



**Financial and strategic management analysis of Farmer Foodshare Inc.,
a nonprofit food organization**

Carlos O. Trejo-Pech[ⓐ], Margarita Velandia^ᵇ, Keiko Tanaka^ᶜ, Karen Rignall^ᵈ and Terry Billie^ᵉ

^ᵃAssociate Professor, ^ᵇProfessor, Agricultural & Resource Economics Department, University of Tennessee, 308-D Morgan Hall, 2621 Morgan Circle, Knoxville, TN 37996, USA

^ᶜProfessor, ^ᵈAssociate Professor, Department of Community and Leadership Development, University of Kentucky, 1515 Patterson Office Tower, Lexington, KY 40506, USA

^ᵉManager of Development, Farmer Foodshare Inc., 902 N Mangum St., Durham, NC 27701, USA

[ⓐ]Corresponding author: Carlos O. Trejo-Pech – email: ctrejope@utk.edu

Appendix 1. Proposed financial ratios for analysis.

$$\text{ROA} = \frac{\text{Net income}}{\text{Total assets}}$$

$$\text{Net income margin} = \frac{\text{Net income}}{\text{Total revenue}}$$

$$\text{Operating expenses to revenue} = \frac{\text{Total cost and expenses}}{\text{Total revenue}}$$

$$\text{Gross margin} = \frac{\text{Sales revenue wholesale program} - \text{cost of food}}{\text{Sales revenue wholesale program}}$$

$$\text{Food cost \& expenses to food revenue} = \frac{\text{Cost and expenses allocated to wholesale program}}{\text{Sales revenue wholesale program}}$$

$$\text{Operating margin} = \frac{\text{Sales revenue wholesale} - \text{Cost and expenses allocated to wholesale program}}{\text{Sales revenue wholesale program}}$$

$$\text{Total assets turnover} = \frac{\text{Total revenue}}{\text{Total assets}}$$

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Equity ratio} = \frac{\text{Fund balances or net assets}}{\text{Total assets}}$$

$$\text{Unrestricted funds to total assets} = \frac{\text{Unrestricted funds}}{\text{Total assets}}$$

$$\text{Program emphasis ratio} = 1 - \frac{\text{Management and general expenses} + \text{fundraising expenses}}{\text{Total revenue}}$$

$$\text{Year to year growth rate} = \frac{\text{Current year value}}{\text{Previous year value}} - 1$$