



Finding Financial Success in Uncertain Times: Basic Formulas

Net Farm Income: + Revenue
 (Production Year): - Cash Expenses
 - Depreciation (economic, not taxable)
 +/- Inventories

Cash Flow: Net Farm Income
 -Family Living
 +/- Income Tax
 + Depreciation
 - Debt Payments

Breakeven Formulas

In all breakeven formulas, you are dividing costs by either yield or price.

Break-Even	Price	Yield
Net Farm Income	$\frac{\text{Variable costs} + \text{Fixed costs}}{\text{Expected Yield}}$	$\frac{\text{Variable costs} + \text{Fixed costs}}{\text{Expected Price}}$
Cash Flow	$\frac{\text{Variable costs} + \text{Fixed costs} + \text{Financial costs}}{\text{Expected Yield}}$	$\frac{\text{Variable costs} + \text{Fixed costs} + \text{Financial costs}}{\text{Expected Price}}$
New Worth	$\frac{\text{Variable costs} + \text{Fixed costs} + \text{Financial costs} + \text{Depreciation}}{\text{Expected Yield}}$	$\frac{\text{Variable costs} + \text{Fixed costs} + \text{Financial costs} + \text{Depreciation}}{\text{Expected Price}}$

**Note: if you are including depreciation as a "fixed cost" in your Net Farm Income, you will need to subtract it when calculating a cash flow break-even.*