



# INCOME AND EXPENSE TOOL

GLOBAL GARDENS, BOISE IDAHO

## Summary

This guide will help you use the 'Income and Expenses Tool' with farmers. The tool is an Excel spreadsheet, intended to be used one-on-one with a farmer and a program staff person. This tool can be used after a farmer has completed at least one selling season, or it can be used to make an estimated budget for the upcoming year.

**The need:** Most farmers have a pretty good idea of their annual sales but less information on their annual expenses, making it difficult to determine income. Sometimes farmers are losing money, and it is important that they see and understand that. The ultimate goal of this tool and this session is to help farmers reflect and make more informed financial decisions moving forward.



This resource was prepared by ISED Solutions - a fiscally sponsored program of TSNE MissionWorks – and supported by grant no. 2015-70017-22886 from the USDA National Institute of Food and Agriculture.

# Who made this guide?

Collaboration and Testing

## ACKNOWLEDGMENTS

This teaching resource was developed by Katie Painter of Global Gardens in Boise, Idaho in partnership with the Institute for Social and Economic Development (ISED Solutions). Refugee farmer training programs across the country provided feedback on this lesson, which is now integrated throughout the guide. From 2015 to 2017, ISED partnered with twelve refugee farmer training programs through a USDA BFRDP educational enhancement grant, to support the design and testing of new and shareable teaching resources for culturally and linguistically diverse farmers. To learn more about this project, or to access the whole list of newly developed teaching resources for refugee farmer training programs, see the [New American Resource Library at https://nesfp.org/new-american-resources](https://nesfp.org/new-american-resources). For more in-depth explanations of the teaching approaches and activities used in these materials, please see the [‘Teaching Handbook: Refugee farmer training’](#). While these resources were designed with refugee audiences in mind, they can be adapted and used in any farmer training or incubator setting.

### VARIATION:

Throughout this guide, boxes (like this one) contain variations and adaptations that serve varying programs and farmers. They are suggestions and reflections from other programs based on how they made this tool work for them.

### TEACHING TIP:

Throughout this guide, boxes (like this one) contain teaching tips to help you better facilitate farmer learning. Most come from other programs who have tested and reflected on using this lesson.

### DEVELOPER’S NOTE:

Throughout this guide, boxes (like this one) contain notes from the person who developed this resource. These may be tips from her own experience, or notes on how to use the tool wisely.

# Reviews and Objectives

## WHAT TESTERS SAY:

“The pie charts and graphs are really helpful for farmers to see the numbers in a different way. Also the guides for estimating are helpful for those not keeping written records.”

*-Global Greens, Lutheran Services in Iowa*

“Useful and relatively adaptable material with coaching over the season beforehand (to get farmers to keep expense records and sales records).”

*- Southside Community Land Trust, Providence RI*

## CORE SKILLS:

- Estimating cost
- Recordkeeping for farm programs
- Basic budgeting form core skill
- Different forms of money core skill
- Basic numeracy core skill
- Income and expenses differentiation

## OBJECTIVES: **By the end of this lesson, farmers will be able to:**

- Understand the different components of calculating income, expenses and profit.
- Reflect on which expenses had the greatest impact on their bottom line.

# Table of Contents

Info and activities by page number

## PAGE 3 IS THIS GUIDE RIGHT FOR YOU

Audience  
Resources Needed

## PAGE 7 SETTING UP THE SESSION (5-20 MINUTES)

Prep includes scheduling meeting with farmer and interpreter, gathering relevant material, and pre-teaching of vocabulary and skills if needed.

## PAGE 8 FILL IN AND REFLECT (1 HOUR +/-)

Farmer and staff will complete the Farmer Budgeting Tool on the computer (alongside a hard copy if preferred). Farmers will be able to see all the information that goes into the sheet (receipts, mileage, etc.) and understand how the final numbers are calculated. With reflection, it is important to allow the farmer to see their own numbers, and to try to decide for themselves what they mean.

## MATERIALS INCLUDED

GLOBAL GARDENS FARMER PROFIT SPREADSHEET 2016				
FARMER NAME: [REDACTED]				
FARM INCOME				
TOTAL INCOME:				
CSA	WHOLESALE	MARKET	OTHER	TOTAL
				\$0.00
(pop up at St. Luke's)				
NO MARKET RECORDS? ESTIMATE HERE:				
GOOD MARKET DAY ESTIMATE	LOW MARKET DAY ESTIMATE		AVERAGE	X
\$0.00	\$0.00		\$0.00	
FARM EXPENSES				
PROGRAM FEE	1	X	\$300.00	=

INCOME AND EXPENSE TOOL EXCEL SHEET

# Audience

Adaptable except where noted.

**WHO: Refugee farmers (or other farmers in training)**

Farmers should have AT LEAST one full growing / selling season done before completing this.

**LANGUAGE / LITERACY Non- or low-literate farmers**

Farmers should be non-or semi-literate so that they are able to understand some of the basics of the document, reading left to right, and identifying the key vocabulary words in the document.

**FARMING EXPERIENCE: 1 year or more**

**REGION / CLIMATE: Appropriate for all**

**SELLING STRUCTURE: Incubator farm with CSA, markets and wholesale**

**SEASON: End of selling season (or beginning of selling season)**

This could be done to reflect on the selling season just completed, or could be done before a new marketing season opens to create a forward-looking budget.

# Resources needed

Adaptable except where noted.

**TIME: 1 HOUR 20 MINUTES +/-**

Some set up time (5-20 minutes) plus filling out the form and reflecting (1 hour plus or minus).

**STAFF / INTERPRETERS: One staff member and one interpreter**

Suggested that you let farmer choose the interpreter they would like to work with as this activity can contain personal information.

**LOCATION: Office or classroom with computer**

**SUPPLIES:**

- Farmer Budgeting Tool (electronically accessible and hard copy)
- Computer plus internet connection
- Farmer sales and expense records from activity 1
- Any sales records that the program has.

**ICONS:**

You will find the icons below throughout this guidebook. These will help prepare you for the activity and can get an idea of what it will bring at a glance.



TALKING POINTS



PPT



WORKSHEET



DISCUSSION



VOCABULARY

# Setting up the Session **1**

**TIME:** 5-20 minutes

## **OVERVIEW:**

Prep includes scheduling meeting with farmer and interpreter, gathering relevant material, and pre-teaching of vocabulary words and skills if needed.

## **MATERIALS**

- Electronic file
- All available records on farmer

## **STEP 1: SCHEDULE MEETING**

Schedule the meeting with the farmer and the interpreter. Tell them it will take an hour or so. When scheduling, ask the farmer to bring his or her sales record from the farmers' market and any receipts they have saved or other record of expenses, and any applicable tax documents. Access any numbers that program staff have tracked and enter those into the spreadsheet.

### **DEVELOPER'S NOTE:**

Ask the farmer to choose their interpreter since it's a sensitive topic. Farmers will be sharing their personal financial situation and may not want to disclose that information in front of any interpreter.

## **STEP 2: COLLECT RECORDS**

- Gather all records that you have related to the farmer you will be meeting with. Anything that can help you and the farmer to calculate income and expenses. This could be individual or program wide expenses etc.
- Create a new spreadsheet or tab for this farmer and label it with their name.

### **DEVELOPERS NOTE:**

I usually keep an electronic file for each farmer. You will see that the spreadsheet has several other tabs at the bottom that we use for other parts our farmer assessment.

### STEP 3: PREVIEW THE TOOL

#### TEACHING TIP:

One reviewer mentioned that this tool would be most effective if farmers had been exposed to budgeting and recordkeeping basics before the season. Below are some tips on what to review or pre-teach if farmers would benefit from a reminder on some of these recordkeeping skills and vocab.

#### DEVELOPER'S NOTE



- It is helpful if farmers have attended basic business or financial literacy classes to support the use of financial concepts and vocabulary in this tool.
- Farmers may benefit from a basic review of the concept of addition and subtraction.
- We do teach Farmers' market lessons, which include identifying different kinds of bills, counting an envelope of change, adding money to it, counting again and subtracting to figure out their sales amount.
- In the event that someone doesn't track market sales, we ask them to estimate a good sales day, a low sales day, and then average the two and multiply by the number of weeks they attended market, as described in activity section below.
- Farmers may benefit from reviewing how to read a grid.
- We do not require that farmers track all mileage. However, since they typically make the same trips weekly, its easy to estimate based on their address, address to market, address to the farm, etc. Info like random trips to the store are lost in this scenario.
- You could review some optional computer literacy or basic excel functions if farmer is interested.

# Fill in and Reflect

2

Complete the excel sheet and discuss results with farmer.

**TIME:** 60 minutes

## OVERVIEW:

Farmer and staff will complete the Farmer Budgeting Tool on the computer (alongside a hard copy if preferred). Farmers will be able to see all the information that goes into the sheet (receipts, mileage, etc.) and understand how the final numbers are calculated. With reflection, It is important to allow the farmer to see their own numbers, and to try to decide for themselves what they mean.

## OBJECTIVES / LEARNING:

By the end of this activity, participants can:

- Understand the different components of calculating income, expenses and profit.
- Reflect on which expenses had the greatest impact on their bottom line.

## MATERIALS NEEDED:

- *Farmer Budgeting Tool* (electronically accessible)
- Computer plus internet connection
- Farmer sales and expense records from activity 1
- Any sales records that the program has kept.

## STEP 1: INTRODUCE THE TASK

- a. Explain to the farmer that although they may not have kept records of all of their sales and expenses (or have, depending on the specifications of your program), we are going to do our best to estimate how much they probably spent running their farm and how much they probably earned after expenses.



- Ask the farmer to show you their sales records and enter farmers' market sales into the spreadsheet tab titled *Market Records*. Show the farmer the records from CSA and Wholesale, and their total sales before expenses.
- If the farmer doesn't have weekly sales records, calculate estimated market day, explaining to the farmer how the estimate is calculated through excel. If they have some, but not all days recorded, you can just use an average of the days they have. Be sure you know whether their estimate is before or after paying booth fees. Farmers will often tell the amount after fees, but really the fee amount should be counted as income and subtracted in the expenses section.
- Calculate sales tax based on these sales if applicable and complete sales tax paperwork. Explain to farmer how it is done and why.
- Complete the expenses section by following the formulas provided to help the farmer estimate their expenses.



- The tool will generate an expense total and the profit, subtracting expenses from income. Tell the farmer how much profit he / she has earned. Explain how the figures were calculated.
- The bottom part of the spreadsheet is designed to be printed for the farmer, so he / she has a record of his totals and of the meeting. To print this section, highlight it and choose “print selection.”
- In the final section, enter any receipts the farmer has for things not already covered, or ask the farmer if they remember spending money on anything else and could estimate how much. Farmer answers range from “no” to detailed lists, to saying they’ve spent thousands of dollars on seeds, etc. but have no record of it. Reiterate that keeping track of these expenses will help us have a better record next year.
- Finally, subtract expenses from sales and talk about the net profit.

**TEACHING TIP:**

One reviewer mentioned that you could always try transitioning the information to a bar graph format if you think farmers will respond well to that (verses the pie chart that is currently in the document).

**TEACHING TIP:**

One reviewer suggested that if you want to simplify the tool, you can take away the different ‘supply’ columns and fill in what the farmer did purchase as supplies by name.

**STEP 2: REFLECTION STEP**



- At the bottom of the spreadsheet is a simplified summary (income, expenses, and profit) that can be printed for the farmer to take with them, by highlighting those cells and choosing “print selection.”
- As an assessment and reflection opportunity, ask the farmer:
  - “Did you earn or lose money this year?”*
  - “Are you happy with the amount of profit you earned, considering how much work you did at your farm?”*
  - “How could you increase income or decrease expenses next year, to increase your overall earnings?”*

**DEVELOPER'S NOTE:**



Discuss the numbers with the farmers, helping them to understand what they really mean. If the farmer has lost money, explain that the program is really for people who are interested in earning money, and if that they don't show any earnings the next year either, we will probably want to give their space at the incubator farm to someone else.

Use the directions in the right column of the spreadsheet to talk through their expenses on each line item of the expense part of the spreadsheet. Tell them their total expenses at the end. Talk about each item as you go, for example, "Wow, you spent \$900 just on ice!"

For staff, it is important that you are clear and consistent about what the numbers really mean when calculating. For example, many farmers will report their weekly market earnings AFTER paying the booth fee, but really all the earnings should go in earnings, with the booth fees taken out as an expense. This makes a big difference in the bottom line, so it is important to know which number you're looking at. On the farmer side, most of the farmers who are losing money, aren't terribly upset about this, say they still enjoy the work, point out that the spreadsheet doesn't include what they save on groceries and that they enjoy giving free veggies to family and neighbors. Some people continue to make bad decisions in the expense category, like spending far too much on seeds, or committing to multiple farm sites that will involve a lot of driving.