<tr>
<td>Cleaning Supplies</td>
<td>0.00</td>
<td>20.00</td>
<td>-20.00</td>
<td>-100.0%</td>
</tr>
<tr>
<td>Mulch</td>
<td>0.00</td>
<td>200.00</td>
<td>-200.00</td>
<td>-100.0%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>3,814.47</td>
<td>3,205.00</td>
<td>609.47</td>
<td>19.0%</td>
</tr>
</tbody>
</table>
Annual – Review Cost of Production

This tool is designed to help you track financial management tasks critical to maintaining effective business practices.

Tasks are separated into operational tasks, those supporting business record-keeping needs, and managerial tasks, those relating to planning, business decision-making, and financial analysis.

Numbers after tasks signify that the task is outlined on The Carrot Project’s Financial Calendar Tool Part II: Financial Management Task Details, which explains the goals, tools, and process involved in completing these financial management tasks.

**Daily Operational Tasks**
- Record revenue & expenses in accounting software (don’t forget credit card transactions!)
- Deposit checks and cash in bank account(s)
- Place orders for needed supplies
- File paper work
- Record employee hours for each work task
- Record production data

**Managerial Tasks**
- Assess supply levels and draw up orders when needed
- Monitor production to establish upcoming product sales

**Weekly or Bi-Weekly Operational Tasks**
- Pay bills and transfer funds as needed
- Prepare sales and expense reports for management
- Prepare any other reports as requested
  - Cash flow projections
  - Budgets
  - Transactions
- Pay employees and/or yourself
  - Set aside cash for payroll withholdings, or submit data to payroll company

**Managerial Tasks**
- Monitor cash balances (1)
- Compile, log, and allocate all payroll/labor hours (2)

**Monthly or Quarterly Operational Tasks**
- Reconcile bank statements (3)
- Reconcile loan accounts (4)

**Managerial Tasks**
- Review sales: compare projections against actuals (5)
- Review expenses: compare projections against actuals (6)
- Review profit and loss reports comparing this year-to-date to last year-to-date (7)

**Annually Operational Tasks**
- Prepare year-end reports
- Trial balance for accountant
- Close entries at year-end to post depreciation and other noncash expenses
- Enter inventory

**Reporting**
- Submit annual income tax forms (Dates and forms differ depending on business entity, so be sure to consult your tax professional)
- Submit year-end reports to lenders
- Submit any necessary business filings, such as an Annual Report

**Managerial Tasks**
- Analyze financial statements:
  - Profit & Loss statement (8)
  - Balance Sheet (9)
  - Cash Flow
- Review pricing structure (10):
  - Confirm prices cover cost of production plus overhead expenses
  - Review competitive analysis to ensure products are competitively priced in markets

**Business Planning**
- Review and update business plan as needed
- Generate monthly profit & loss and cash flow projections for coming year
- Update calendar checklist to better fit your needs/schedule
- Review any ongoing analysis; sensitivity, break-even, scenario planning, etc.
## Annually

<table>
<thead>
<tr>
<th>Task</th>
<th>Goal</th>
<th>Tools &amp; Data Needed</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Analyze profit &amp; loss statement</td>
<td>Understand the profitability of the business and what improvements can be made for the coming year.</td>
<td><strong>Review each month and line of the profit and loss statement and ask:</strong>&lt;br&gt;1. How did accounts diverge from projections from last year or last quarter? What impact did this have on your business? (Variance analysis)&lt;br&gt;2. Do certain expenses stand out?&lt;br&gt;3. What can you do to avoid certain expenses in future years? How can you budget for expenses more accurately?&lt;br&gt;4. What percent of sales are your expenses (ex: labor)? (Common size analysis)&lt;br&gt;5. What is happening over time? How have labor hours, sales, or other aspects of your business changed over time? (Trend analysis)&lt;br&gt;6. Prepare for next year’s projections by considering how you think things will change.</td>
</tr>
<tr>
<td>9</td>
<td>Analyze Balance Sheet</td>
<td>Understand changes in the capital structure of the business. Understand if the business is decreasing or increasing debt.</td>
<td><strong>Analyze the capital structure of the business:</strong>&lt;br&gt;1. Equity: How much equity is in the business? Who are the owners? Has the equity in your business grown?&lt;br&gt;2. Debt: What is your debt level? What are the terms? Who are the lenders? What is debt secured by? How much of the debt is due and when?&lt;br&gt;3. Assets: What are the business’ assets? Own land or lease? Does the business have needed equipment to achieve planned results?</td>
</tr>
<tr>
<td>10</td>
<td>Review pricing structure:</td>
<td>Understand what it costs to produce your goods so that you can price them properly.</td>
<td><strong>Determine your actual cost of production:</strong>&lt;br&gt;1. Adding together all production expenses (seed costs, equipment costs, labor, etc.)&lt;br&gt;2. Organizing expenses into variable costs and fixed costs&lt;br&gt;3. Conduct breakeven analysis: determine what price is necessary to make product profitable</td>
</tr>
<tr>
<td></td>
<td>• Cost of production</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Competitive analysis</td>
<td>Understand your competitive landscape and make sure you price your products correctly based on the prices, features, and values of your competition.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Production records</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Total labor tracking spreadsheet (created from task #2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Expense and sales reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Monthly Profit &amp; Loss</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annual Analysis: Cost of Production

Goal:
- Understand true costs
- Better price products for profitability
- Know which products are most profitable to focus future planning.

Tools:
- Production Tracking Worksheet
- Labor Tracking Worksheet
- Direct Expenses
Tools & Data: Where Do They Come From?

- Production Records
  - Sales Receipts and invoices (QB)
  - Tracking spreadsheet
- Labor Tracking
  - Tracked on a weekly basis
  - Logged in Excel or QuickBooks
- Expense Reports
  - QuickBooks – expense categories for production costs
- Competitive Analysis
Labor and Production Tracking

**Daily Operational Tasks**
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## Cost of Production Example

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Season Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LABOR</strong></td>
<td></td>
</tr>
<tr>
<td>Chores</td>
<td>372 hour</td>
</tr>
<tr>
<td>Washing &amp; packaging</td>
<td>336 hours</td>
</tr>
<tr>
<td>Misc.</td>
<td>24 hours</td>
</tr>
<tr>
<td><strong>DIRECT EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>Pullets</td>
<td>$1,980</td>
</tr>
<tr>
<td>Packaging</td>
<td>$2,047</td>
</tr>
<tr>
<td>Feed</td>
<td>$9,794</td>
</tr>
<tr>
<td>Winter supplies</td>
<td>$208</td>
</tr>
<tr>
<td>Coop repair</td>
<td>$66</td>
</tr>
<tr>
<td>Supplements</td>
<td>$133</td>
</tr>
<tr>
<td>Other</td>
<td>$392</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>$25,600</strong></td>
</tr>
</tbody>
</table>
Cost of Production Example

Total Production: 5,800 dozen eggs

Total Labor: 732 hours * $15/hour = $10,980
Total Hard Expenses = $14,620
Total Production Expenses = $25,600

Cost per dozen = $4.35
(25,600/5,800)
Questions?