AGRIBUSINESS BALANCE SHEET

Enter your input values in shaded cells.
All other information is calculated/retrieved from Schedules.

Name: | Date 12/31/2015

Farm Assets	Cost Value	Market Value	Farm Liabilities	Market Value
Current Assets			***Current Liabilities***	
Checking and savings accounts		$0	Accounts payable (Sched. N)	$0
Crops held for sale/feed (Sched. A)	$0	$0	Farm taxes due (Sched. O)	$0
Investment in growing crops (Sched. B)	$0	$0	Current notes and credit lines (Sched. P)	$0
Commercial feed on hand (Sched. C)	$0	$0	Accrued interest - short (Sched. P)	$0
Prepaid expenses (Sched. D)	$0	$0	- fixed (Sched. Q)	$0
Market livestock (Sched. E)	$0	$0	Deferred Taxes - current (AG Deferred Taxes #14)	$0
Supplies on hand (Sched. F)	$0	$0		
Accounts receivable (Sched. G)	$0	$0	Due in 12 months - fixed (Sched. Q)	$0
Other current assets	$0	$0	Other current liabilities	$0
A) Total Current Assets	**$0**	**$0**	**C) Total Current Liabilities**	**$0**
Fixed Assets			***Fixed Liabilities***	
Unpaid coop. distributions (Sch. H)	$0	$0	Notes and contracts, remainder (Sched. Q)	$0
Breeding livestock (Sched. I)	$0	$0	Deferred Taxes - noncurrent (AG Deferred Taxes #15)	$0
Machinery & equipment (Sched. J)	$0	$0	Other fixed liabilities	$0
Buildings/improvements (Sched. K)	$0	$0	Total Fixed Liabilities	$0
Farmland (Sched. L)	$0	$0		
Farm securities, certificates (Sched. M)	$0	$0		
Other fixed assets	$0	$0		
Total Fixed Assets	$0	$0		
B) Total Farm Assets	**$0**	**$0**	**D) Total Farm Liabilities**	**$0**
E) Farm Net Worth (B - D)	**$0**	**$0**	**Working Capital (A - C)**	**$0**
			Current Asset-to-Debt Ratio (A / C)	**0.00**
			Total Debt-to-Asset Ratio (D / B)	**0%**
Farm plus Personal Net Worth, Market Value		**$0**	**Combined (Farm & Personal) Debt-to-Asset Ratio**	**0%**

eXtension

PERSONAL NET WORTH

Enter your input values in shaded cells.
Totals are calculated from itemized lists.

Personal Assets

Liquid Assets	Description	Market Value
Cash on hand		
Checking 1.		
Checking 2.		
Checking 3.		
Checking 4.		
Savings 1.		
Savings 2.		
Savings 3.		
Savings4.		
Money market 1.		
Money market 2.		
CDs (<1 Year) 1.		
CDs (<1 Year) 2.		
CDs (<1 Year) 3.		
CDs (<1 Year) 4.		
	Total Liquid Assets	**$0.00**

Long Term Personal Assets

Real Property	Description	Market Value
Primary residence		
Second home		
Other		
Other		
	Total Real Property	**$0.00**

Personal Investments	Description	Market Value
Stocks 1.		
Stocks 2.		
Bonds 1.		
Bonds 2.		
Mutual Funds 1.		
Mutual Funds 2.		
Mutual Funds 3.		
Brokerage Account 1.		
Brokerage Account 2.		
Brokerage Account 3.		
CDs (>1 Year) 1.		
CDs (>1 Year) 2.		
CDs (>1 Year) 3.		
CDs (>1 Year) 4.		
Income -producing real estate		
Income -producing real estate		
Income -producing real estate		
Cash value of life insurance		
Other	College Savings 529 Account	
	Total Investments	**$0.00**

Retirement Accounts	Description	Market Value
Retirement Acct./Fund 1.		
Retirement Acct./Fund 2.		
Retirement Acct./Fund 3.		
Other		
Other		
	Retirement Accounts	$0.00

Personal Property	Description	Market Value
Vehicle		
Vehicle		
Vehicle		
Vehicle		
Household items		
Household items		
Jewelry		
Collectibles		
Other		
Other		
	Total Personal Property	**$0.00**
	Total Assets	**$0.00**

Personal Liabilities

Current Liabilities (< 1 year)	Description	Market Value
Credit card/consumer credit		
Credit card/consumer credit		
Credit card/consumer credit		
Credit card/consumer credit		
Other loan payments due		
Other loan payments due		
Other loan payments due		
Other current liabilities		
Other current liabilities		
	Total Current Liabilities	**$0.00**

Long-Term Liabilities (> 1 year)

Liabilities against Real Property	Description	Market Value
Home mortgage balance		
Home mortgage balance		
Other long-term loans		
	Real Property Liabilities Total	**$0.00**

Liabilities against Investments	Description	Market Value
Investment real estate mortgage		
Investment real estate mortgage		
Investment real estate mortgage		
Student loans		
Legal judgments owed		
Other long-term loans		
Other long-term loans		
	Investment Liabilities Total	**$0.00**

Liabilities against Retirement Accounts	Description	Market Value
Loan balance against retirement		
Loan balance against retirement		
Other long-term loans		
Other long-term loans		
	Retirement Account Liabilities Total	**$0.00**

Liabilities against Personal Property	Description	Market Value
Auto loan balance		
Auto loan balance		
Auto loan balance		
Other long-term loans		
Other long-term loans		
Other long-term loans		
	Personal Property Liabilities Total	**$0.00**
	Total Long-Term Liabilities	**$0.00**
	Total Personal Liabilities	**$0.00**
	Personal Net Worth	**$0.00**
	Total Personal Liabilities + Net Worth	**$0.00**
	Personal Debt-to-Asset Ratio	**0%**

Exercise using Balance Sheet from Investing for Farm Families

Enter the following information into the spreadsheet provided from the Investing for Farm Families web site.

Ag Schedule tab

Enter your name. Enter the date you are completing this exercise.

The following schedules are ASSETS

> **Schedule A Crops Held for Sale or Feed --10,000 bushels corn @ $5.00 and 5000 bushels soybeans @ $13.50.**
>
> **Schedule B Growing Crops—40 acres wheat @ a value of $150 per acre.**
>
> **Schedule D Prepaid Expenses—seed corn 25 units @ $225 per unit.**
>
> **Schedule F Supplies on Hand—600 gallon fuel @ $4.00 per gallon**
>
> **Schedule J Mach and Equip—Line of grain farm machinery MARKET value $1,500,000. Cost value is $1,475,000.00 Depreciation will automatically compute at 10%.**
>
> **Schedule K Buildings & Improvements—Machine shed market value $180,000; grain storage facilities market value $550,000**
>
> **Schedule L Farmland—320 acres @ $6,000 per acre**

The following schedules are LIABILITIES under the Ag Schedule tab

Schedule N Accounts Payable—General accounts $2,000 (At any one time you own small amounts on several accounts. This is just to give acknowledgement of that concept.) Alternately you could look into your accounting and get an exact number for accounts payable (a liability) on the date of your balance sheet preparation.

Schedule P Current Notes—Operating notes @ annual 6% interest for $220,000, borrowed on March 30, 2015

Schedule Q Loans and Notes Against Machinery—tractor, last payment made was on March 20, 2015. Balance of note is $60,000. Annual interest rate of 5% Principle due in next 12 months is $20,000.

Loan against 40 acres, last payment made was May 30, 2015. Balance is $80,000. Principle due in next 12 months is $12,000. Annual Interest rate of 6%

Ag Balance Sheet tab (One item must be directly added to the balance sheet; all other items transfer automatically from the schedules)

Enter $25,000 in the checking and savings account column, current asset.

Personal Net Worth tab

Assets:

Cash--$500

Checking--$2,500

Savings--$15,000

CD--$30,000

Long Term Personal Assets

House--$185,000

Furnishings--$30,000

Car--$25,000

Personal Investments

Stocks--$120,000

Bonds--$20,000

Cash value of life insurance--$15,000

IRA & retirement--$300,000

Personal Liabilities

Master Card credit card--$500

Car Loan Balance--$5,000

Name: Key Integrated Balance Sheet ABE 350 Fal | Date 12/31/2015

Farm Assets	Cost Value	Market Value	Farm Liabilities	Market Value
Current Assets			***Current Liabilities***	
Checking and savings accounts	$25,000	$25,000	Accounts payable (Sched. N)	$2,000
Crops held for sale/feed (Sched. A)	$117,500	$117,500	Farm taxes due (Sched. O)	$0
Investment in growing crops (Sched. B)	$6,000	$6,000	Current notes and credit lines (Sched. P)	$220,000
Commercial feed on hand (Sched. C)	$0	$0	Accrued interest - short (Sched. P)	$9,981
Prepaid expenses (Sched. D)	$5,625	$5,625	- fixed (Sched. Q)	$5,962
Market livestock (Sched. E)	$0	$0	Deferred Taxes - current (AG Deferred Taxes #14)	$0
Supplies on hand (Sched. F)	$2,400	$2,400		
Accounts receivable (Sched. G)	$0	$0	Due in 12 months - fixed (Sched. Q)	$32,000
Other current assets	$0	$0	Other current liabilities	$0
A) Total Current Assets	**$156,525**	**$156,525**	**C) Total Current Liabilities**	**$269,943**
Fixed Assets			***Fixed Liabilities***	
Unpaid coop. distributions (Sch. H)	$0	$0	Notes and contracts, remainder (Sched. Q)	$128,000
Breeding livestock (Sched. I)	$0	$0	Deferred Taxes - noncurrent (AG Deferred Taxes #15)	$0
Machinery & equipment (Sched. J)	$1,327,500	$1,500,000	Other fixed liabilities	$0
Buildings/improvements (Sched. K)	$0	$730,000	Total Fixed Liabilities	$128,000
Farmland (Sched. L)	$0	$1,920,000		
Farm securities, certificates (Sched. M)	$0	$0		
Other fixed assets	$0	$0		
Total Fixed Assets	$1,327,500	$4,150,000		
B) Total Farm Assets	**$1,484,025**	**$4,306,525**	**D) Total Farm Liabilities**	**$397,943**
E) Farm Net Worth (B - D)	**$1,086,082**	**$3,908,582**	**Working Capital (A - C)**	**($113,418)**
			Current Asset-to-Debt Ratio (A / C)	**0.58**
			Total Debt-to-Asset Ratio (D / B)	**9%**
Farm plus Personal Net Worth, Market Value		**$4,346,082**	**Combined (Farm & Personal) Debt-to-Asset Ratio**	**8%**

Financial Vocabulary

Financial Statements	Balance sheet and income statements provided in a loan application which are used in credit analysis

Associated with Income Statements

Income Statement	An accrual-adjusted financial document that keeps track of revenue, expenses and profit
Revenue	What an operation earns
Expenses	What and operation spends
Net Profit	Total revenue minus total expenses minus depreciation (pre-tax number)
Net Income	Same as net profit (pre-tax number)
EBITDA	Earnings before interest, taxes, depreciation and amortization; a form of stating profitability
Operating expenses or COGS	The cost of producing the goods sold
Gross Income	Total revenue before expenses
Gross Margin	Total revenue minus operating expenses
Earning Statement	A hybrid between an accrual-adjusted income statement and schedule F from federal income tax filing 1040

Associated with Balance Sheets

Balance Sheet	A financial statement that keeps track of assets, liabilities and owners' equity and retained earnings
Equity	Ownership in a company
Debt	Amount owed to a creditor; can be short term (less than one year) or long term
Principal	Sum of money owed as a debt, upon which interest is calculated.
Accounts Payable	Money owed for products and services already received
Accounts Receivable	Money owed to a business for products/services already delivered
Asset	Something owned that has value
Liability	Something owed for; same thing as debt

Market Value	Method to value an asset if it were put on the market to sell
Cost Value	Method to value an asset by accounting procedures
Depreciation	Reduction in value over time
Depreciating Asset	Something owned that is going down in value from use and wear
Appreciation	Increase in value over time
Appreciating Asset	Something owned that is going up in value
Owners' Equity	Value of what the shareholders/owners have in a company
Retained Earnings	Value of what owners have added to net worth through operation of the business
Net Worth	For purposes of this course, same thing as owner equity

Associated with Cash Flow

Cash Flow	The in-and-out of money to/from a business
Cash Flow Budget	Spending plan
Cash Flow Statement	A historical financial document that keeps track of all the money that went in and out of a business by classification of sources of income and uses of money

Financial Ratios See attached page for all financial ratios

Financial Ratios	Twenty one ratios establishing financial standards for areas of liquidity, solvency, profitability, repayment capacity and financial efficiencies
Liquidity	Ease in converting an asset into cash without a decrease in value; the ability of a business to meet its cash or short-term obligations when due without disrupting the normal operation of the business. Cash Flow related
Working Capital	Working capital is a measure of liquidity; the ability of the business to meet financial obligations as they come due. Short-term operating capital from within the business. Determined from balance sheet
Solvency	A longer-run concept relating to capital structure and ability of a business to pay off all financial obligations if assets are liquidated. Determined from balance sheet
Debt to Asset Ratio	A measure of solvency showing owners' debt-free portion of assets. Determined from balance sheet
Repayment Capacity	Shows borrower's ability to repay term debt

Summary of Key Ratio Calculations and Benchmarks

Repayment Analysis	Green	Yellow	Red	My Farm	Calculation
Term Debt and Lease Coverage Ratio	>1.50	1.10 to 1.50	<1.10	0.00	[(NFIFO* + Gross Non-Farm Revenue + Depreciation Expense + Interest on Term Debts and Capital Leases) - Income Tax Expense - Family Living Withdrawals] / Scheduled Annual Principal and Interest Payments on Term Debt and Capital Leases
Debt Payment / Income Ratio	<0.25	0.25 to 0.50	>0.50	0.00	Scheduled Annual Principal and Interest Payments on Term Debt and Capital Leases / (NFIFO* + Gross Non-Farm Revenue + Depreciation Expense + Interest on Term Debts and Capital Leases)
Liquidity Analysis					
Current Ratio	> 1.50	1.00 to 1.50	< 1.00	0.00	Total Current Farm Assets / Total Current Farm Liabilities
Working Capital	compare to business expenses, absolute amount depends on scope of operation			$0	Total Current Farm Assets - Total Current Farm Liabilities
Working Capital/VFP	> 0.30	0.10 to 0.30	<0.10	0.00	Working Capital / Value of Farm Production
Solvency Analysis					
Debt / Asset Ratio (mostly owned)	<20%	20% to 60%	>60%	0.00	Total Farm Liabilities / Total Farm Assets
Debt / Asset Ratio (mostly rented/leased)	<30%	30% to 70%	>70%	0.00	Total Farm Liabilities / Total Farm Assets
Equity / Asset Ratio (mostly owned)	>80%	40% to 80%	<40%	0.00	Total Farm Equity / Total Farm Assets
Equity / Asset Ratio (mostly rented/leased)	>70%	30% to 70%	<30%	0.00	Total Farm Equity / Total Farm Assets
Debt / Equity Ratio (mostly owned)	<25%	25% to 150%	>150%	0.00	Total Farm Liabilities / Total Farm Equity
Debt / Equity Ratio (mostly rented/leased)	<42%	42% to 230%	>230%	0.00	Total Farm Liabilities / Total Farm Equity
Profitability Analysis					
Rate of Return on Farm Assets (ROA) (mostly owned)	>5%	1% to 5%	<1%	0.00	(NFIFO* + Farm Interest Expense - Operator Management Fee) / Average Total Farm Assets
Rate of Return on Farm Assets (ROA) (mostly rented / leased)	>11%	3% to 11%	<3%	0.00	(NFIFO* + Farm Interest Expense - Operator Management Fee) / Average Total Farm Assets
Rate of Return on Farm Equity (ROE)	look at trends and compare to other farm and non-farm investments			0.0%	(NFIFO* - Operator Management Fee) / Average Total Farm Equity
Operating Profit Margin Ratio	>25%	10% to 25%	<10%	0.00	(NFIFO* + Farm Interest Expense - Operator Management Fee) / VFP
Financial Efficiency					
Asset Turnover Ratio	depends heavily on type of operation and whether it is owned / leased			0.00	VFP / Average Total Farm Assets
Operating Expense / VFP Ratio (mostly owned)	<55%	55% to 65%	>65%	0.00	Operating Expenses [excluding interest and depreciation] / VFP
Operating Expense / VFP Ratio (mostly rented / leased)	<65%	65% to 75%	>75%	0.00	Operating Expenses [excluding interest and depreciation] / VFP
Depreciation Expense Ratio	compare to capital replacement and term debt repayment margin			0.0%	Depreciation Expense / VFP
Interest Expense Ratio	<10%	10% to 20%	>20%	0.00	Interest Expense / VFP
Net Farm Income From Operations Ratio	look at trends, varies due to cyclical nature of agricultural prices and incomes			100.0%	NFIFO* / VFP

Modified from David Kohl
* NFIFO = Net Farm Income From Operations excluding gains or losses from the disposal of farm capital assets
These are general benchmarks. You should use Financial Characteristics of Illinois Farms for more detailed peer groups and the respective financial ratios (www.farmdoc.uiuc.edu/finance/).
Value of Farm Production (VFP) = Gross Revenue - Purchased Feed - Purchased Market Livestock

Farm/Ranch Finance Scorecard

Year ______

		Vulnerable	Strong
Liquidity			
1. Current ratio	__ . __	1.1	1.7
2. Working capital	$ ______		
3. Working capital to gross revenues	____%	10%	25%
Solvency			
4. Farm/Ranch debt-to-asset ratio	____%	60%	30%
5. Farm/Ranch equity-to-asset ratio	____%	40%	70%
6. Farm/Ranch debt-to-equity ratio	__ . __	1.5	0.43
Profitability			
7. Net farm/ranch income	$ ______		
8. Rate of return on assets	____%	4%	8%
9. Rate of return on equity	____%	3%	10%
10. Operating profit margin	____%	15%	25%
11. EBITDA	$ ______		
Repayment capacity			
12. Capital debt repayment capacity	$ ______		
13. Capital debt repayment margin	$ ______		
14. Replacement margin	$ ______		
15. Term-debt coverage ratio	__ . __	1.20	1.50
16. Replacement margin coverage ratio	__ . __	1.10	1.40
Financial efficiency			
17. Asset-turnover rate	____%	30%	45%
18. Operating-expense ratio	____%	80%	60%
19. Depreciation-expense ratio	____%	15%	5%
20. Interest-expense ratio	____%	10%	5%
21. Net farm/ranch income ratio	____%	10%	20%

Farm Financial Ratios and Guidelines

From the balance sheet

Liquidity
- is the ability of your farm/ranch business to meet financial obligations as they come due – to generate enough cash to pay your family living expenses and taxes, and make debt payments on time.

1. Current ratio
   - measures the extent to which current farm assets, if sold tomorrow, would pay off current farm/ranch liabilities.

2. Working capital
   - tells us the operating capital available in the short term from within the business.

3. Working capital to gross revenues
   - measures operating capital available against the size of the business.

Solvency
- is the ability of your business to pay all its debts if it were sold tomorrow. Solvency is important in evaluating the financial risk and borrowing capacity of the business.

4. Farm/Ranch debt-to-asset ratio
   - is the bank's share of the business. It compares total farm debt to total farm assets. A higher ratio is an indicator of greater financial risk and lower borrowing capacity.

5. Farm/Ranch equity-to-asset ratio
   - is your share of the business. It compares farm equity to total farm assets. If you add the debt-to-asset ratio and the equity-to-asset ratio you must get 100%.

6. Farm/Ranch debt-to-equity ratio
   - compares the bank's ownership to your ownership. It also indicates how much the owners have leveraged (i.e., multiplied) their equity in the business.

From the income statement

Profitability
- is the difference between the value of goods produced and the cost of the resources used in their production.

7. Net farm/ranch income
   - represents return to 3 things,
     - Your labor,
     - Your management and
     - Your equity,

   that you have invested in the business. It is the reward for investing your unpaid family labor, management and money in the business instead of elsewhere. Anything left in the business, i.e., not taken out for family living and taxes, will increase your farm/ranch net worth.

8. Rate of return on farm/ranch assets
   - can be thought of as the average interest rate being earned on all (yours and creditors') investments in the farm. Unpaid labor and management are assigned a return before return on farm/ranch assets is calculated.

9. Rate of return on farm/ranch equity
   - represents the interest rate being earned by your investment in the farm/ranch. This return can be compared to returns available if your equity were invested somewhere else, such as a certificate of deposit.

10. Operating profit margin

    - shows the operating efficiency of the business. If expenses are low relative to the value of farm/ranch production, the business will have a healthy operating profit margin. A low profit margin can be caused by low product prices, high operating expenses, or inefficient production.

11. EBITDA
    - Earnings Before Interest Taxes Depreciation and Amortization. Measures earnings available for debt repayment.

From the cash-flow statement

Repayment capacity
- shows the borrower's (i.e., your) ability to repay term debts on time. It includes non-farm income and so is not a measure of business performance alone.

12. Capital debt repayment capacity
- measures the amount generated from farm and non-farm sources, to cover debt repayment and capital replacement.

13. Capital debt repayment margin
- is the amount of money remaining after all operating expenses, taxes, family living costs, and scheduled debt payments have been made. It's really the money left, after paying all bills, that is available for purchasing or financing new machinery, equipment, land or livestock.

14. Replacement margin
- the amount of income remaining after paying principal and interest on term loans and unfunded (cash) capital purchases.

15. Term-debt coverage ratio
- tells whether your business produced enough income to cover all intermediate and long-term debt payments. A ratio of less than 1.0 indicates that the business had to liquidate inventories, run up open accounts, borrow money, or sell assets to make scheduled payments.

16. Replacement margin coverage ratio
- A ratio under 1.0 indicates that you did not generate enough income to cover term debt payments and unfunded capital purchases.

From all the financial statements

Financial efficiency
- shows how effectively your business uses assets to generate income. Past performance of the business could well indicate potential future accomplishments.

It also answers the questions:

- Are you using every available asset to its fullest potential?
- What are the effects of production, purchasing, pricing, financing and marketing decisions on gross income?

17. Asset-turnover rate
- measures efficiency in using capital. You could think of it as capital productivity. Generating a high level of production with a low level of capital investment will give a high asset-turnover rate. If, on the other hand, the turnover is low you will want to explore methods to use the capital invested much more efficiently or sell some low-return investments. (It could mean getting rid of that swamp and ledge on the back 40 and getting something that produces income.)

The last four ratios show how Gross Farm/Ranch Income is used. The sum of the four equals 100% (of Gross Farm/Ranch Income).

18. Operating-expense ratio
- shows the proportion of farm/ranch income that is used to pay operating expenses, not including principal or interest.

19. Depreciation-expense ratio
- indicates how fast the business wears out capital. It tells what proportion of farm income is needed to maintain the capital used by the business.

20. Interest-expense ratio
- shows how much of gross farm/ranch income is used to pay for interest on borrowed capital.

21. Net farm/ranch income ratio
- compares profit to gross farm/ranch income. It shows how much is left after all farm expenses, except for unpaid labor and management, are paid.

Liquidity

1. Current ratio
   = Total current farm/ranch assets
   / Total current farm/ranch liabilities

2. Working capital
   = Total current farm/ranch assets
   – Total current farm/ranch liabilities

3. Working capital to gross revenues
   = Working capital / Gross farm/ranch income

Solvency (market)

4. Farm/Ranch debt-to-asset ratio
   = Total f/r liabilities / Total f/r assets

5. Farm/Ranch equity-to-asset ratio
   = Farm/Ranch net worth / Total farm/ranch assets

6. Farm/Ranch debt-to-equity ratio
   = Total farm/ranch liabilities / Farm/ranch net worth

Profitability

7. Net farm/ranch income
   = Gross cash farm/ranch income
   – Total cash farm/ranch expense
   + / – Inventory changes
   – Depreciation

8. Rate of return on farm/ranch assets
   = Return on f/r assets / Average f/r assets
   Return on farm/ranch assets
   = Net farm/ranch income
   + Farm/Ranch interest
   – Value of operator labor & management

9. Rate of return on farm/ranch equity
   = Return on f/r equity / Average f/r net worth
   Return on farm/ranch equity
   = Net farm/ranch income
   – Value of operator labor & management

10. Operating profit margin
    = Return on farm/ranch assets / Value of farm/ranch production
    Value of farm/ranch production
    = Gross cash farm/ranch income
    + / – Inv change of crops, mkt lvst, brdg lvst & other income items
    – Feeder livestock purchased
    – Purchased feed

11. EBITDA
    = Net farm/ranch income
    + Interest expense
    + Depreciation and amortization expense

Repayment capacity

12. Capital debt repayment capacity
    = Net farm/ranch income
    + Depreciation
    + Net non-farm/ranch income
    – Family living & income taxes
    + Interest expense on term loans

13. Capital debt repayment margin
    = Capital debt repayment capacity
    – Scheduled principal & interest on term loans*

14. Replacement margin
    = Capital debt repayment margin
    – Unfunded (cash) capital replacement allowance

15. Term debt coverage ratio
    = Capital debt repayment capacity
    / Scheduled principal & interest on term loans*

16. Replacement margin coverage ratio
    = Capital debt repayment capacity
    / (Scheduled principal & interest on term loans*
    + Unfunded capital replacement allowance)

Financial efficiency

17. Asset-turnover ratio
    = Value of farm/ranch production
    / Average farm/ranch assets

18. Operating-expense ratio
    = (Total f/r operating expense excluding interest
    – Depreciation)
    / Gross farm/ranch income

19. Depreciation-expense ratio
    = Depreciation
    / Gross farm/ranch income

20. Interest-expense ratio
    = Farm/Ranch interest
    / Gross farm/ranch income

21. Net farm/ranch income ratio
    = Net farm/ranch income
    / Gross farm/ranch income

22. ***Includes payments on capital leases***

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Who Can File for Chapter 7 Bankruptcy?

Prior to October 17, 2005, it was largely up to a bankruptcy judge to decide whether a debtor met Chapter 7 requirements. Judges, therefore, could use substantial discretion when assessing the debtor's financial situation. As a result, under the old law, most filers chose to have debt discharged even if they were financially capable of repaying the debt in a Chapter 13 repayment plan. Consequently, the intent of current bankruptcy law is to weed out filers who can afford to repay some debt.

Under the new law, a debtor must qualify for Chapter 7 by meeting certain criteria. If the debtor fails to meet Chapter 7 requirements, a bankruptcy court can convert the case to a Chapter 13 bankruptcy. With the exception of disabled veterans that file to eliminate debt that was incurred while on active military duty or filers with debt that primarily came from operating a business, all other filers must meet Chapter 7 requirements.

The following are circumstances in which a debtor is not eligible for Chapter 7.

The Debtor's Income is Too High

Eligibility for Chapter 7 requires a determination of whether a filer's income is too high. The "means test" determines whether a debtor qualifies for Chapter 7. The first part of the test requires the debtor to compare their current monthly income -- the average income in the six months preceding the application for bankruptcy -- with their state's median income.

Eligible monthly income includes the following:

- wages, salary, tips, bonuses, overtime, and commissions
- gross income from a business, profession, or a farm
- interest, dividends, and royalties
- rents and real property income
- regular child support or spousal support
- unemployment compensation
- pension and retirement income
- workers' compensation
- annuity payments
- state disability insurance

A filer does not have to include income tax refunds and payments from Social Security retirement benefits.

If the filer's current monthly income is equal to or below the state's median, then the debtor can file for Chapter 7. If, on the other hand, the filer's income exceeds their state's median family income, the filer must pass the second part of the means test to qualify for Chapter 7.

The Filer Can Repay Some Debt

If a filer's income is more than their state's median income, it is necessary to look at how much disposable income the filer has left after paying "allowed" monthly expenses, such as rent and food, to determine whether the filer has enough money to pay some of their unsecured creditors through a Chapter 13 repayment plan. If the filer has a certain amount of income left over to pay some unsecured creditors, then the court will dismiss the Chapter 7 filing.

Debt was Previously Discharged in Bankruptcy

If a filer discharged debt under a Chapter 7 bankruptcy within the past eight years or under a Chapter 13 bankruptcy within the past six years, then the debtor is ineligible for Chapter 7. The time limitation runs from the date when the debtor filed for the previous bankruptcy.

A Previous Bankruptcy Case was Dismissed within the Previous 180 Days

A filer is ineligible if the dismissal of a previous Chapter 7 or Chapter 13 bankruptcy case occurred within the past 180 days for any of the following reasons:

- The filer violated a court order
- The previous bankruptcy case was considered fraudulent or constituted abuse on the court
- The filer requested a dismissal after a creditor asked the court to lift the automatic stay

The Debtor Failed to Meet the Credit Counseling Requirement

At least 180 days prior to filing for Chapter 7, a debtor must participate in credit counseling with a nonprofit agency approved by the U.S. Trustee's office. The purpose of credit counseling is to help the debtor determine whether other options besides bankruptcy are available. All debtors must participate in credit counseling unless an exception applies. Exceptions include physical disability, mental incapacity, or the debtor's service on active duty in a military combat zone. When counseling has concluded, the debtor will receive a certificate of completion to submit to the bankruptcy court when filing.

The Debtor Defrauded Creditors

A bankruptcy court may discharge a bankruptcy case if it appears that the filer has attempted to defraud creditors. The following types of actions by a debtor within a few years of filing for bankruptcy may indicate fraud in the court's eyes:

- The debtor transfers property to friends and family members
- The debtor mutilates or destroys property
- The debtor purchases luxury items
- The debtor lies about income and debt on a credit application

A filer signs bankruptcy papers under "penalty of perjury," so providing false information may not only lead to the dismissal of a debtor's case, but may also lead to charges of perjury or fraud on the court.

A typical Chapter 7 bankruptcy may involve the liquidation, or selling off, of a debtor's assets in order to pay past debts. Only after this process is completed, will a debtor near their goal of having their qualifying debts "discharged", or cleared. However, some property is protected from liquidation. In this section, you can learn more about the types of property that are excluded from the liquidation property, and the types that must be included as part of a bankruptcy.
Debt Discharge

In Chapter 7 bankruptcy some debt is discharged, meaning that the individual debtor is released from personal liability for the debt and the creditor is prevented from taking collection actions against the debtor. However, there are many exceptions to the debt dischargeable in Chapter 7 bankruptcy, however, and debtors should consult with an experienced attorney in order to ensure that key debts will be discharged. Debts that cannot normally be discharged include:

- Alimony and Child Support
- Certain Taxes
- Certain Educational Debts
- Debts for Willful and Malicious Injury
- Debts for Death or Personal Injury from the Operation of a Motor Vehicle while Intoxicated
- Debts for Certain Criminal Restitution Orders

In addition to these exceptions secured creditors may also retain some rights over your property even following the grant of a discharge. If the debtor retains certain secured property, such as an automobile, the creditor may seek to reaffirm the debt. A reaffirmation takes place when the debtor and creditor agree that the debtor will remain liable and pay some or all of a debt, even though it would be discharged in bankruptcy. In return, the creditor promises not to repossess the automobile or other property as long as the debtor continues to pay the debt. Reaffirmation must occur before the order of discharge is entered.

Exempt vs. Non-exempt Property
Although most of an individual's property in Chapter 7 bankruptcy is liquidated to satisfy their debts property that is considered necessary for modern life may be exempt from liquidation. Since bankruptcy is intended to help a struggling debtor relief from the burden of their debt removing all of their property would be counterproductive. No definitive list of exempt property has been created, though the history of court decisions provides some indication of the likelihood that a judge will rule property exempt. Some examples of exempt and non-exempt property include:

Exempt

- Motor Vehicles, up to a certain value
- Reasonably necessary clothing
- Reasonably necessary household goods and furnishings
- Jewelry, up to a certain value
- Pensions
- A portion of equity in their home
- Tools of their trade, up to a certain value
- A portion of earned but unpaid wages
- Public benefits that have accumulated in a bank account
- Damages awarded for personal injury

Not Exempt

- Expensive musical instruments, unless the debtor is a professional musician
- Collections of stamps, coins, or other valuable items
- Family heirlooms
- Cash, bank accounts, stocks, bonds, and other investments
- A second vehicle
- A second home

Chapter 12: Basics and Eligibility

Chapter 12 is designed for "family far mers" or "family fishermen" with "regular annual income." It enables financially distressed family far mers and fishermen to propose and carry out a plan to repay all or part of their debts. Under chapter 12, debtors propose a repayment plan to make installments to creditors over three to five years. Generally, the plan must provide for payments over three years unless the court approves a longer period "for cause." But unless the plan proposes to pay 100% of domestic support claims (i.e., child support and alimony) if any exist, it must be for five years and must include all of the debtor's disposable income. In no case may a plan provide for payments over a period longer than five years.

In tailoring bankruptcy law to meet the economic realities of family farming and the family fisherman, chapter 12 eliminates many of the barriers such debtors would face if seeking to reorganize under either chapter 11 or 13 of the Bankruptcy Code. For example, chapter 12 is more streamlined, less complicated, and less expensive than chapter 11, which is better suited to large corporate reorganizations. In addition, few family farmers or fishermen find chapter 13 to be advantageous because it is designed for wage earners who have smaller debts than those facing family farmers. In chapter 12, Congress sought to combine the features of the Bankruptcy Code which can provide a framework for successful family far mer and fisherman reorganizations.

Eligibility for Chapter 12: "Regular Annual Income"

The Bankruptcy Code provides that only a family far mer or family fisherman with "regular annual income" may file a petition for relief under chapter 12. The purpose of this requirement is to ensure that the debtor's annual income is sufficiently stable and regular to permit the debtor to make payments under a chapter 12 plan. But chapter 12 makes allowance for situations in which family far mers or fishermen have income that is seasonal in nature. Relief under chapter 12 is volun-tar y, andonlythedebtormay file a petition under the chapter.

Eligibility: "Family Farmers" and "Family Fishermen"

Under the Bankruptcy Code, "family far mers" and "family fishermen" fall into two categor ies: (1) an individual or individual and spouse and (2) a corporation or partnership. Far mers or fishermen falling into the first category must meet each of the following four criter ia as of the date the petition is filed in order to qualify for relief under chapter 12:

1. The individual or husband and wife must be engaged in a farming operation or a commercial fishing operation.
2. The total debts (secured and unsecured) of the operation must not exceed $3,237,000 (if a farming operation) or $1,500,000 (if a commercial fishing operation).
3. If a family farmer, at least 50%, and if family fisherman at least 80%, of the total debts that are fixed in amount (exclusive of debt for the debtor's home) must be related to the farming or commercial fishing operation.
4. More than 50% of the gross income of the individual or the husband and wife for the preceding tax year (or, for family farmers only, for each of the 2nd and 3rd prior tax years) must have come from the farming or commercial fishing operation.

In order for a corporation or partnership to fall within the second category of debtors eligible to file as family farmers or family fishermen, the corporation or partnership must meet each of the following criteria as of the date of the filing of the petition:

1. More than one-half the outstanding stock or equity in the corporation or partnership must be owned by one family or by one family and its relatives.
2. The family or the family and its relatives must conduct the farming or commercial fishing operation.
3. More than 80% of the value of the corporate or partnership assets must be related to the farming or fishing operation.
4. The total indebtedness of the corporation or partnership must not exceed $3,237,000 (if a farming operation) or $1,500,000 (if a commercial fishing operation).
5. At least 50% for a farming operation or 80% for a fishing operation of the corporation's or partnership's total debts which are fixed in amount (exclusive of debt for one home occupied by a shareholder) must be related to the farming or fishing operation.
6. If the corporation issues stock, the stock cannot be publicly traded.

Eligibility: More Considerations

A debtor cannot file under chapter 12 (or any other chapter) if during the preceding 180 days a prior bankruptcy petition was dismissed due to the debtor's willful failure to appear before the court or comply with orders of the court or was voluntarily dismissed after creditors sought relief from the bankruptcy court to recover property upon which they hold liens. In addition, no individual may be a debtor under chapter 12 or any chapter of the Bankruptcy Code unless he or she has, within 180 days before filing, received credit counseling from an approved credit counseling agency either in an individual or group briefing. There are exceptions in emergency situations or where the U.S. trustee (or bankruptcy administrator)1 has determined that there are insufficient approved agencies to provide the required counseling. If a debt management plan is developed during required credit counseling, it must be filed with the court.

Your Notes:

Chapter 11 Bankruptcy

Chapter 11 bankruptcy is intended primarily for the reorganization of businesses with heavy debt burdens, most often associated with corporations but available to small businesses as well. Although it's uncommon, consumers may file for Chapter 11 in some rare instances. Chapter 11 allows the debtor to propose a plan for profitability post-bankruptcy, which may include trimming costs and seeking new sources of revenue or income, while temporarily holding creditors at bay. In contrast, Chapter 7 bankruptcy (often referred to as a liquidation) involves the closure of the debtor business and the sale of liquid assets to repay creditors. While Chapter 11 has certain advantages for those that qualify, including more time to file a plan and the opportunity to reorganize, it is more time-consuming and costly than other forms of bankruptcy.

The Chapter 11 Process

Filing a Petition:

Either the debtor or its creditors may file a petition for Chapter 11 bankruptcy protection, the latter route referred to as an involuntary petition. Once the petition is filed with the U.S. Bankruptcy Court, the case begins and an automatic stay of all collections actions is put into effect. This means creditors may not pursue existing or new collection activities for unpaid debts unless the court issues a modification to the stay. This provides an opportunity for the debtor to draft a reorganization plan and negotiate more feasible repayment terms without worrying about its debt obligations.

After the petition is filed, the business (or, in rare circumstances, the consumer) continues about its affairs without interruption. Meanwhile, under the supervision of the bankruptcy court, the debtor turns its attention to figuring out a repayment plan for its creditors. As with other types of bankruptcy, repayment amounts typically are much lower than the original debt totals. Throughout the case, the debtor may review its creditors' claims and make objections where it makes sense. Monthly operating reports filed by the debtor keep the court apprised of its progress.

Reorganization Plan:

The goal of filing for Chapter 11 bankruptcy protection, versus Chapter 7, is to become profitable. To achieve this goal, the debtor's first move is to renegotiate leases and contracts and either have debts discharged or partially repay them. Creditors have an incentive to work with the debtor and make compromises, since they generally would not get better terms in a Chapter 7 action.

A reorganization plan puts creditors into different classes with respect to how their claims are handled. The creditors with first priority for repayment include state and federal tax agencies, employees owed wages and stockholder interests; they are each put into their own class. Each secured creditor also is placed in its own class, while unsecured claims are placed together in one class. The plan may modify the amounts and terms for repayment of debts to these creditors. A reorganization plan must be voted on by creditors and approved by the court.

Confirmation and Debt Discharge:

If your reorganization plan is reasonable, done in good faith and in compliance with the law, the court typically will confirm it. Once the plan is confirmed, debts that existed before the confirmation date (but not directly addressed in the plan) are discharged. At this point, the debtor is required to repay creditors in accordance to the respective agreements and operate in compliance with the terms of the reorganization plan.

Chapter 11 for Small Businesses

Chapter 11 bankruptcy reorganization is commonly associated with larger corporations but it is available to qualifying small businesses. A "small business" is one with fewer than 500 employees, as defined by the Small Business Administration; as such, "small businesses" make up the vast majority of Chapter 11 filings. But they don't always remain in Chapter

11. Chapter 11 bankruptcies often get dismissed and converted to Chapter 7, typically because the court decides the business has little or no chance of becoming profitable. Partnerships, which have very few bankruptcy options, may file for Chapter 11 if the business entity has a chance of surviving and profiting on its own.

According to the U.S. Bankruptcy Code, a "small business debtor" is an individual engaged in business activities which has total debts of $2.19 million or less at the time of the petition. "Single asset real estate cases" under Chapter 11 involve debtors with non-residential property having less than four residential units that generate nearly all of the debtor's income. Those whose primary business is owning and operating real property are not eligible.

Small businesses have the following court filing requirements:

- Copy of the business entity's most recent balance sheet
- Statement of operations
- Cash-flow statement
- Copy of the most recent federal income tax return

Bankruptcy court exerts greater oversight of small business Chapter 11 filings than for larger entities, including the requirement to report on its profitability and projected cash receipts and disbursements. In addition, the court appoints a U.S. trustee to the case.

While Chapter 11 affords small businesses the advantage of additional time to file a plan and renegotiate terms with creditors (180 days, versus 15 days for Chapter 7), it also has its drawbacks. It can cost tens of thousands of dollars in legal fees, which may be untenable for a struggling small business. If the emergence from bankruptcy protection proves successful, though, these costs are offset by the ultimate reward of becoming profitable. In any case, it's best to discuss your options with a seasoned business bankruptcy attorney before making a decision.

Chapter 11 for Consumers

Chapter 11 bankruptcy reorganization was originally intended for businesses, but the 1991 U.S. Supreme Court case *Toibb v. Radloff* held that non-business, individual consumers also are eligible. This is exceedingly rare, though. Only 0.1 percent (or 1 out of 1,000) consumer bankruptcies filed in 2009 were Chapter 11, compared to 71.4 percent Chapter 7 and 28.5 percent Chapter 13 filings.

This unusual route usually is pursued by individuals who still have substantial personal earning potential but whose debts exceed the limits set forth by Chapter 7 and Chapter 13. A typical non-business Chapter 11 bankruptcy filer might be a celebrity who just got in over his or her head with bad investments but who conceivably still has earning potential through product endorsements, for example. Chapter 11 is generally considered more debtor-friendly than other types of bankruptcy, including the ability to "cram down" certain forms of debt. This means the court pushes through a plan over the objections of some creditors.

Your Notes:

Who Can File for Chapter 13 Bankruptcy?

A debtor must meet Chapter 13 requirements to file for bankruptcy under this chapter. Unlike a Chapter 7 bankruptcy, which allows the debtor to discharge some debts in exchange for the sale of nonexempt property to pay creditors, Chapter 13 allows the debtor to keep their property and repay creditors in a three or five year court-approved repayment plan.

According to Chapter 13 requirements under the bankruptcy code, a debtor must meet the following criteria to qualify:

You Are Not a Business Entity

Only individuals and those filing jointly as husband and wife can file for Chapter 13 bankruptcy. For instance, businesses that are corporations and limited liability companies (LLC) are ineligible for Chapter 13 and must instead file for Chapter 11 bankruptcy. While a business owner may not file in the name of the business, if ownership is as a sole proprietor or with a partner, the debtor can file in their name for the debts they are personally liable for. Stockbrokers and commodity brokers, however, are ineligible for Chapter 13.

You Are Not Barred by a Prior Bankruptcy

If a debtor discharged debt in a Chapter 13 bankruptcy within the last two years or in a Chapter 7 bankruptcy within the last four years, the debtor is ineligible for a Chapter 13 discharge until the requisite time has elapsed.

A Previous Bankruptcy Case Was Not Dismissed within the Previous 180 Days

A debtor cannot file for Chapter 13 or Chapter 7 if a prior bankruptcy petition was dismissed during the preceding 180 days for either of the following reasons:

- The debtor willfully violated a court order or failed to appear before the court; or
- The debtor requested that the court dismiss the case after a creditor asked the court to lift an automatic stay.

You Have Fulfilled the Credit Counseling Requirement

A Chapter 13 debtor must file with the bankruptcy court a certificate of proof establishing that an approved credit counseling agency provided debt counseling at least 180 days prior to filing for Chapter 13. If the credit counseling agency created a debt management plan, a copy must be provided to the court. The debtor must file the certificate with the initial paperwork or must provide it within 15 days after filing for bankruptcy.

Your Debts Are Not Too High

Chapter 13 requirements impose a limit on the amount of a filer's debt. Chapter 13 is available to debtors with less than $336,900 in unsecured debt (debts that are not secured by property, such as credit card debt and medical bills) and less than $1,010,650 in secured debt (debts in which a creditor can take the property securing the debt if it is not paid). Every three years debt limits are adjusted for inflation.

You Have Filed Your Income Tax Returns

To meet Chapter 13 requirements, a debtor must provide proof of filing state and federal income tax returns for the previous four years. At least seven days before the first meeting of creditors, the debtor must provide the trustee with a copy or a transcript of the most recent federal tax return filed with the IRS.

Your Proposed Plan Repays All Required Debts

Under Chapter 13, bankruptcy law requires the repayment of some debts in full. Debts in this category include:

- **Priority debts:** Unsecured debts, such as child support, alimony or support payments, and nondischargeable taxes.
- **Secured debts that survive the repayment plan:** Secured debts, such as a mortgage or a vehicle loan, must remain current during the repayment plan.
- **Other secured debts:** Secured debts, like judicial and tax liens, must be paid in full during the repayment time.

You Can Repay a Certain Amount to Unsecured Creditors

Nonpr ior ity, unsecured creditors may also be entitled to repayment. Because a debtor may keep nonexempt property under Chapter 13 bankruptcy, a debtor must repay nonpriority, unsecured creditors at least the amount equal in value to their nonexempt property over the life of the repayment plan. Nonexempt property typically includes household appliances and furniture, inexpensive jewelry, and a certain amount of equity in a home or motor vehicle.

You Have Sufficient Income to Pay Debt

A debtor must have enough income, after deducting allowable expenses, for all debt obligations. A debtor may include income from a wor king spouse even if the spouse has not filed jointly for bankruptcy, wages and salary, self-employment income, Social Security benefits, and unemployment benefits. To qualify for Chapter 13, the debtor must have enough income for expenses, for mandatory payments to prior ity and unsecured creditors, and for payments to unsecured credi-tors in an amount at least equal in value to the debtor’s nonexempt property. The debtor must also pay the trustee a com-mission based on a percentage of all payments made in the plan.

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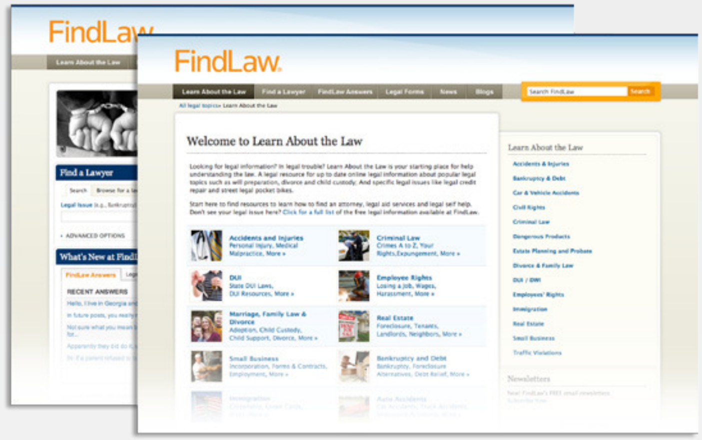

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MONTHLY CASH FLOW PROJECTION

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Prepared by: xxxxxxxxxxx

For Year Ending: Dec-16
Run Date: 12-Sep-16

Run: Baseline Run	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
CASH AVAILABLE:													
Beginning cash balance	-	-	-	-	-	-	-	-	-	-	-	-	
Crop receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Market livestock and products receipt	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan deficiency payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Government program payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other farm production receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-farm, interest and dividend incom	-	-	-	-	-	-	-	-	-	-	-	-	-
Futures account withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of machinery, equipment and RI	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of breeding livestock	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH AVAILABLE	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH REQUIRED:													
Operating Expenses:													
Fertilizer	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
Seed	-	-	-	-	-	-	-	-	-	-	-	-	-
Drying and storage	-	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and custom hire	-	-	-	-	-	-	-	-	-	-	-	-	-
Hired labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel and oil	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment repairs	-	-	-	-	-	-	-	-	-	-	-	-	-
Building repairs and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Real estate and property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Farm insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Livestock expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Rents and leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous farm expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Auto expenses - farm share	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Livestock and Feed Purchases:													
Feed purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Market livestock purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Breeding livestock purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditures:													
Machinery, equip. and RE purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing Expenditures:													
Interest payments on short-term loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest payments on term loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payments on term loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenditures:													
Family living expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonfarm business expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits to futures accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments and other	-	-	-	-	-	-	-	-	-	-	-	-	-
Income and social security taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH REQUIRED	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH POSITION	-	-	-	-	-	-	-	-	-	-	-	-	-
New borrowings and savings withdrawals:													
Term debt financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed from operating loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed from other short term	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals from savings	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of operating loan and savings deposits:													
Payments on operating loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on other short term	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions to savings	-	-	-	-	-	-	-	-	-	-	-	-	-
End of month balances:													
Cash	-	-	-	-	-	-	-	-	-	-	-	-	
Savings	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating loans $.	-	-	-	-	-	-	-	-	-	-	-	-	
Other short term loans	-	-	-	-	-	-	-	-	-	-	-	-	
All term debt	-	-	-	-	-	-	-	-	-	-	-	-	
Accrued interest on operating loan	-	-	-	-	-	-	-	-	-	-	-	-	
Interest earned on savings account	-	-	-	-	-	-	-	-	-	-	-	-	-
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	

Run: Baseline Run	STATEMENT OF CASH FLOWS for xxxxxxxxxxx	For Year Ending:	Dec-16
		Run Date:	########

CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Cash received from farm production and government payments		-	
Cash received from net nonfarm income		-	
Total cash inflows from operating activities			-
Outflows			
Cash paid for operating expenses		-	
Cash paid for operating and short-term loan interest		-	
Cash paid for term loan interest (farm and business)		-	
Cash paid for feed and livestock		-	
Cash paid for income and social security taxes		-	
Cash withdrawals for family living including personal interest		-	
Total cash outflows from operating activities			-
NET CASH PROVIDED BY OPERATING ACTIVITIES		$	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows			
Cash received on sale of machinery/equipment/real estate		-	
Cash received on withdrawals from savings		-	
Cash received from sale of futures accts/personal assets/retirement accts.		-	
Total cash inflows from investing activities			-
Outflows			
Cash paid to purchase machinery/equipment/real estate		-	
Cash paid for deposits to savings accounts		-	
Cash paid to purchase personal assets/retirement accts./futures acct.		-	
Total cash outflows from investing activities		$	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		$	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows			
Proceeds from operating loans and short-term notes		-	
Proceeds from term debt financing		-	
Total cash inflows from financing activities			-
Outflows			
Cash repayment of operating and short-term loans		-	
Cash repayment of other short term notes		-	
Cash repayment of term debt-scheduled		-	
Cash repayment of term debt-unscheduled	$	-	
Total cash outflows from financing activities			-
NET CASH PROVIDED BY FINANCING ACTIVITIES			-
Reconciliation			
Net increase (decrease) in cash		$	-
Cash balance at beginning of the year	$	-	
Cash balance end of year		-	
CHANGE IN CASH BALANCE		$	-

RECONCILIATION OF NET INCOME BEFORE TAXES TO NET CASH PROVIDED BY OPERATING ACTIVITIES

NET INCOME BEFORE TAXES				$ -
Adjustments to RECONCILE Net Income Before Taxes to net cash provided by operating activities				
REVENUE ITEMS				
Change in livestock inventory	$ -			
Change in crops and feed inventory	-			
Change in accounts receivable	-			
Interest reinvested (savings account -- Month 12)	-			
Total Revenue Adjustments (sign reversed)		$ -		
EXPENSE ITEMS				
Change in prepaid expenses and other unused assets $	-			
Change in accounts payable and other unpaid items	-			
Net Expense Adjustment		-		
Depreciation		-		
Adjustment for accrued interest owed		-		
Adjustment for income tax and S.S. paid		-		
Total Expense Adjustments			-	
Minus: Family Living Withdrawals			-	
Total Adjustments				-
NET CASH PROVIDED BY OPERATING ACTIVITIES				$ -

Income Statement Items

Revenues

Crop revenues (cash)
Increase/(Decrease) in crop inventories
Total Crop Revenues
Market livestock (cash)
Livestock products (cash)
Increase/(Decrease) in market livestock inventories
Total Market Livestock Revenues
Raised breeding livestock sales (cash)
Increase/(Decrease) in base value of raised breeding lvstk
Total Breeding Livestock Revenues
Crop/Livestock insurance proceeds (cash)
Government programs (cash)
Increase/(Decrease) in other receivables
Other farm income (cash)
Total Other Operating Revenues
Gross Revenues (example) = $500,000

Financial efficiency ratios come from the income statement. The following four categories are looked at as a percentage of gross revenues. Percentages add to 100%. Check FFSC for benchmarks.

Operating expenses—70%

Depreciation expense—10%

Interest expense—5%

Net Farm Income—15%

Operating Expenses

Operating expenses (cash)
Cost of purchased feed (cash)
Increase/(Decrease) in feed and supplies inventories (non cash)
Cost of feeder livestock purchased (cash)
Increase/(Decrease) in prepaid expenses (non cash)
Increase/(Decrease) in accounts payable (non cash)
Depreciation expense--$50,000 (non cash) (Note: when calculating ratios, depreciation is subtracted from operating expenses and given its own ratio)
Total Operating Expenses (example) = $400,000
Operating Margin = $100,000 **($500,000 - $400,000)**

Financing Expenses

(Interest income) (Note: Interest income is in the expense category; the net effect is a reduction in financing expenses.)
Interest, current loans (cash)
Increase/(Decrease) in interest payable on current loans (non cash)
Interest, noncurrent loans (cash)
Increase/(Decrease) in interest payable on non-current loans (non cash)
Total Financing Expenses (example) = $25,000
Net Farm Income from Operations = $75,000 **($100,000- $25,000)**

over

Other Revenue and Expense

Cash received from disposition of property, equipment, etc.
Less: Net book value of farm assets sold

Total Gain (Loss) on Sale of Assets (not illustrated)

Miscellaneous revenue (with accrual changes if any)
Miscellaneous expense (with accrual changes if any)

Net Miscellaneous Revenue and Expense (not illustrated)

Net Farm Income, Accrual Adjusted (not illustrated)

Income Tax Expense

Income tax expense (cash)
Increase/(Decrease) in accrued income tax

Income Tax Expense (not illustrated)

Net Income before Extraordinary Items

Extraordinary Items after tax

Net Income, Accrual Adjusted (not illustrated)

Pros and Cons of Filing Chapter 7

CONS	PROS
Bankruptcy will ruin your credit for some time to come. A Chapter 7 bankruptcy can remain on your credit report for up to 10 years.	Although a bankruptcy stays on your record for years, the time to complete the bankruptcy process under Chapter 7, from filing to relief from debt, takes only about 3-6 months. So, the trade-off is a lasting mark against your credit in exchange for freedom from most debt. If you decide against Chapter 7 when it may be the right decision for you, your missed debt payments, defaults, repossessions, and lawsuits will also hurt your credit, and may be more complicated to explain to a future lender than bankruptcy.
You will lose property that you own that is not exempt from sale by the bankruptcy trustee. You may lose some of your luxury possessions.	Most state exemptions allow you enough so that most things you own will be exempt from bankruptcy, sometimes allowing more coverage to keep your property than you need. Additionally, you will get to keep the salary or wages you earn and the property you buy *after* you file for Chapter 7.
You will lose all your credit cards.	Your credit cards probably got you in this mess to start with, so it's hard to see that as a bad thing. You may also be able to obtain new lines of credit within one to three years of filing bankruptcy, although at a much higher interest rate.
Bankruptcy will make it nearly impossible to get a mortgage, if you don't already have one	There are lenders who specialize in lending to "bad risks," although that is an unfair characterization to make of someone who has taken a major step to solve financial difficulties.
Declaring bankruptcy now might make it harder to do later if something worse comes along. For instance, if you complete the bankruptcy process under Chapter 7, you cannot file for another Chapter 7 bankruptcy for six years. The six years is counted from the date you last filed for bankruptcy.	Declaring bankruptcy now can get you started sooner on rebuilding your credit. Although, you can only file under Chapter 7 once every six years, you can always get a Chapter 13 plan if there is another disaster before you are entitled to file for Chapter 7 again. You may file for a Chapter 13 plan repeatedly, although each filing appears on your credit record.

Over

Bankruptcy will not relieve you of your obligations to pay alimony and/or child support.	Short of a court order from family court, nothing else will relieve you of your alimony and child support obligations. At least bankruptcy will alleviate many of your other financial obligations
Bankruptcy will not get rid of your student loan debt.	Nothing will get rid of student loan debt, and at least bankruptcy will prevent your lenders from aggressive collection action.
You will have to explain to a judge or trustee how you got into a financial mess.	Both judges and trustees have heard far worse stories than yours.
You cannot file for Chapter 7 bankruptcy if you previously went through bankruptcy proceedings under Chapter 7 or Chapter 13 within the last six years.	If, however, you obtained a Chapter 13 discharge in good faith after paying at least 70% of your unsecured debts, the six-year bar does not apply.
You cannot file for Chapter 7 bankruptcy if a previous Chapter 7 or Chapter 13 case was dismissed within the past 180 days because: • you violated a court order, **OR** • you requested the dismissal after a creditor asked for relief from the automatic stay	You can avoid these harsh limitations against refiling for bankruptcy by observing all court orders and court rules, and by not asking to have your case dismissed when a creditor asks for relief from the stay. Even if these limitations apply to you, they don't last forever. You're only prevented from refiling for six months. It may make sense to at least consult with an attorney prior to filing for bankruptcy to avoid limiting your bankruptcy options in the future.
You may still be obligated to pay some of your debts, such as a mortgage lien, even after bankruptcy proceedings are completed.	If you don't owe money on the type of debts that survive bankruptcy, the amount and number of debts that a bankruptcy court can relieve you from paying is potentially unlimited.
If you file for Chapter 7 relief, but you have a certain amount of disposable income, the bankruptcy court could convert your Chapter 7 case to a Chapter 13, thus changing your plan to be free from most debts within four to six months, to a plan requiring you to repay your debts over the course of three to five years.	Chapter 7 does not require that you have debts of any particular amount in order to file for relief. However, even if your case gets converted to Chapter 13, it can still improve your financial situation by obtaining more favorable terms to pay off your debts. With Chapter 13, you get to keep all of your property as well.

http://bankruptcy.findlaw.com/chapter-7.html