



Hello,

We are excited that you are interested in conducting a complete financial analysis of your farm business. Enclosed are three documents: **Outstanding Loans Form**; **Cash Sales and Expense Form**; and **Balance Sheet Input Form**. We understand that your time is very limited and we hope that this packet of forms will help speed up your financial analysis. We would like to make this process as easy, quick, and painless so you can get back to doing what you love: farming!

Your information will be entered into a software called FINPACK, which is a comprehensive account software that will produce for you a set of professional financial statements including balance sheets and income statements. These documents will provide measurements on profitability, net worth, liquidity, and solvency that can identify areas of your operation that need additional management attention as well as help make strategic short- and long-run decisions for your farm business. You can also use these measurements to compare the performance of your farm business to other peer farm businesses in Tennessee and the United States. Additionally, the documents provided through the financial analysis conducted in FINPACK will be helpful for obtaining loans.

If you have any questions about these forms, please ask for help! You can contact your MANAGE Specialist by calling your county Extension office or Chris Boyer at the contact information below. They will directly work with you to complete this sheet. Once these forms are complete, please contact your MANAGE Specialist for a one-on-one unbiased financial analysis of your farm.

We hope you find this program to very helpful for your operation!

Chris Boyer
Department of Agricultural and Resource Economics
University of Tennessee
302-I Morgan Hall
Knoxville, Tennessee 37996-4518
Phone: (865) 974-7468
cboyer3@utk.edu



Farm Financial Management 2017 Calendar



January/February

- Develop 2017-beginning year **balance sheet** using input form or adjusted 2016-beginning year balance sheet
- Collect 2016 **cash sales and expenses** using input form or computerized records
- Collect 2016 **outstanding loan** using input form or computerized records
- Set up farm visit with MANAGE Specialist

February/March/April

- Meet with MANAGE Specialist at your farm or office to conduct financial analysis
- Review financial analysis and implement as appropriate

June/July/August

- Mid-Year visit/phone call to discuss goals, marketing trends, and general Q&A with MANAGE Specialist

November/December

- Develop 2017-ending or 2018-beginning year **balance sheet** by adjusting the 2017-beginning balance sheet or using balance sheet input form
- Begin collecting 2017 **cash sales and expenses** using input form or computerized records
- Begin collecting 2017 **outstanding loan** using input form or computerized records
- Set up farm visit with MANAGE Specialist

2016 Outstanding Loans Form

Farm Name: _____

Date: _____

Farm Own/Operator Name: _____

Many end-of-year loan statements include all of this information. If not, your lender should be able to provide this information quickly. Farm credit card debt should be included on the balance sheet information as an account payable.

Loan Number	Lender Name	Loan Description/Type*	Interest Rate	Payment Schedule**	Payment Amount	Final Year	Remaining Principal Balance on 12/31/2016	Principal Paid from 1/1/2016 – 12/31/2016	Accrued Interest from 1/1/2016 – 12/31/2016
2016 Totals									

* Loan types can be listed as operating loan; short-term loan (due in 12 months or less); intermediate loan (due in 1 to 10 years from loan origination); or long-term loan (due 10 years from loan origination).

** Payments can be written as Monthly; Bi-Monthly; Quarterly; Annual

2016 Outstanding Loans Form

Loan Number	Lender Name	Loan Description/Type*	Interest Rate	Payment Schedule**	Payment Amount	Final Year	Remaining Principal Balance on 12/31/2016	Principal Paid from 1/1/2016 – 12/31/2016	Accrued Interest from 1/1/2016 – 12/31/2016
2016 Totals									
<p>* Loan types can be listed as operating loan; short-term loan (due in 12 months or less); intermediate loan (due in 1 to 10 years from loan origination); or long-term loan (due 10 years from loan origination).</p> <p>** Payments can be written as Monthly; Bi-Monthly; Quarterly; Annual</p>									

Cash Sales and Expense Form

Farm Name: _____

Date: _____

Farm Own/Operator Name: _____

This information will be used along with the other documents to generate an income state for the farm business. The income statement shows the revenue (money earned) and expense (money spent) over the course of the year. Therefore, the income statement will show you how profitable your farm business was in the previous year.

The next few pages include input information for a Tennessee farm business income statement. Please fill in the information for your farm business as of December 31, 2016. There may be some or many categories of revenues and expenses that are not relevant to your operation. That is okay! Some of you may have this information in a software, spreadsheet, check register, or available through an online banking report. Instead of completing this sheet, you may consider printing or email this information directly to the MANAGE Specialist for your county.

If you have any questions about these forms, please ask for help! You can contact your MANAGE Specialist by calling your county Extension office or Chris Boyer (865-974-7468 or cboyer3@utk.edu) at the contact information below. They will directly work with you to complete this sheet. Once these forms are complete, please contact your MANAGE Specialist for a one-on-one unbiased financial analysis of your farm.

Cash Sales and Expense Form

Revenue

Crop Revenue

Includes all cash received over the course of the calendar year. Quantity and price per unit are not critical but would be helpful if available.

Crop Sold	Quantity	Price per unit	Total Value

Livestock Revenue

Includes all cash received over the course of the calendar year. Quantity and price per unit are not critical but would be helpful if available.

Description	Animal Sex	Quantity	Price per unit	Total Value
Sale of raised livestock				
Sale of raised livestock				
Sale of raised livestock				
Sale of raised livestock				
Sale of breeding stock				
Sale of livestock bought for resale (stockers)				
Sale of livestock bought for resale (stockers)				
Sale of livestock bought for resale (stockers)				
Sale of livestock bought for resale (stockers)				

Cash Sales and Expense Form

Other Revenue

Includes all cash received over the course of the calendar year. Quantity and price per unit are not critical but would be helpful if available. This does not include the sale of land, machinery, and any other depreciable asset.

This could include custom work, government payments, crop insurance, etc.

Revenue source	Total Value
Government Payments	
Crop Insurance	
Cooperative Distribution Received	
Custom Work	
Other:	
Other:	
Other:	
Other:	
Other:	
Other:	

Cash Sales and Expense Form

Expenses

Crop Expenses			
Includes all cash expense over the course of the calendar year. Quantity and price per unit are not critical but would be helpful if available.			
Expense	Quantity	Price per unit	Total Value
Seed			
Fertilizer			
Chemicals			
Crop Scout or Consulting			
Machinery Repair and Maintenance			
Fuel, Oil, and Filter			
Operator Labor			
Machinery Rental			
Custom Work			
Drying			
Crop Insurance			
Operating Interest			
Cash Rent			
Storage			
Labor Hired			
Freighting, trucking			
Car and truck expenses			
Taxes			
Utilities			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			

Cash Sales and Expense Form

Livestock Expenses			
Includes all cash expense over the course of the calendar year. Quantity and price per unit are not critical but would be helpful if available.			
Expense	Quantity	Price per unit	Total Value
Livestock purchased			
Purchased feedstuff			
Vet. Fee, medicine, breeding			
Salt & Mineral			
Pasture Production			
Hay Production			
Marketing			
Land rent			
Operating Interest			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			
Other:			

Balance Sheet Input Form

Farm Name: _____

Date: _____

Farm Own/Operator Name: _____

A balance sheet summarizes, at a point in time, what the farm business owns (assets), what the farm business owes (liabilities) and what the farm business is worth (equity or net worth). This information will indicate the ability of the farm business to meet financial obligations without disrupting normal operations (liquidity) and the ability of the farm business to cover all financial obligations (solvency).

Balance sheets need to be prepared at the beginning and end of each accounting period for an analysis. For most Tennessee producers, the accounting year will follow a calendar year. Therefore, balance sheets should be prepared for farm business as of December 31st of each year. This will provide you with an ending year balance sheet for the previous year and a beginning year balance sheet for the upcoming year. For example, my completed balance sheet on December 31, 2016 will be the ending year balance sheet for 2016 and the beginning year balance sheet for 2017.

The next few pages include input information for a Tennessee farm business balance sheet. Please fill in the information for your farm business as of December 31, 2016. There may be some or many categories of assets and liabilities that are not relevant to your operation. That is okay!

Some of you may have developed a balance sheet with your lender. You may contact your lender to request a copy of a balance sheet they have on record for you. Instead of completing this sheet, you may consider printing or email this information directly to the MANAGE Specialist for your county. This may be a good starting point.

If you have any questions about these forms, please ask for help! You can contact your MANAGE Specialist by calling your county Extension office or Chris Boyer (865-974-7468 or cboyer3@utk.edu) at the contact information below. They will directly work with you to complete this sheet. Once these forms are complete, please contact your MANAGE Specialist for a one-on-one unbiased financial analysis of your farm.

Balance Sheet Input Form

Current Assets are assets or cash that are sold/consumed within a year

Cash, Savings, and Checking	
Any balances as of December 31 st in any checking accounts, cash on hand, and savings accounts	
Description	Value

Prepaid Expenses & Supplies		
Includes estimated value of feed, seed, fertilizer, semen, supplies, etc. purchased for use in the following year's production. These types of assets are usually valued at their cost.		
Description	Quantity	Total Cost

Growing Crop			
The cost of production already occurred for the following year's production. Includes new hay seeding and winter cover crops. Only include pasture or hay fields if newly seeded.			
Crop	Expense Item	Acres	Total Cost

Balance Sheet Input Form

Accounts Receivable			
Includes dollars owed to the farm but not yet received. For example, the December final milk check or custom harvest work that has not been paid is an account receivable			
Description	Price per Unit	Quantity	Total Value

Other Current Assets			
Includes the value of any current business assets not included elsewhere.			
Description	Price per Unit	Quantity	Total Value

Crop and Feed Inventories					
Includes crops on the farm as of the balance sheet date that will be sold or used as feed. Future production or purchases should not be included. Purchased feed stuffs such as premixes, vitamins, minerals, milk replacer, etc. should be entered as prepaid expenses and supplies.					
Description	Unit: (bu, lb, ton, cwt)	Price per Unit	Quantity	Total Value	Is this used as a feed? Yes or No

Balance Sheet Input Form

Marketing Livestock Includes any animals that are purchased or raised to be sold in the next year (not including cull breeding livestock). For example, bull calves held for sale, steers, growing and finishing hogs, broiler chickens, etc. are market livestock.					
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Description	Livestock	Number of Head	Average Weight per Head	Value per Unit	Total Value

Crops Under Government Loan Include crops that secure a government CCC loan								
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Crop	Quantity	Loan Rate	Interest Rate	Month Entered	Year Entered	Market Value per Unit	Total Value	Is this used for Loan or income? Y/N

Balance Sheet Input Form

Intermediate Assets are assets with a useful life of greater than one year but less than 10 years

Breeding Livestock

These are animals held for the purpose of producing offspring or livestock products such as meat or milk. Include adult animals, herd replacements, and sires. List these animals separately; for example you might have separate lines for cows, springing heifers, open heifers, etc.

The cost value for raised breeding livestock can be a conservative estimate of your cost of developing the animal to its current status and is fixed for the remaining years. For example, the estimated cost of raising a cow from birth to first calf is estimated to be \$1,800/head, the estimated cost value of cows are \$1,800/head. Another example, the cost of raising a replacement heifer is \$1,300/head from birth and an additional \$400/head to go from replacement to bred. Therefore, the fixed cost of replacement heifers is \$1,300/head and bred heifers is \$1,700.

Purchased breeding livestock should be valued at purchase cost.

Description	Number of Head	Cost Value per Head	Market Value per Head

Balance Sheet Input Form

Machinery and Equipment Inventory

Include all equipment which would not normally be sold as part of the real estate if the farm were sold. Even though some farm machinery has a useful life of greater than 10 years, all machinery and equipment should be included here.

For cost value, enter the total purchase price less any accumulated depreciation at 7% per year. This is a management depreciation, not a tax depreciation which is frequently accelerated.

The market value would be what you believe you would receive if you sold a piece of equipment today.

If this is your first balance sheet, and you have a large machinery and equipment inventory, you can list each item separately, or group items by category (tractors, skid loaders, tillage tools, etc.) with total cost and market values for each category, or simply enter one total beginning cost and market value for all machinery and equipment. When new items are purchased, we will list each new purchase separately. Model year and year purchased are not required, but available for your information if desired.

Description	Model Year	Year Purchased	Percent Ownership	Cost Value	Market Value

Balance Sheet Input Form

Vehicles

Includes cars, trucks, trailers, etc.

For cost value, enter the total purchase price less any accumulated depreciation at 7% per year. This is a management depreciation, not a tax depreciation which is frequently accelerated.

The market value would be what you believe you would receive if you sold a piece of equipment today.

Model year and year purchased are not required, but available for your information if desired.

Description	Model Year	Year Purchased	Percent Ownership	Cost Value	Market Value

Other Intermediate Assets

Description	Value

Balance Sheet Input Form

Long Term Assets are assets with a uselife of greater than 10 years

Farm land					
<p>The value of the land is separated from the buildings and improvements on that land. The cost value of land would be what was paid for it. The market value is its current value if it was sold today.</p>					
Description	Acres	Cost value per acre	Market Value per Acre	Total cost Value	Total Market Value

Buildings and Improvements			
<p>If the land and buildings were purchased so long ago that you do not know what the purchase price was, then assign a reasonable value reflecting long-term agricultural use.</p>			
<p>The cost value for buildings and improvements is the original farm’s cost. Each year, a 5% depreciation charge is made to buildings and improvements.</p>			
<p>Because you can’t “sell” the site prep, concrete, construction, etc. and recover all of those costs, the actual costs should be reduced by about 30%. If your lender uses a higher discount, then use the higher discount.</p>			
<p>Unless you have a good reason to do otherwise, use the same value for cost and market.</p>			
Description	Year Purchased or Built	Cost Value	Market Value

Balance Sheet Input Form

Other Long-Term Assets Might include stock in farmer-owner cooperatives, the value of Farm Credit/Ag Credit stock for long-term loans, or other long-term investments.		
Description	Cost Value	Market Value

Balance Sheet Input Form

Current Liabilities are debts due and payable within one year from the date of the balance sheet

Accounts Payable		
Includes all money owed for farm expenses due within 30 days such as feed, utilities, veterinary, etc. as well as any account balances more than 30 days old.		
Payee	Item	Amount

Accrued Expenses		
Includes any farm expenses that have been incurred but not yet paid. Examples include property taxes and worker's compensation premiums. Sometimes land rent payments are also incurred before they are paid.		
Payee	Item	Amount

Balance Sheet Input Form

Farm Credit Cards

May be paid monthly, or may be used to finance purchases. List all credit cards that have a balance for farm use as of the balance sheet date.

Credit Card	Type of Charge	Amount	Interest Rate	Previous month Balance	Current balance

Current, Intermediate, and Long-Term Liabilities are found on the Outstanding Loan Sheet

Congratulation! You are now ready to have detailed financial analysis conducted for your farm business. This information will help in making informed management decisions to improve the economic stability and profitability of your farm business.