

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 & 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

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)

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)

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

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

Business Management

- ☐ 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.



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

Weekly/Bi-Weekly

	Task	Goal	Tools & Data Needed	Process
1	Monitor cash balances	Have enough cash to pay upcoming bills without bouncing checks and prioritize expenses, if needed	<ol style="list-style-type: none"> 1. Bank balance 2. Amount of uncashed checks 3. List of upcoming bills 4. List of anticipated revenue 5. Completed annual cash flow projections 	<ul style="list-style-type: none"> • Project how much cash you will need each week to pay bills. <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. Daily labor tracking sheets (employees log hours spent on particular tasks) 2. Total labor tracking spreadsheet (managers compile and log all hours) 	<ul style="list-style-type: none"> • 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)

Monthly/Quarterly

	Task	Goal	Tools & Data Needed	Process
3	Reconcile bank statements	Ensure all transactions are recorded in a timely and accurate manner and properly accounted for	<ol style="list-style-type: none"> 1. Bank Statement 2. Checkbook register 3. Credit card statements 	<p>Use the reconcile function in QuickBooks, or</p> <ul style="list-style-type: none"> • Make sure all transactions on your bank statement are recorded accurately in your check register. • Confirm that the bank balance on your bank statement matches the bank balance in your checkbook register • Reconcile any inconsistencies in your records
4	Reconcile loan accounts	Stay current on payments and ensure principal and interest are properly allocated	<ol style="list-style-type: none"> 1. Loan amortization worksheet (ask bank or loan officer to supply one) 2. Loan accountant statements 	<ul style="list-style-type: none"> • Determine how much of loan repayments were interest and how much were principal • Review and edit transactions to ensure that all interest and principal payments are properly allocated in record keeping software
5	Review sales: compare projections against actuals	Determine if sales meet targets and clarify how to improve sales	<ol style="list-style-type: none"> 1. Previously determined sales projections 2. Weekly sales reports AND/OR Monthly profit & loss (as generated by accounting software) or cash flow projections or modified cash flow 	<ul style="list-style-type: none"> • Compare actual sales to projected sales There are many reasons why sales may vary materially from projections. Here are some examples of questions you can ask to understand why: <ol style="list-style-type: none"> 1. Is the market place flooded with product? Or are you the only one selling this product? 2. Did you go to markets with all the products you thought you would? 3. Was weather a factor? 4. Did labor change? 5. Was yield lower than expected? 6. Revisit marketing plan projections and ask: are you on track? <p>After analysis:</p> <ul style="list-style-type: none"> • Decide whether to replicate or change procedures to improve sales
6	Review expenses: compare projections against actuals	<p>Determine if your spending is on target.</p> <p>This is particularly important in the beginning of the season when cash is tight.</p>	<ol style="list-style-type: none"> 1. Previously determined expense projections 2. Weekly expense reports AND/OR monthly or quarterly profit & loss (as generated by accounting software) or cash flow projections or modified cash flow 	<ul style="list-style-type: none"> • Compare actual expenses to projected expenses. Identify variances by asking: <ol style="list-style-type: none"> 1. Did you pay bills earlier than you projected? 2. Have input costs changed? 3. Did you have an unexpected expense? 4. Were some expenses higher than anticipated? <p>After analysis:</p> <ul style="list-style-type: none"> • Analyze product pricing if needed • Adjust purchasing as necessary • Determine what you can do to prevent or plan for unexpected expenses, reduce expenses, or stay on track financially in the next month
7	Review Profit and Loss reports comparing this year-to-date to last year-to-date.	<p>Understand changes to revenue sources and cost structure of business.</p> <p>Understand where/how the business is growing (or not).</p>	<ol style="list-style-type: none"> 1. Profit and loss reports from accounting software Or Excel spreadsheets totaling all revenue and expenses 2. Add a column to compare to previous periods 	<ul style="list-style-type: none"> • Compare line item by line item to see how the business has changed since the previous years. <p>Where there are significant differences, ask:</p> <ol style="list-style-type: none"> 1. What changes happened for the better? 2. What changes happened for the worse? 3. Are all items in your budget? Are they supporting the business plans? 4. Does analysis suggest that you need to adjust plans? How?

Annually

	Task	Goal	Tools & Data Needed	Process
8	Analyze profit & loss statement	<p>Understand the profitability of the business and what improvements can be made for the coming year</p> <p>Determine starting point for the next year's projections</p>	<ol style="list-style-type: none"> 1. Profit and Loss Statement (complete year with columns by month) 2. Common size reports 3. Profit & Loss compared to projections 	<ul style="list-style-type: none"> • Review each month and line of the profit and loss statement and ask: <ol style="list-style-type: none"> 1. How did accounts diverge from projections from last year or last quarter? What impact did this have on your business? (Variance analysis) 2. Do certain expenses stand out? 3. What can you do to avoid certain expenses in future years? How can you budget for expenses more accurately? 4. What percent of sales are your expenses (ex: labor)? (Common size analysis) 5. What is happening over time? How have labor hours, sales, or other aspects of your business changed over time? (Trend analysis) 6. Prepare for next year's projections by considering how you think things will change
9	Analyze Balance Sheet	<p>Understand changes in the capital structure of the business.</p> <p>Understand if the business is decreasing or increasing debt</p>	<ol style="list-style-type: none"> 1. Balance sheet reports OR Create a balance sheet by pulling the various numbers from all the different bank statements and excel spreadsheets. 2. Common size reports (Percentage of sales) 3. Balance sheet reports from previous years 	<ul style="list-style-type: none"> • Analyze the capital structure of the business: <ol style="list-style-type: none"> 1. Equity: How much equity is in the business? Who are the owners? Has the equity in your business grown? 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? 3. Assets: What are the business' assets? Own land or lease? Does the business have needed equipment to achieve planned results? • Compare total liabilities from current year to previous year. If liabilities have increased, ask: <ol style="list-style-type: none"> 1. Is it because you recently invested in your business or because you are borrowing money to help with a cash flow crisis? 2. If it is the latter, what can you do to get cash flow under control?
10	<p>Review pricing structure:</p> <ul style="list-style-type: none"> • Cost of production • Competitive analysis 	<p>Understand what it costs to produce your goods so that you can price them properly</p> <p>Understand your competitive landscape and make sure you price your products correctly based on the prices, features, and values of your competition</p>	<ol style="list-style-type: none"> 1. Production records 2. Total labor tracking spreadsheet (created from task #2) 3. Expense and sales reports 4. Monthly Profit & Loss 	<ul style="list-style-type: none"> • Determine your actual cost of production: <ol style="list-style-type: none"> 1. Adding together all production expenses (seed costs, equipment costs, labor, etc.) 2. Organizing expenses into variable costs and fixed costs 3. Conduct breakeven analysis: determine what price is necessary to make product profitable • Analyze your competitive landscape: <ol style="list-style-type: none"> 1. Determine all of your competitors and list out all the features of their products (organic, non-GMO, pasture-fed, natural ingredients, etc.) 2. Compare these features to your product to determine how your product compares in terms of value 3. Designate a price to each of those features to either add as a premium or use as a discount compared to your own product. 4. If a competitor has a feature that you do NOT have, you will subtract the designated price of that feature from their price. 5. If you have a feature that a competitor does NOT have, you will add the designated price of that feature to their price. 6. Combine all additions and subtractions to competitor's price and compare these new prices to your own. • Based on this comparison and on the cost of production analysis, decide whether you should raise, lower, or keep your price to make products profitable.