

Enterprise Analysis for New & Beginning Farmers: Resources

STATEMENT	RECORDS REQUIRED AND RESOURCES
Balance Sheet (Or Net Worth Statement)	<ul style="list-style-type: none"> <input type="checkbox"/> Farm Assets Cost & Value <input type="checkbox"/> Farm & Personal Asset Changes Livestock, Crop & Other Product Inventories <input type="checkbox"/> Loan Balances <ul style="list-style-type: none"> • Building Equity in Your Farm: www.extension.iastate.edu/agdm/wholefarm/html/c3-60.html • Interpreting Financial Statements and Measures: ifsam.cffm.umn.edu/ • Understanding Net Worth: www.extension.iastate.edu/agdm/wholefarm/html/c3-19.html • Your Net Worth Statement: www.extension.iastate.edu/agdm/wholefarm/html/c3-20.html • Solvency: www.agmrc.org/business_development/operating_a_business/finance/solvency.cfm • Net Worth Tools: www.agmrc.org/business_development/business_workbench/analysis_worksheets_and_calculators/net_worth_tools.cfm
Cash Flow Statements	<ul style="list-style-type: none"> <input type="checkbox"/> Farm Income and Expenses <input type="checkbox"/> Non-Farm Income & Expenses <input type="checkbox"/> Debt Payments <ul style="list-style-type: none"> • Taking Care of Farm Family Living Expenses: www.extension.purdue.edu/extmedia/id/id-238.pdf • Understanding Cash Flow Analysis: www.extension.iastate.edu/agdm/wholefarm/html/c3-14.html • Managing Farm Family Finances: www.extension.iastate.edu/agdm/wholefarm/html/c3-51.html • Cash Flow Budgeting Tools: www.agmrc.org/business_development/business_workbench/business_worksheets_and_calculators/cash_flow_budgeting_tools.cfm
Income Statements	<ul style="list-style-type: none"> <input type="checkbox"/> Farm Income & Expenses <input type="checkbox"/> Interest Payments <input type="checkbox"/> Livestock & Grain Inventories <input type="checkbox"/> Accounts Payable & Receivable
	<ul style="list-style-type: none"> • Assessing How You Stand Financially: www.extension.iastate.edu/agdm/articles/others/SchFeb12.html • Understanding Profitability: www.extension.iastate.edu/agdm/wholefarm/html/c3-24.html • Your Farm Income Statement: www.extension.iastate.edu/agdm/wholefarm/pdf/c3-25.pdf • Profitability: www.agmrc.org/business_development/operating_a_business/finance/profitability.cfm <p>Income Statement Tools: www.agmrc.org/business_development/business_workbench/analysis_worksheets_and_calculators/income_statement_tools.cfm</p>

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Enterprise Analysis	<ul style="list-style-type: none"> <input type="checkbox"/> Farm Income and Expenses <input type="checkbox"/> Livestock & Crop Yields <ul style="list-style-type: none"> • Enterprise Budgeting Tools: www.agmrc.org/business_development/business_workbench/business_worksheets_and_calculators/enterprise_budgeting_tools.cfm • Farm Cost and Return Tool: www.fapri.missouri.edu/projects/ • Primer for Selecting New Enterprises: www.uky.edu/Ag/AgEcon/pubs/ext_aec/ext2000-13.pdf • New Business Development – Decision Tools: www.extension.iastate.edu/agdm/decisionaidsvd.html • AgPlan Business Planning: agplan.umn.edu/ • Twelve Steps to Cash Flow Budgeting: www.extension.iastate.edu/agdm/wholefarm/html/c3-15.html • Using Enterprise Budgets to Make Decisions: www.extension.iastate.edu/agdm/crops/pdf/a1-19.pdf • Budgeting for Ag Decision Making: extension.psu.edu/business/ag-alternatives/farm-management/budgeting-for-agricultural-decision-making • Financing Small-Scale and Part time Farming Enterprises: extension.psu.edu/business/ag-alternatives/farm-management/financing-small-scale-and-part-time-farms • Budgeting: www.agmrc.org/business_development/operating_a_business/budgeting/budgeting.cfm • VCE Budgets: https://www.dropbox.com/sh/b4v7ftzo6qdri7j/gsnqRAkZ62 • Veggie Compass: http://www.veggiecompass.com/ • FINPACK: http://www.cffm.umn.edu/finpack/
Income Taxes	<ul style="list-style-type: none"> <input type="checkbox"/> Farm Income & Expenses <input type="checkbox"/> Non-Farm Income & Expenses <input type="checkbox"/> Interest Payments <input type="checkbox"/> Depreciation Schedule <ul style="list-style-type: none"> • IRS – Reporting Farm Income and Expenses: www.irs.gov/uac/Reporting-Farm-Income-and-Expenses • Understanding Your Federal Farm Income Taxes: extension.psu.edu/business/ag-alternatives/farm-management/understanding-your-federal-farm-income-taxes • Tax Issues for Farm Rental Agreements: ohioline.osu.edu/fr-fact/0006.html • Financial Troubleshooting: www.extension.iastate.edu/agdm/wholefarm/html/c3-53.html • Understanding Taxes: www.agmrc.org/business_development/operating_a_business/finance/business_taxes.cfm

BALANCE SHEET

Morgan Family Farm

Date

12/31/12

CURRENT ASSETS	Value		CURRENT LIABILITIES	Value
Cash and Checking Accounts	10,992	1	Accounts Payable	6,032
Savings and CDs	57,754	2	Loans Due within 12 mo.	141,192
Accounts Receivable	9,827	3	Loan Principal Due within 12 mo on:	
Marketable Securities	18,764	4	Notes	23,530
Hedging Account Equity	1,129	5	Capital Leases	0
Notes/Contracts Receivable (<12 mo)		6	Sales/Land Contracts	
Market Livestock	9,917	7	Real Estate Mortgage	15,555
Crops and Feed	286,774	8	Other Loans	7,174
Supplies		9	Accrued Interest on Current Liabilities	
Prepaid Expenses	67,112	10	Accrued Interest on Non-current Liabilities	12,204
Investments in Growing Crops		11	Accrued Tax Liabilities	10,661
Other Current Assets	4,622	12	Other Current Liabilities	567
Personal Current Assets		13	Deferred Taxes on Current Assets	
		14	Personal Current Liabilities	
		15		
TOTAL CURRENT ASSETS	466,891	16	TOTAL CURRENT LIABILITIES	216,914

NON-CURRENT ASSETS		Mkt Value		NON-CURRENT LIABILITIES		Mkt Value
Raised Breeding Livestock		23,542	17	Loan Principal Due beyond 12 mo on:		
Purchased Breeding Livestock			18	Notes		79,750
Machinery and Equipment		288,742	19	Capital Leases		0
Buildings and Improvements		74,874	20	Sales/Land Contracts		
Land		755,899	21	Real Estate Mortgage		275,221
Capital Leased Assets			22	Other Loans		
Investments in Cooperatives			23	Other Non-Current Liabilities		235
Investments in Other Entities			24	Deferred Taxes on Non-Current Assets		29,875
Notes/Contracts Receivable (>12 mo)		5,280	25	Personal Non-Current Liabilities		1,016
Other Non-Current Assets		433,570	26			
Personal Non-Current Assets		224,346	27			
			28			
TOTAL NON-CURRENT ASSETS		1,806,252	29	TOTAL NON-CURRENT LIABILITIES		386,097

30	TOTAL LIABILITIES		603,012
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31	OWNER EQUITY		1,670,130
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TOTAL ASSETS		2,273,142	32	TOTAL LIABILITIES & OWNER EQUITY		2,273,142
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SOURCES OF OWNER EQUITY	Mod Cost	Mkt Value
Contributed Capital		
Retained Earnings		
Valuation Equity		

INCOME STATEMENT

Morgan Family Farm

Year Ending

2012

REVENUE

Market Livestock

Cash Sales	22,231	1a
Inventory Change	-1,003	1b
Transfers to Breeding Herd		1c

21,228 1

Livestock Products

2

Crops

Cash Sales	313,442	3a
Inventory Change	18,309	3b

331,751 3

Custom Work

3,570 4

Government Payments

53,786 5

Patronage Dividends

6

Accounts Receivable Change

-4,553 7

Hedging Income

8

Other Farm Income

44,908 9

GROSS REVENUE

450,690 10

minus Market Livestock Purchases

19,882 11

minus Feed Purchases and Crops Bought for Resale

24,411 12

VALUE OF FARM PRODUCTION

406,397 13

EXPENSES

Cash Operating Expenses

260,198 14

Prepaid Expenses Change

-7,412 15

Accounts Payable Change

235 16

Depreciation

54,892 17

TOTAL OPERATING EXPENSES

307,913 18

Interest

Interest Paid	35,668	19a
Accrued Interest Change	174	19b

TOTAL INTEREST EXPENSE

35,842 19

NET FARM INCOME FROM OPERATIONS

(line 13 minus lines 18 and 19)

62,642 20

Gain/Loss on Sale of Capital Assets

2,694 21

NET FARM INCOME

(line 20 plus or minus line 21)

65,336 22

Non-Farm Income

17,458 23

NET INCOME BEFORE TAXES

(line 22 plus line 23)

82,794 24

Income and Social Security Taxes

25

NET INCOME AFTER TAXES

(line 24 minus line 25)

26

Orchardgrass - Fescue Hay, Round Baled

ESTIMATED COSTS AND RETURNS PER ACRE
4 TON YIELD

Acres

1

	UNIT	QUANTITY PER ACRE	PRICE OR COST/UNIT	TOTAL PER ACRE	YOUR FARM
1. GROSS RECEIPTS					
Orchardgrass-Fescue Hay	TON	4.00	\$125.00	\$500.00	_____
TOTAL RECEIPTS:				\$500.00	_____
2. PRE-HARVEST VARIABLE COSTS					
Prorated Establishment Cost	7 YRS -ACRE	1.00	\$59.60	\$59.60	_____
FERTILIZER*	Soil Test Recommendation				_____
NITROGEN	_____ LBS	200.00	\$0.57	\$114.00	_____
PHOSPHATE	_____ LBS	68.00	\$0.46	\$31.28	_____
POTASH	_____ LBS	248.00	\$0.52	\$128.96	_____
FERTILIZER APPLICATION	_____ ACRE	1.00	\$7.25	\$7.25	_____
LIME (PRORATED)	TON	0.33	\$44.75	\$14.77	_____
HERBICIDES	ACRE	1.00	\$0.00	\$0.00	_____
INSECTICIDES	ACRE	1.00	\$0.00	\$0.00	_____
FUNGICIDES	ACRE	1.00	\$0.00	\$0.00	_____
CHEMICAL APPLICATION	ACRE	0.00	\$8.50	\$0.00	_____
FUEL,OIL, LUBE	Eq Gallons	0.00	\$3.42	\$0.00	_____
REPAIRS	ACRE	1.00	\$0.00	\$0.00	_____
PRE-HARVEST LABOR	HRS	0.00	\$14.50	\$0.00	_____
CASH RENT OR LAND CHARGE	ACRE	1.00	\$0.00	\$0.00	_____
CROP INSURANCE	ACRE	1.00	\$0.97	\$0.97	_____
SCOUTING	ACRE	1.00	\$0.00	\$0.00	_____
OTHER COSTS	ACRE	1.00	\$0.00	\$0.00	_____
Production Interest	6 MONTHS	148.62	5.5%	\$8.17	_____
TOTAL PRE-HARVEST COSTS			\$91.25 PER TON	\$365.00	_____
3. HARVEST VARIABLE COSTS					
FUEL,OIL, LUBE	Eq Gallons	6.64	\$3.42	\$22.70	_____
REPAIRS	ACRE	1.00	\$20.22	\$20.22	_____
HARVEST LABOR	HRS	2.68	\$14.50	\$38.86	_____
HAULING	TON	4.00	\$0.00	\$0.00	_____
STORAGE	TON	4.00	\$0.00	\$0.00	_____
BALER TWINE	TON	4.00	\$1.75	\$7.00	_____
TOTAL HARVEST COSTS:			\$22.20 PER TON	\$88.78	_____
4. TOTAL VARIABLE COSTS	Breakeven Yield 3.6 Ton		Breakeven Price \$113.45 Per Ton	\$453.78	_____
5. RETURN OVER TOTAL VARIABLE COSTS				\$46.22	_____
6. MACHINERY FIXED COSTS (BASED ON NEW EQUIPMENT COST)					
TRACTOR & MACHINERY	ACRE	1.00	\$54.72	\$54.72	_____
7. OTHER FIXED COSTS					
GENERAL OVERHEAD	DOL.	\$453.78	8.0%	\$36.30	_____
8. TOTAL FIXED COSTS:				\$91.02	_____
9. TOTAL VARIABLE & FIXED COSTS			\$136.20 Per Ton	\$544.80	_____
10. PROJECTED NET RETURNS TO LAND, RISK AND MANAGEMENT:				-\$44.80	_____