



Farm Business Financial Planning Assistance

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Myers Park & Event Center

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Introduction

- Texas Farm Business Management and Benchmarking Education and Outreach Alliance
 - Project TEXW-2020-06880
 - Funded by the FBMB Competitive Grants Program, NIFA, USDA
- A collaboration between:
 - Texas A&M University – Commerce (TAMUC)
 - West Texas A&M University (WTAMU)
 - Regional Texas A&M AgriLife Extension Service agencies
- Overall Goal:
 - Contribute to the well-being of agricultural producers
- Objectives:
 - Recruit Texas agricultural producers to participate and provide information for the farm financial database
 - Provide professional consulting services to interested agricultural producers about farm financial management, business analysis, credit analysis, financial benchmarking

Financial Benchmarking

- In simple words, the project is about Farm Business Management and Benchmarking
- **Benchmarking** is about comparing and studying “best practices”
- **Financial planning** is about preparing balance sheets, income statements, cash flows, budgeting, etc.
- **Financial benchmarking** seeks opportunities for
 - Reducing costs
 - Increasing revenues

Who Benefits?

- Ag research
- Ag education
- Ag extension programs
- Ag producers

How Producers Benefit?

- The project provides:
 - Professional consulting services
 - Business analysis
 - Credit analysis
 - Financial benchmarking

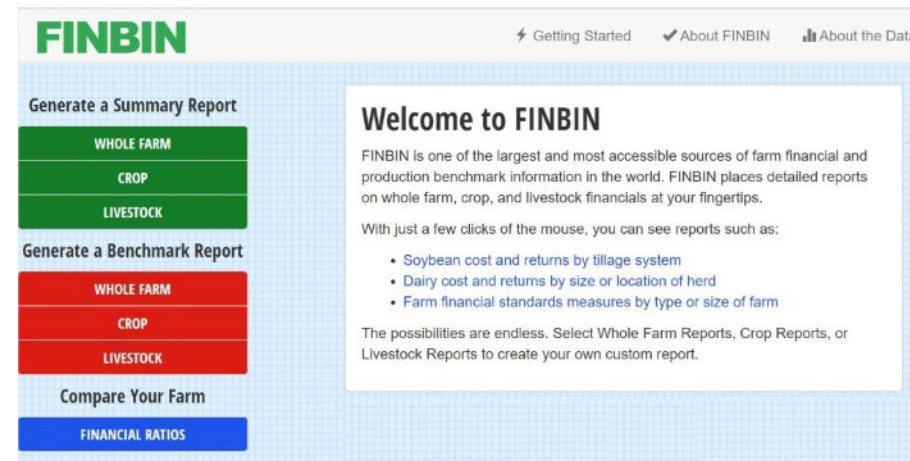
Why Are Financial Statements Important?

They are important for many reasons:

- Sole proprietors
 - Assess the financial health of a business
 - Assess if the business can expand
 - Access to credit
 - Assist in financial planning
 - Tax preparation
- Corporations
 - Provide information about the business to current owners, managers, potential investors, current or potential lenders, etc.

What Are the Project Resources/Tools?

- FINPACK financial software
- The national Farm Financial Management Database (FINBIN), supported by the USDA's National Institute of Food and Agriculture (NIFA)
- Center for Farm Financial Management, University of Minnesota
- Other project collaborators at A&M-Commerce



A&M-Commerce Project Team



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Other Collaborators at TAMUC



- Dr. Rafael Bakhtavoryan
 - Assistant Professor of Agribusiness
- Dr. Bob Williams
 - Professor of Agricultural and Family Education
- Dr. Curtis Jones
 - Assistant Professor of Plant and Soil Science
- Dr. Megan Owen
 - Assistant Professor of Animal Science
- Ms. Sara Allen
 - Hunt County Extension Agent for Agriculture and Natural Resources
- Dr. Mario Villarino
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- Mr. Stephen Gowin
 - Rains County Extension Agent for Agriculture and Natural Resources

WTAMU Team

- Dr. Lal Almas
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Financial Statements

- Income Statement
- Balance Sheet
- The Statement of Owner's equity
- The Statement of Cash Flows

Income Statement

- An income statement measures the *performance* of a business (i.e., the performance of assets, management, and labor).
- Income statements often pertain to a year's length of time, but monthly, quarterly, and semiannual income statements can be prepared as well.

Balance Sheet

- A balance sheet reports the balances in assets, liabilities, and owner's equity as of a specific date.
- The dollar amount of assets must equal the dollar amount of liabilities plus the dollar amount of owner's equity for the balance sheet to balance.
- $\text{Assets} = \text{liabilities} + \text{owner equity}$
- Balance sheets can be completed at any time, but mostly prepared at end of accounting period (i.e., a calendar year or a fiscal year).
- Provides measures of solvency and liquidity.

Statement of Owner's Equity

- It is also called *Statement of Net Worth*.
 - It's the difference between a business assets and liabilities.
 - If all assets were sold and all debts were paid, owner's equity would be the amount left over.
 - It represents the net value of the business to the owner(s).
- It coordinates the income statement for a year with the beginning and ending balance sheets.

The logo for FINPACK, featuring the word "FINPACK" in a bold, white, sans-serif font with a registered trademark symbol (®) to the upper right. The text is set against a dark blue horizontal bar that is part of a larger blue gradient background. The background is decorated with faint, light blue mathematical symbols and icons, including numbers (4, 5, 7, 8), mathematical operators (+, -, =, /, %), a calculator, a globe, and a pie chart.

FINPACK®

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Financial Analysis (FINAN)

FINPACK®

FINPACK
2018 Analysis

2018 Financial Analysis Executive Summary

Income Statement

Crop sales	630,925	
Crop inventory change	9,317	
Gross crop income		640,242
Livestock sales	47,598	
Livestock inventory change	-	
Gross livestock income		47,598
Government payments		26,721
Other cash farm income		53,253
Change in accounts receivable		-
Gain or loss on hedging accts		24,718
Change in other assets		-
Gain or loss on breeding livst		-
Gross farm income		792,532
Cash operating expense	634,265	
Change in prepaid exp and supplies	2,403	
Change in growing crops	-	
Change in accounts payable	-	
Depreciation	76,054	
Total operating expense		712,722
Interest paid	17,955	
Change in accrued interest	-639	
Total interest expense		17,316
Total expenses		730,038
Net farm income from operations		62,494
Gain or loss on capital sales		3,736
Net farm income		66,230

Other Measures

Total crop acres	1,174
Cow-Calf Cows	57
Change in earned net worth	11,183 1 %
Change in market value net worth	28,695 2 %

Financial Standards Measures

Liquidity	Beg	End
Current ratio	4.25	7.15
Working capital	569,088	642,554
Working capital to gross revenues	71.8 %	81.1 %
Solvency (market)	Beg	End
Debt to asset ratio	32 %	31 %
Debt to equity ratio	0.47	0.44
Profitability	Cost	Market
Net farm income	66,230	80,394
Rate of return on assets	1.3 %	1.6 %
Rate of return on equity	0.3 %	1.2 %
Operating profit margin	2.7 %	4.5 %
Repayment Capacity		
Term debt coverage ratio (farm only)		1.03
Replacement margin coverage ratio		0.92
Efficiency	Cost	Market
Asset turnover rate	46.9 %	34.6 %
Operating expense ratio		80.3 %
Depreciation expense ratio		9.6 %
Interest expense ratio		2.2 %
Net farm income ratio		7.9 %
Other		
Term debt coverage (farm+personal)		1.03
Term debt to EBITDA		1.05

Information Accuracy

Cash discrepancy	0
Liability discrepancy	0
Cash discrepancy to gross revenue	0 %

Income Statement

Financial Ratios

- Liquidity
- Solvency
- Profitability
- Repayment Capacity
- Efficiency
- Other

More detailed →

Sources of income →

Income Statement

Income	Quantity	Price	Amount
Com, Old crop	118,821 bu.	3.36/bu.	399,239
Soybeans, Forward contract	15,000 bu.	9.05/bu.	135,750
Soybeans, Cash	10,152 bu.	9.45/bu.	95,936
Beef Calves	51 head	152.50/cwt.	47,598
Cull breeding livestock			5,070
Crop government payments			277
Other government payments			26,444
Custom work income			13,500
Patronage dividends, cash			7,056
Crop insurance income			16,204
Other farm income			11,423

Expense	Amount
Seed	97,720
Fertilizer	79,881
Crop chemicals	50,948
Crop insurance	25,179
Drying expense	12,917
Crop Consultants	5,000
Crop Marketing	3,152
Purchased feed	8,260
Veterinary	1,924
Supplies	1,212
Livestock Marketing	350
Interest	17,955
Fuel & oil	24,824
Repairs	42,864
Land rent	241,555
Real estate taxes	9,938
Farm insurance	11,500
Utilities	5,789
Dues & professional fees	2,500
Miscellaneous	8,752

← Expenses

Gross →

Gross cash income	758,497
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Total cash expense	652,220
Net cash income	106,277

← Net

Inventory Detail →

Inventory Changes	Beginning Inventory	Purchases/ Deposits	Sales/ Withdrawals	Ending Inventory	Inventory Change
Prepays and supplies	120,670			118,267	-2,403
Hedging gains or losses	23,300	-	15,894	32,124	24,718
Crops and feed	585,751			595,067	9,317
Breeding livestock	74,100	-	-	74,100	-
Accrued interest	4,888			4,249	639
Total inventory change					32,271

Net →

Net operating profit	138,548
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Depreciation →

Depreciation	Beginning Inventory	Purchases	Sales	Ending Inventory	Depreciation
Machinery and equipment	652,922	41,000	11,264	613,266	-69,392
Titled vehicles	32,857	-	-	27,928	-4,929
Buildings and improvement	34,663	-	-	32,930	-1,733
Total depreciation					-76,054

Net →

Net income from operations	62,494
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Net →

Gain or loss on capital sales	3,736
Net farm income	66,230

More
Detailed
Financial
Ratios →

Profitability Measures		Cost	Market
(A)	Net farm income from operations	62,494	76,658
	Rate of return on assets (E/F)	1.3 %	1.6 %
	Rate of return on equity (G/H)	0.3 %	1.2 %
	Operating profit margin (E/I)	2.7 %	4.5 %
	Asset turnover rate (I/F)	46.9 %	34.6 %
	EBITDA	155,864	170,028
(B)	Change in market valuation	-	14,164
(C)	Interest expense	17,316	17,316
(D)	Value of unpaid oper labor & mgmt	58,500	58,500
(E)	Return on farm assets (A+C-D)	21,310	35,474
(F)	Average farm assets	1,671,382	2,266,149
(G)	Return on farm equity (A-D)	3,994	18,158
(H)	Average farm net worth	1,357,877	1,556,604
(I)	Value of farm production	784,272	784,272
Liquidity Measures		Begin	End
(J)	Current assets	744,083	747,020
(K)	Current liabilities	174,994	104,466
	Current ratio (J/K)	4.25	7.15
	Working capital (J-K)	569,088	642,554
	Change in working capital		73,466
	Working capital to gross revenues	71.8 %	81.1 %
Solvency Measures (Market)		Begin	End
(L)	Total assets	2,460,185	2,448,064
(M)	Total liabilities	739,692	698,876
	Net worth (L-M)	1,720,493	1,749,188
	Net worth change		28,695
	Current debt to assets (K/J)	24 %	14 %
	Intermediate debt to assets	10 %	15 %
	Long term debt to assets	12 %	9 %
	Personal debt to assets	4 %	3 %
	Total debt to assets ratio (M/L)	30 %	29 %
Repayment Capacity			
	Net farm income from operations		62,494
	Depreciation (+)		76,054
	Personal income (+)		17,087
	Family living expense (-)		61,247
	Income taxes accrued (-)		9,556
	Interest on term debt (+)		22,697
(N)	Capital debt repayment capacity (=)		107,530
(O)	Scheduled term debt payments		104,753
(P)	Capital debt repayment margin (N-O)		2,776
(Q)	Cash replacement allowance		12,101
	Replacement margin (P-Q)		-9,325
	Term debt coverage ratio (N/O)		1.03
	Replacement coverage ratio (N/O+Q)		0.92

Statement of Owner's Equity

(a)	Beginning net worth		1,720,493
	Net farm income		66,230
	Personal income (+)		17,087
	Family living expense (-)		61,247
	Income taxes accrued (-)		9,556
	Change in personal assets (+)		-1,331
	Change in nonfarm accounts payable (+)		-
(b)	Total change in retained earnings (=)		11,183
	Change in market value of capital assets		29,590
	Change in deferred liabilities (-)		12,078
(d)	Total change in market valuation =		17,512
(e)	Total change in net worth (b+d)		28,695
	Ending net worth		1,749,188

← Statement
of Owner's
Equity

Statement of Cash Flows

(f)	Beginning cash balance (farm & personal)		14,362
	Gross cash farm income		758,497
	Cash farm expenses (-)		652,220
	Net cash from hedging transactions (+)		15,894
(g)	Cash provided by operating activities (=)		122,171
	Sale of machinery and equipment (+)		15,000
	Purchase of machinery and equipment (-)		41,000
	Purchase of personal assets (-)		3,000
(h)	Cash provided by investing activities (=)		-29,000
	Money borrowed		119,718
	Principal payments (-)		170,106
	Personal income (+)		17,087
	Family living expense (-)		61,247
	Income taxes paid (-)		11,423
(i)	Cash provided by financing activities (=)		-105,971
	Net change in cash (g+h+i)		-12,800
	Ending cash balance (farm and personal)		1,562

← Statement
of Cash
Flows

Crop Summary

Total acres owned	-
Total crop acres	1,174
Crop acres owned	98
Crop acres cash rented	1,076
Crop acres share rented	-
Percent crop acres owned	8 %
Machinery investment/crop acre (cost)	565
Machinery investment/crop acre (market)	639

Crop Yields

	Acres	Yield
Corn	522.0	200.0 bu.
Soybeans	616.0	51.0 bu.
Hay	36.0	2.8 ton

Labor Summary

Total unpaid labor hours	3,500
Total hired labor hours	-
Total farm labor hours	3,500
Value of farm production per hour	224.08
Net farm income per unpaid hour	17.86
Average hourly hired labor wage	n/a

Livestock Summary**Cow-Calf Cows**

Number of cows	57.0
Pregnancy percentage	98.2
Calving percentage	98.2
Weaning percentage	89.5
Calves sold per cow	0.89
Average weaning weight	541
Lb. weaned/exposed female	484
Avg wgt/ Beef Calves sold	612
Avg price / cwt.	160.00

Crop Enterprise Analysis

	<i>Corn Owned</i>	<i>Corn Rented Cash Rented</i>	<i>Soybeans Owned</i>	<i>Soybeans Rented Cash Rented</i>	<i>Hay Owned</i>
Returns					
Acres	32.00	490.00	30.00	586.00	36.00
Unit	bu.	bu.	bu.	bu.	ton
Yield per acre	202.50	199.80	52.00	51.00	2.78
Share of production (%)	100.00	100.00	100.00	100.00	100.00
Value per unit	3.20	3.20	8.23	8.23	115.00
Total product value	648.00	639.36	427.96	419.73	319.44
Crop insurance	-	-	26.31	26.31	-
Other crop income	-	-	42.93	42.93	-
Gross return per acre	648.00	639.36	497.20	488.97	319.44
Direct Expenses					
Seed	106.31	106.31	66.78	66.78	33.33
Fertilizer	98.23	98.23	43.63	43.63	7.64
Crop chemicals	41.76	41.76	49.49	49.49	13.89
Crop insurance	23.56	23.56	20.91	20.91	-
Drying expense	19.62	19.62	4.34	4.34	-
Land rent	-	222.73	-	222.73	-
Marketing	4.03	4.03	1.70	1.70	-
Fuel & oil	24.29	24.29	19.87	19.87	13.25
Repairs	38.94	38.94	31.86	31.86	21.24
Operating interest	5.27	5.27	4.31	4.31	2.88
Total direct expenses	362.02	584.75	242.90	465.63	92.23
Return over direct expenses	285.98	54.61	254.30	23.33	227.22
Overhead Expenses					
Real estate taxes	99.38	-	99.38	-	99.38
Farm insurance	10.45	10.45	8.55	8.55	5.70
Utilities	4.98	4.98	4.08	4.08	2.72
Dues & professional fees	2.27	2.27	1.86	1.86	1.24
Interest on interm. debt	5.99	5.99	4.90	4.90	3.27
Interest on lng term debt	52.50	-	52.50	-	52.50
Machinery depreciation	69.66	69.66	56.99	56.99	37.99
Building depreciation	1.49	1.49	1.22	1.22	0.81
Miscellaneous	7.95	7.95	6.51	6.51	4.34
Total overhead expenses	254.67	102.79	235.98	84.10	207.95
Total dir & ovhd expenses	616.69	687.54	478.88	549.73	300.18
Net return per acre	31.31	-48.18	18.32	-60.76	19.27
Government payments	-	-	0.45	0.45	-
Net return with govt pmts	31.31	-48.18	18.76	-60.31	19.27
Labor & management charge	53.15	53.15	43.49	43.49	28.99
Net return over lbr & mgt	-21.84	-101.33	-24.72	-103.80	-9.72
Cost of Production Per Unit					
Total direct expenses	1.79	2.93	4.67	9.13	33.20
Total dir & ovhd expenses	3.05	3.44	9.21	10.78	108.06
Less govt & other income	3.05	3.44	7.87	9.41	108.06
With labor & management	3.31	3.71	8.71	10.27	118.50
Net value per unit	3.20	3.20	8.23	8.23	115.00
Machinery cost per acre	138.87	138.87	113.62	113.62	75.75
Est. labor hours per acre	3.18	3.18	2.60	2.60	1.73

LIVESTOCK ENTERPRISE ANALYSIS -- Beef Cow-Calf

	<i>Per Cwt. Produced</i>		<i>Per Cow</i>		<i>Enterprise Total</i>	
	<i>Quantity</i>	<i>Value</i>	<i>Quantity</i>	<i>Value</i>	<i>Quantity</i>	<i>Value</i>
Returns						
Beef Calves	82.76 lb.	132.42	547.58 lb.	876.12	31212.0 lb.	49939
Cull sales	17.24 lb.	13.44	114.04 lb.	88.95	6500.0 lb.	5070
Other income		-		-		-
Gross return	100.00 lb.	145.87	661.61 lb.	965.07	37712.0 lb.	55009
Gross margin	100.00 lb.	145.87	661.61 lb.	965.07	37712.0 lb.	55009
Direct Expenses						
Hay	768.99 lb.	32.93	5087.72 lb.	217.89	145.0 ton	12420
Com	1.70 bu.	5.52	11.23 bu.	36.49	640.0 bu.	2080
Protein Vit Minerals	53.03 lb.	6.63	350.88 lb.	43.86	10.0 ton	2500
Veterinary		5.10		33.75		1924
Supplies		3.21		21.26		1212
Utilities		1.54		10.16		579
Marketing		0.93		6.14		350
Fuel & oil		3.54		23.45		1337
Repairs		5.68		37.60		2143
Total direct expenses		65.09		430.61		24545
Return over direct expenses		80.78		534.46		30464
Overhead Expenses						
Real estate taxes		0.53		3.49		199
Farm insurance		1.52		10.09		575
Utilities		0.00		0.00		0
Dues & professional fees		0.33		2.19		125
Interest on interm. debt		0.34		2.24		128
Interest on lng term debt		0.72		4.75		271
Machinery depreciation		3.94		26.08		1486
Building depreciation		0.46		3.04		173
Miscellaneous		1.16		7.68		438
Total overhead expenses		9.00		59.55		3395
Total dir & ovhd expense		74.09		490.17		27939
Net return		71.78		474.90		27070
Labor & management charge						
Labor & management charge		7.76		51.32		2925
Net return over lbr & mgt		64.02		423.59		24145
Est. labor hours per unit						
Est. labor hours per unit		0.46		3.07		175
Cost of Prod Per Cwt. Produced			Other Information			
Total direct expenses	65.09		57.0	Cows per FTE		912.0
Total dir & ovhd expenses	74.09		98.2	Average weaning weight		541
With other revenue adjustments	60.64		8.8	Lb. weaned/exposed female		484
With labor & management	68.40		98.2	Feed cost per cow		298.25
			89.5	Avg wgt/ Beef Calves sold		612
			0.89	Avg price / cwt.		160.00

Contributions to Overhead Expenses

Enterprise	Units	Contribution Per Unit	Total Contribution
Corn	522. Acres	68.79	35,910
Soybeans	616. Acres	35.03	21,580
Hay	36.0 Acres	227.22	8,180
Cow-Calf	57.0 Cow	534.46	30,464
Total contributions			96,134
Overhead expenses			
Real estate taxes			9,938
Farm insurance			11,500
Utilities			5,210
Dues & professional fees			2,500
Interest on interm. debt			6,388
Interest on lng term debt			5,416
Machinery depreciation			74,321
Building depreciation			1,733
Miscellaneous			8,752
Total overhead expense			125,758
Total return over overhead expe			-29,624

Nonfarm Summary

Personal Income	Amount
Personal wages & salary	16,787
Personal business income	-
Personal rental income	-
Personal interest income	300
Personal cash dividends	-
Tax refunds	-
Other personal income	-
Total personal income	17,087

Cash Accuracy Check

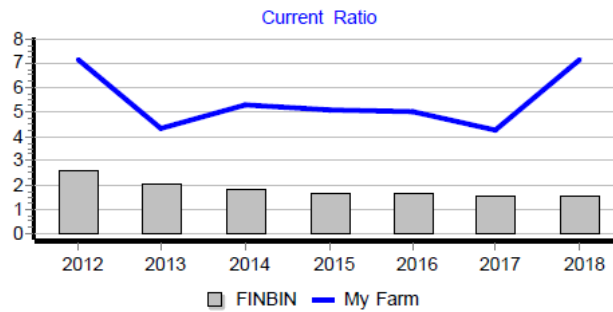
Beginning cash balance	14,362	Ending cash balance	1,562
Gross cash farm income	758,497	Total cash farm expense	652,220
Personal income	17,087	Family living expense	61,247
Hedging account withdrawals	15,894	Hedging account deposits	-
Capital sales	15,000	Capital purchases	44,000
Money borrowed	119,718	Principal payments	170,106
Gifts and inheritances	-	Gifts given	-
Beginning personal savings	-	Ending personal savings	-
		Income taxes	11,423
Total inflows	940,558	Total outflows	940,558
		Discrepancy (inflows - outflows)	0

Liabilities Check

Beginning liabilities		739,692
Money borrowed	(+)	119,718
Principal payments	(-)	170,106
Change in accounts payable	(+)	-2,506
Change in deferred liabilities	(+)	12,078
Ending liabilities calculated	(=)	698,876
Ending liabilities reported	(-)	698,876
Discrepancy	(=)	0

Crop & Feed Check

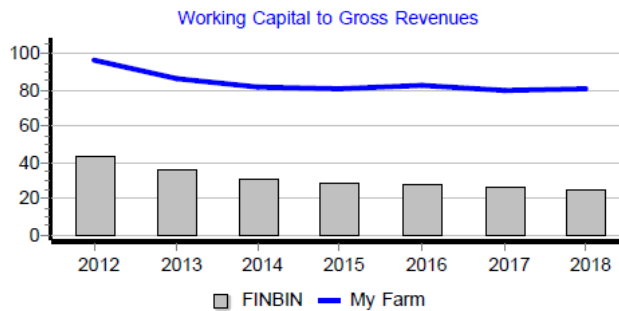
Crop	Com	Soybeans	All Hay
Beginning inventory	118,821	25,152	40
Produced	104,382	31,446	100
Purchased	-	-	40
Total sources	223,203	56,598	180
Sold	118,821	25,152	-
Fed	640	-	145
Ending inventory	103,742	31,446	35
Total uses	223,203	56,598	180
Discrepancy	0	0	0



Current Ratio
 The extent to which current farm assets, if liquidated, would cover current farm liabilities.

Total current farm assets divided by total current farm liabilities.

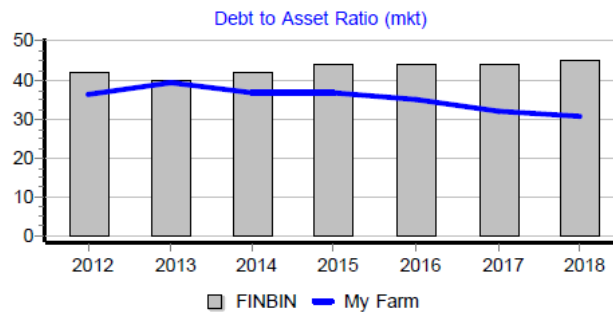
Strong	Greater than 2
Caution	2 to 1.3
Vulnerable	Less than 1.3



Working Capital to Gross Revenues
 Measures operating capital available against the size of the business.

Working capital divided by gross revenues.

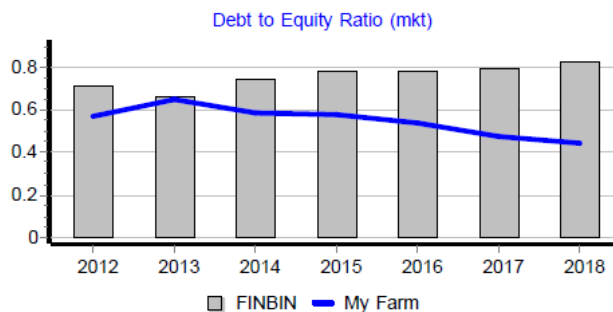
Strong	Greater than 30
Caution	30 to 10
Vulnerable	Less than 10



Debt to Asset Ratio (mkt)
 The proportion of total farm assets owed to creditors.

Total farm debt divided by total farm assets.

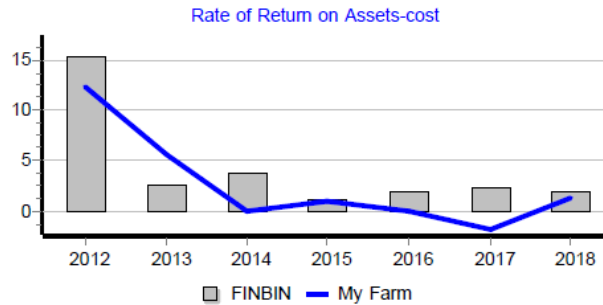
Strong	Less than 30%
Caution	30% to 60%
Vulnerable	Greater than 60%



Debt to Equity Ratio (mkt)
 The relative amount of money borrowed as a percentage of equity capital.

Farm debt divided by equity.

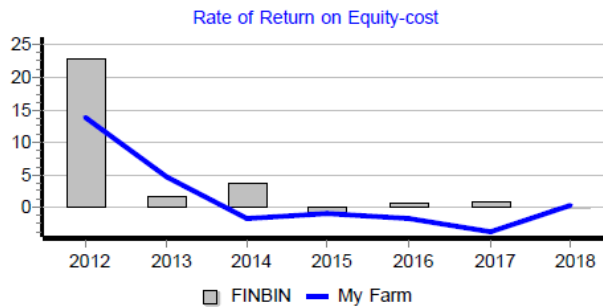
Strong	Less than 0.43
Caution	0.43 to 1.5
Vulnerable	Greater than 1.5



Rate of Return on Assets-cost
 The rate earned on the total business investment, equity and borrowed capital.

Net farm income + interest - value oper labor & mgmt divided by average farm assets.

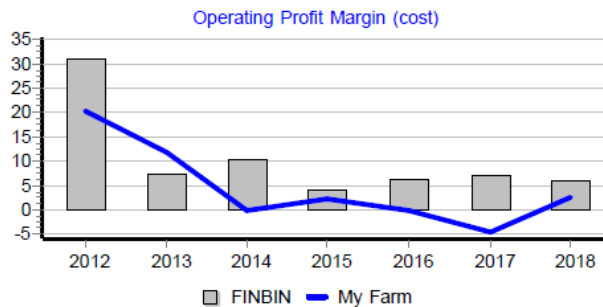
Strong	Greater than 8%
Caution	8% to 4%
Vulnerable	Less than 4%



Rate of Return on Equity-cost
 The rate earned on equity capital invested in the business.

Net farm income - value oper labor & mgmt divided by average farm net worth.

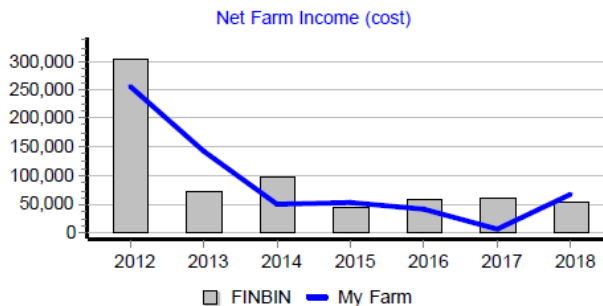
Strong	Greater than 10%
Caution	10% to 3%
Vulnerable	Less than 3%



Operating Profit Margin (cost)
 Measures the operating efficiency of the business in terms of return as a percentage of gross income.

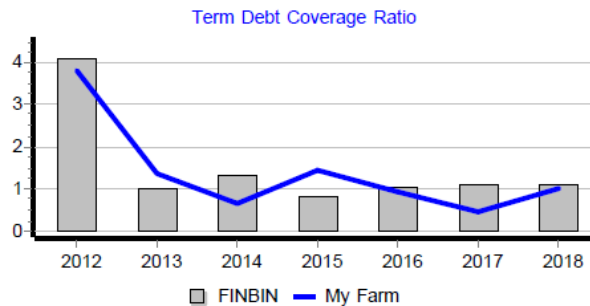
Net farm income + interest - value of labor & mgmt divided by the value of farm production.

Strong	Greater than 25%
Caution	25% to 15%
Vulnerable	Less than 15%



Net Farm Income (cost)
 The net income from the farm that is available for owner withdrawals, income taxes and equity growth.

Cash income - cash expense + inventory change - depreciation.

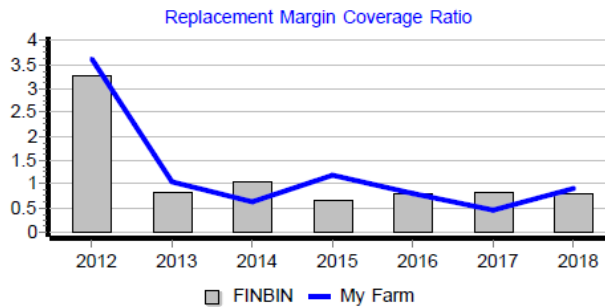


Term Debt Coverage Ratio

The ability of the business to generate enough income to cover all scheduled intermediate and long term debt payments.

Net farm oper income + net nonfarm income + interest on term debt - fam liv & taxes / term debt prin & int.

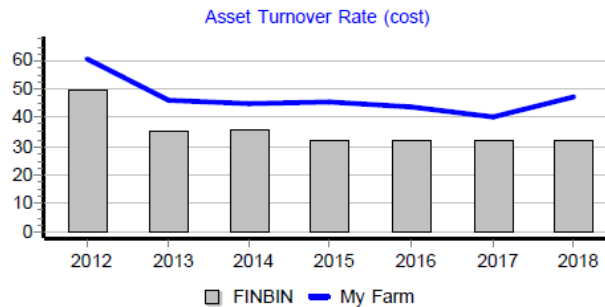
Strong	Greater than 1.75
Caution	1.75 to 1.25
Vulnerable	Less than 1.25



Replacement Margin Coverage Ratio

A ratio below 1.0 indicates you did not generate enough income to cover term debt payments and unfunded capital purchases.

Strong	Greater than 1.5
Caution	1.5 to 1.1
Vulnerable	Less than 1.1

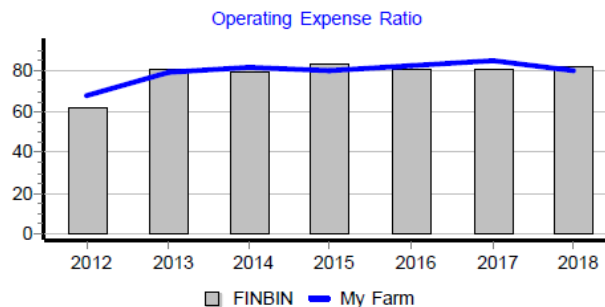


Asset Turnover Rate (cost)

Measures efficiency of capital invested in the business in terms of the gross revenue generated by each dollar of investment.

Value of farm production divided by average farm assets.

Strong	Greater than 45%
Caution	45% to 30%
Vulnerable	Less than 30%



Operating Expense Ratio

The portion of gross revenue used to pay operating expenses.

Farm operating expense - interest expense divided by gross income.

Strong	Less than 60%
Caution	60% to 80%
Vulnerable	Greater than 80%

Comparative Balance Sheets (cost)

	2011	2012	2013	2014	2015	2016	2017	2018
	<i>Cost and Market</i>							
Current Assets								
Cash and checking	29,779	65,579	45,579	35,644	17,920	17,350	14,362	1,562
Prepaid exp. & supplies	116,016	112,225	133,632	134,216	135,046	136,770	120,670	118,267
Hedging accounts	2,733	2,733	2,733	23,300	23,300	23,300	23,300	32,124
Crop inventory	950,395	958,592	788,779	684,797	683,972	653,437	585,751	595,067
Total Current Assets	1,098,923	1,139,129	970,723	877,957	860,238	830,857	744,083	747,020
Intermediate Assets								
Breeding livestock	26,157	27,732	56,232	64,814	74,814	77,214	74,100	74,100
Machinery and equipment	266,825	380,229	755,729	737,156	701,440	668,251	652,922	613,266
Titled vehicles	20,990	17,841	15,165	12,890	45,476	38,654	32,857	27,928
Total Intermediate Assets	313,972	425,802	827,126	814,860	821,730	784,120	759,879	715,294
Long Term Assets								
Land	130,020	130,020	154,448	154,448	154,448	154,448	154,448	154,448
Buildings and improvements	47,155	44,797	42,557	40,429	38,408	36,487	34,663	32,930
Total Long Term Assets	177,175	174,817	197,005	194,877	192,856	190,935	189,111	187,378
Total Farm Assets	1,590,070	1,739,748	1,994,854	1,887,695	1,874,824	1,805,912	1,693,072	1,649,692
Total Personal Assets	119,774	130,703	172,703	172,433	171,349	176,559	174,993	176,662
Total All Assets	1,709,844	1,870,451	2,167,557	2,060,128	2,046,173	1,982,471	1,868,065	1,826,354
Current Liabilities								
Accrued interest	13,263	9,630	15,046	13,223	12,007	8,653	4,888	4,249
Total Current Loans	123,855	108,356	119,686	84,179	81,989	69,881	88,050	47,233
Principal due on term loans	44,455	41,656	89,025	68,693	74,595	87,931	82,056	52,984
Total Current Liabilities	181,573	159,642	223,756	166,096	168,591	166,466	174,994	104,466
Total Intermediate Loans	80,068	44,257	205,551	193,507	184,472	150,897	85,675	122,622
Total Long Term Loans	135,866	129,996	123,752	117,131	110,104	94,667	78,349	60,903
Total Farm Liabilities	397,507	333,895	553,060	476,734	463,166	412,030	339,018	287,991
Total Personal Liabilities	30,000	30,000	30,000	30,000	8,000	8,000	8,000	6,133
Total All Liabilities	427,507	363,895	583,060	506,734	471,166	420,030	347,018	294,124
Equity								
Retained earnings	1,282,336	1,506,556	1,584,498	1,553,394	1,575,006	1,562,441	1,521,047	1,532,230
Retained earnings chg	0	224,220	77,941	-31,103	21,612	-12,565	-41,394	11,183

Comparative Balance Sheets (market)

	2011	2012	2013	2014	2015	2016	2017	2018
	<i>Cost and Market</i>							
Current Assets								
Cash and checking	29,779	65,579	45,579	35,644	17,920	17,350	14,362	1,562
Prepaid exp. & supplies	116,016	112,225	133,632	134,216	135,046	136,770	120,670	118,267
Hedging accounts	2,733	2,733	2,733	23,300	23,300	23,300	23,300	32,124
Crop inventory	950,395	958,592	788,779	684,797	683,972	653,437	585,751	595,067
Total Current Assets	1,098,923	1,139,129	970,723	877,957	860,238	830,857	744,083	747,020
Intermediate Assets								
Breeding livestock	36,500	38,075	72,525	82,650	95,000	98,000	93,300	93,300
Machinery and equipment	361,500	465,437	815,887	794,298	754,868	737,236	723,509	709,966
Titled vehicles	37,059	31,500	26,775	22,759	50,012	42,510	36,134	30,713
Total Intermediate Assets	435,059	535,012	915,187	899,707	899,880	877,746	852,942	833,980
Long Term Assets								
Land	412,500	495,000	588,000	588,000	588,000	637,000	637,000	637,000
Buildings and improvements	56,000	53,200	50,540	48,013	45,612	43,332	41,165	39,107
Total Long Term Assets	468,500	548,200	638,540	636,013	633,612	680,332	678,165	676,107
Total Farm Assets	2,002,482	2,222,341	2,524,450	2,413,677	2,393,731	2,388,935	2,275,190	2,257,107
Total Personal Assets	120,435	131,364	173,364	176,815	180,977	186,561	184,995	190,957
Total All Assets	2,122,917	2,353,705	2,697,814	2,590,492	2,574,707	2,575,496	2,460,185	2,448,064
Current Liabilities								
Accrued interest	13,263	9,630	15,046	13,223	12,007	8,653	4,888	4,249
Total Current Loans	123,855	108,356	119,686	84,179	81,989	69,881	88,050	47,233
Principal due on term loans	44,455	41,656	89,025	68,693	74,595	87,931	82,056	52,984
Total Current Liabilities	181,573	159,642	223,756	166,096	168,591	166,466	174,994	104,466
Total Intermediate Loans	80,068	44,257	205,551	193,507	184,472	150,897	85,675	122,622
Total Long Term Loans	135,866	129,996	123,752	117,131	110,104	94,667	78,349	60,903
Total Farm Liabilities	397,507	333,895	553,060	476,734	463,166	412,030	339,018	287,991
Total Personal Liabilities	30,000	30,000	30,000	30,000	8,000	8,000	8,000	6,133
Deferred liabilities	457,241	473,812	438,123	412,492	414,705	420,765	392,674	404,752
Total All Liabilities	884,749	837,707	1,021,183	919,226	885,871	840,795	739,692	698,876
Equity								
Retained earnings	1,282,336	1,506,556	1,584,498	1,553,394	1,575,006	1,562,441	1,521,047	1,532,230
Market valuation equity	-44,168	9,442	92,134	117,872	113,830	172,260	199,446	216,959
Net worth	1,238,168	1,515,998	1,676,631	1,671,266	1,688,836	1,734,701	1,720,493	1,749,188
Net worth change	0	277,830	160,633	-5,365	17,570	45,865	-14,208	28,695

Comparative Trend

	2012	2013	2014	2015	2016	2017	2018
Profitability							
Gross farm income (accrual)	1,013,152	865,159	869,646	855,265	806,780	714,479	792,532
Total farm expense (accrual)	757,832	721,761	819,964	803,143	766,724	709,317	730,038
Net farm income from oper.	255,320	143,398	49,682	52,122	40,056	5,162	62,494
Rate of return on assets	12.4 %	5.5 %	0.0 %	0.9 %	-0.1 %	-1.8 %	1.3 %
Rate of return on equity	13.8 %	4.8 %	-1.8 %	-0.9 %	-1.7 %	-3.8 %	0.3 %
Operating profit margin	20.4 %	11.9 %	0.0 %	2.1 %	-0.3 %	-4.6 %	2.7 %
Asset turnover rate	60.6 %	46.1 %	44.7 %	45.3 %	43.4 %	40.4 %	46.9 %
Liquidity							
Current ratio	7.14	4.34	5.29	5.10	4.99	4.25	7.15
Working capital	979,487	746,967	711,862	691,647	664,391	569,088	642,554
Working cap. to gross rev.	96.7 %	86.3 %	81.9 %	80.9 %	82.4 %	79.7 %	81.1 %
Solvency (market)							
Total assets	2,353,705	2,697,814	2,590,492	2,574,707	2,575,496	2,460,185	2,448,064
Total liabilities	837,707	1,021,183	919,226	885,871	840,795	739,692	698,876
Net worth	1,515,998	1,676,631	1,671,266	1,688,836	1,734,701	1,720,493	1,749,188
Debt to asset ratio	36 %	38 %	35 %	34 %	33 %	30 %	29 %
Repayment Capacity							
Term debt coverage ratio	3.79	1.36	0.65	1.45	0.94	0.47	1.03
Replacement coverage ratio	3.63	1.06	0.63	1.18	0.81	0.44	0.92
Efficiency							
Operating expense ratio	67.5 %	78.8 %	81.8 %	79.9 %	82.3 %	84.9 %	80.3 %
Interest expense ratio	2.6 %	4.0 %	2.9 %	3.5 %	2.7 %	2.7 %	2.2 %
Other Cash Flows							
Personal income	16,499	17,067	17,067	17,067	17,087	17,087	17,087
Owner draws/Adj. family living	74,752	65,500	65,506	59,554	57,599	62,099	61,247
Crop and Livestock Summary							
Total crop acres	-	-	-	-	-	-	1,174
Crop acres owned	-	-	-	-	-	-	98
Crop acres cash rented	-	-	-	-	-	-	1,076
Corn							
Acres	-	-	-	-	-	-	522
Yield (bu.) / acre	-	-	-	-	-	-	200.0
Price / bu.	-	-	-	-	-	-	3.36
Hay							
Acres	-	-	-	-	-	-	36
Yield (ton) / acre	-	-	-	-	-	-	2.8
Soybeans							
Acres	-	-	-	-	-	-	616
Yield (bu.) / acre	-	-	-	-	-	-	51.0
Price / bu.	-	-	-	-	-	-	9.21

Beef Cow/Calf

Comparative Trend

	2012	2013	2014	2015	2016	2017	2018
Number of cows	-	-	-	-	-	-	57
Calves sold	-	-	-	-	-	-	51
Price / cwt.	-	-	-	-	-	-	152.50

Balance Sheet

FINPACK®

ABC Farms
1/1/2006

Current Assets				Value	Current Liabilities						Balance		
Cash and checking				29,779	Accrued interest						14,712		
Prepaid exp. & suppl. (Schd B)				83,870	Accounts payable and other accrued expenses						-		
Growing crops				-									
Accounts receivable				-									
Hedging accounts				2,733									
Other current assets				-									
Crops (Schd G)				Quantity	Value/Unit								
Com				110,850	1.70/bu.	188,445							
Soybeans				22,550	5.50/bu.	124,025							
Grass Hay				40	50.00/ton	2,000							
Crops under gov't loan				-									
Livestock held for sale				-									
Total Current Assets				430,852	Total Current Liabilities						183,064		
Intermediate Assets					Intermediate Liabilities (Schd U)								
Brdg Ivst (Schd I)				No.	Cost	Market							
Beef cows				48	24,000	33,600	Loan						
Heifers				5	1,500	2,000	Int						
Bull				1	657	900	Rate						
Machinery and equipment					266,825	361,500	Principal						
Titled vehicles (Schd K)					40,210	48,500	Balance						
Other intermediate assets					-	-	P & I						
Total Intermediate Assets				333,192	446,500	Total Intermediate Liabilities						80,050	
Long Term Assets							Long Term Liabilities (Schd V)						
Land (Schd M)				Acres	Cost	Market	Loan						
Home farm				83	130,000	165,000	Int						
Buildings and improvements					47,155	56,000	Rate						
Other long term assets					-	-	Balance						
Total Long Term Assets				177,155	221,000	Total Long Term Liabilities						135,842	
Total Farm Assets				941,199	1,098,352	Total Farm Liabilities						398,956	
Personal Assets (Schd P)				119,774	120,435	Personal Liabilities						-	
							Total Liabilities (d)(e)						
							Retained Earnings/Contributed Capital						
							Market valuation equity						
Total Assets (a)(b)				1,060,973	1,218,787	Net Worth						819,831	
							Cost						
							Market						
							398,956						
							662,017						
							[a-d]						
							[b-a]						
							157,814						
							[b-e]						
							819,831						

Schedule B: Prepaid expenses and supplies

	Expense Category	Quantity	Value Per		Value
			Unit		
Fuel	Fuel & oil	-	-		800
Chemicals	Chemicals	-	-		20,300
Fertilizer	Fertilizer	-	-		27,984
Seed	Seed	-	-		34,786
Total prepaid expenses and supplies					83,870

Schedule G: Crop inventory

Crop	Description	Quantity	Value Per		Value
			Unit		
Corn		110,850 bu.	1.70		188,445
Soybeans		22,550 bu.	5.50		124,025
Grass Hay		40 ton	50.00		2,000
Total crop inventory					314,470

Schedule I: Breeding livestock

	No. Head	Mkt Val Per Hd	Cost Value	Market Value
Heifers	5	400	1,500	2,000
Bull	1	900	657	900
Total breeding livestock			26,157	36,500

Schedule K: Titled vehicles

Make/Model	Model Year	Serial No./VIN	Year Purchased	Pct. Ownership	Cost Value	Market Value
Ford F-150	2003		2003	100.00 %	21,490	23,500
Total titled vehicles					40,210	48,500

Schedule M: Land

	Acres	Mkt Val Per Acr	Cost Value	Market Value
Total land			130,000	165,000

Schedule P: Personal assets

	Quantity	Mkt Val Per Unit	Cost Value	Market Value
Stocks and bonds			4,889	5,550
Other personal current assets			-	-
Furnishings and appliances			-	-
Personal vehicles			-	-
Cash value of life insurance			17,315	17,315
Retirement accounts			25,439	25,439
Personal business investment			-	-
Other intermediate assets			-	-
Personal real estate			-	-
Other long term assets			72,131	72,131
Total personal assets			119,774	120,435

Schedule T: Current loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Balance
4NB-4th Ntl Opr	7.00 %	123,855	5,819	-	-	-	123,855
Total current loans		123,855	5,819	-	-		123,855

Schedule U: Intermediate loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Intermed Balance
John Deere Credit-Combine	7.00 %	8,373	295	7,446	-	multiple	2007	6,927	1,446
4NB-Machinery	7.00 %	86,335	5,298	32,898	-	2	2008	26,623	59,712
Ford Credit-Truck	6.50 %	24,346	-	6,875	-	multiple	2010	5,454	18,892
Total intermediate loans		119,054	5,594	47,219	-			39,004	80,050

Schedule V: Long term loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Lg Term Balance
Parents-Farm	6.00 %	141,335	3,299	14,362	-	multiple	2022	5,493	135,842
Total long term loans		141,335	3,299	14,362	-			5,493	135,842

Schedule Y: Ratio analysis

	Cost	Market
Current ratio	2.35	2.35
Working capital	247,788	247,788
Current percent in debt	42 %	42 %
Intermediate percent in debt	24 %	18 %
Long term percent in debt	77 %	61 %
Personal percent in debt	- %	- %
Total debt to asset ratio	38 %	33 %
Total equity to asset ratio	62 %	67 %
Total debt to equity ratio	0.60	0.49

-
- We would like to know if you would like to participate.
 - We need your help spreading the word about the project
 - Any leads to agricultural producers that may be interested
 - Additional information provided in flyers/handouts.
 - Feedback Evaluation Form

Thanks!