

# Regenerative Farm Business Plans

## Financial Analysis

The financial analysis helps document the economic and financial impacts of change in practice or production, including estimated income and operating expenses, and forecasting future income and operating expenses for each of the recommended regenerative farm. A business plan and financial analysis will help the client with different decisions and tradeoffs- both fiscal and operational – in determining if or which regenerative farm practices are appropriate for their operation.

The financial analysis will include the determination if one or more that one of the below is necessary for decision processes. Brief explanation of the analysis is below and excel workbook examples are included for Partial Budget, Enterprise, and Cash Flow analysis.

### Partial Budget Analysis

- Economic effect of minor adjustment in a portion of non-fixed (variable) resources
- Does not estimate fixed cost (e.g. equipment needs, land lease or purchase)

### Enterprise Analysis

- Estimates physical and financial aspects of practices
- Fixed and variable costs estimated
- Specific production practice (crop or livestock) over a specific time period

### Cash Flow Analysis

- Payback of investment over time
- Breakeven points
- Internal rate of return (IRR) estimate profitability expected compound rate of return on investments (see Figure 1)

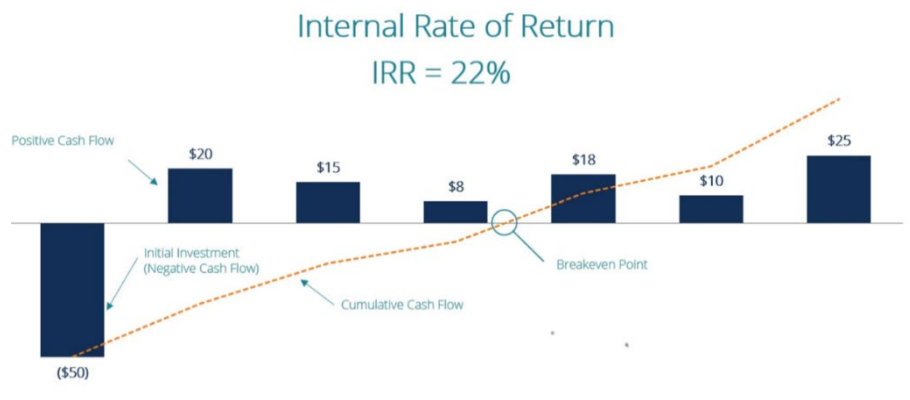


Figure 1 IRR and cash flow demonstrating how the analysis help determine when investments are case positive ((Image from <https://corporatefinanceinstitute.com/resources/knowledge/finance/internal-rate-return-irr/>)