

September 2016

To: Bob & Bonnie Price

Re: **Time to get ready for a FINPACK analysis**

Appointment: **October 11th, 2016 9:00 am**

(Please allow 6 + hours for the appointment to complete the analysis)

Welcome to the K-State Farm Analyst Program! You have made a great decision in studying the financial aspects of your operation to benchmark where you are at and where you are potentially going. With the struggling farm economy, now is the time to take a hard look at your operation and plan for coming years.

Farm financial analysis is only as good as the information available to work with. Please spend some time gathering the information on the attached worksheets. We will go over it all during the visit, so if you are confused by a topic don't worry; just do the best you can.

Useful documents/items to review and have on hand are:

1. Tax returns for last three years (particularly schedule F)
2. FSA farm and home plan, if applicable
3. Crop insurance information (previous years acreage report and billings)
4. Number of acres of each crop and what shares for each crop are planned for the next production year
5. Alternatives for discussion and review after producing the current year business plan

Please call if you have any questions.

Sincerely,

First/Last Name, Farm Analyst

Address

Phone #

Email

The charge for the analysis is **\$450, payable to KSU Extension** due at the conclusion of the analysis. Please review and sign the attached "Request for On-site visit by Farm Analyst" for your analyst to collect at the visit.

Request for On-site visit by Farm Analyst

Name of Individual(s): Bob & Bonnie Price

Name of Farm: Price is Right Farms

Business Entity: Sole Proprietor Email: priceisright@kansasfarm.com

Phone Number- Home: 785-111-1111 Cell: _____

Address: 123 Crop Farm Drive, Council Grove, KS 66846

By making this request we understand that there is a charge of \$450.00 payable to KSU Extension, to be collected by the analyst the day of the visit.

We further understand that Finpack™ financial analysis is the core of the analyst visit. We agree to prepare the necessary financial information prior to the analyst's visit so as to utilize the analysts time most efficiently. We also agree to set aside a minimum of 6 hours for the day of the analyst visit to the operation.

The Farm Analyst program agrees to keep all information strictly confidential between the analyst and family members. It is understood that it will be most productive if all family members who are involved with the operation attend the day of the analyst appointment. Farm analysts are open to facilitating communication between all family members, including those not directly involved with the operation.

If additional appointments are needed after the initial visit, the analyst and the family will develop a strategy with associated fees for return visits.

The farm analysts may make appropriate referrals to other experts as agreed upon with the client family.

The family agrees to accept all information provided by the farm analyst as educational and not as direct advice to pursue a specific strategy. The family agrees to consult other experts before initiating new ventures. Other experts may include agricultural lenders, agronomists, accountants and animal scientists among others.

Signed: _____ Date: _____

Farm Financial Analysis Information

Name of Individual(s): Bob and Bonnie Price

Name of Farm: Price is Right Farms

Balance Sheet Information:

Please fill out as accurately and detailed as possible for the status of the farm on October 1st, 2016. Mark any sections that you have questions on to discuss with your farm analyst.

Farm Checking account balance: \$3,000

Prepaid Expenses and Supplies (ex: seed, fertilizer, net wrap, fuel, chemicals, fencing supplies, purchased feed, etc.)

Description	Quantity	Value per Unit	Total Value
Net Wrap	3	\$400	\$1,200
Fuel	500	\$2.00	\$1,000
Chemical (Roundup)	110	\$22.00	\$2,420
Fencing Supplies			\$2,000
Dry Distillers Grains	25	\$150	\$3,750

Growing Crops (list any crops already planted for harvest this year)

Description	Acres	Crop Insurance Guarantee	Total Value
Grain Sorghum	175	\$185/acre	\$32,375

Accounts Receivable (list payments that are currently owed to you, ex: custom work invoices, FSA payments, etc.)

Description	Quantity	Value per Unit	Total Value
FSA CSP Payment			\$15,000

Hedging Accounts (list current balance in hedging account(s))

Description	Total Value

Crop Inventory (list any crops in storage on farm or commercially, including hay)

Crop Description	Quantity (bu. or tons)	Value per bu. or ton	Total Value	Used for Livestock feed? (Yes/No)
2016 Alfalfa Round Bales	220 tons	\$90.00	\$19,800	Yes
2015 Alfalfa Round Bales	30 tons	\$75.00	\$2,250	Yes
Corn	21,500 bu.	\$3.00	\$64,500	Yes
Corn Silage	300 tons	\$35.00	\$10,500	Yes
2016 Brome Round Bales	210 tons	\$55.00	\$11,550	Yes
2015 Brome Round Bales	50 tons	\$45.00	\$2,250	Yes

Are any crops under the Government Loan Program? No_X_ Yes___ (have loan information on hand)

Market Livestock (list any livestock grown for sale purposes)

Description	Number of Head	Average Weight (lbs)	Value (cwt or hd.)	Total Value
Home-Raised Backgrounding Calves	95	475	\$160 cwt	\$72,200

Breeding Livestock

Description	Number of Head	Value per animal	Total Value
Beef Cows	140	\$1,500	\$210,000
Bulls	5	\$2,500	\$12,500
Replacement Heifers	21	\$1300	\$27,300

Titled Farm Vehicles

Description	Model Year	Percent Ownership	Market Value
Chevy Pick-up 4x4	2011	100%	\$25,000
Ford F250 w/Bale bed	2002	100%	\$20,000
Dodge 4x4 Pick-up	1998	100%	\$3,000
Ford F750 Tandem 20' Bed	1995	100%	\$12,000

Buildings and Improvements (list here if not already accounted for in land value)

Description	Year Built/Purchased	Total Market Value
Barns, Grain Bins		\$50,000

Other Assets (list anything else that has not been accounted for in previous categories)

Description	Quantity	Value per Unit	Total Market Value	Category (Cur., Int., LT)
Co-op Stock			\$15,000	

Personal Assets (separate from Farm assets, include anything for lending purposes)

	Description (optional)	Total Market Value
Savings and Checking	Family Checking	\$1,000
	Family Savings	\$2,000
Stocks and Bonds		
Household furnishings & appliances		\$10,000
Personal Vehicles	2010 Buick	\$14,000
Cash Value of Life Insurance		\$5,000
Retirement Accounts		\$12,000
Personal business investment		
Personal real estate	House on 1 acre	\$150,000
Other Personal Assets		

Enterprise Budgets: CROPS

Please list all crops grown on the farm and enter expenses per acre. Copy additional pages if needed. Include pasture as a crop and document annual expenses per acre.

Crop Name:	Wheat-Hard Red	Corn	Grain Sorghum
Description: (list if used for livestock feed, double crop, irrigated, year of establishment, etc.)		Will feed some to livestock	
Yield per acre	42	117	96
Expected Selling Price	\$4.50	\$3.50	\$3.25
Misc. Income (ex: grazing stalks, straw, etc.)			
Seed	\$17.00	\$70.00	\$22.00
Fertilizer	\$65.00	\$95.00	\$95.00
Crop Chemicals	\$15.00	\$32.00	\$32.00
Crop Insurance	\$8.00	\$15.00	\$12.00
Drying Expenses			
Irrigation Energy			
Custom Hire (description and cost)	Chemical application \$5.50/acre		
Hired Labor (only if paid per acre)			
Labor Hours per acre (leave blank if unknown)	2	2	2

Enterprise Budgets: CROPS

Please list all crops grown on the farm and enter expenses per acre. Copy additional pages if needed. Include pasture as a crop and document annual expenses per acre.

Crop Name:	Corn Silage	Alfalfa	Brome Hay
Description: (list if used for livestock feed, double crop, irrigated, year of establishment, etc.)	For livestock	For livestock	For livestock
Yield per acre	17 tons	4 tons	2 tons
Expected Selling Price	\$35	\$120	\$60
Misc. Income (ex: grazing stalks, straw, etc.)			
Seed	\$70.00	\$20.00	
Fertilizer	\$110.00	\$35.00	\$45.00
Crop Chemicals	\$12.00	\$18.00	
Crop Insurance	\$15.00		
Drying Expenses			
Irrigation Energy			
Custom Hire (description and cost)	Silage Cutting \$8.50/ton		
Hired Labor (only if paid per acre)			
Labor Hours per acre (leave blank if unknown)	2	3	1.5

Enterprise Budgets: CROPS

Please list all crops grown on the farm and enter expenses per acre. Copy additional pages if needed. Include pasture as a crop and document annual expenses per acre.

Crop Name:	Native Pasture		
Description: (list if used for livestock feed, double crop, irrigated, year of establishment, etc.)			
Yield per acre			
Expected Selling Price			
Misc. Income (ex: grazing stalks, straw, etc.)			
Seed			
Fertilizer			
Crop Chemicals	\$1.00		
Crop Insurance			
Drying Expenses			
Irrigation Energy			
Custom Hire (description and cost)			
Hired Labor (only if paid per acre)			
Labor Hours per acre (leave blank if unknown)	.2		

Crop Share Arrangements

Please list the share YOU pay or receive for all crop share arrangements. Copy additional pages if necessary.

	Crop Share Arrangement #1	Crop Share Arrangement #2	Crop Share Arrangement #3	Crop Share Arrangement #4
Name of Landlord or Farm	Steve Smith			
% of Production Received	67%			
Secondary income or misc. income received and % (ex: grazing stalks, straw, etc.)				
% of Seed paid	100%			
% of Fertilizer paid	67%			
% of Crop Chemicals paid	67%			
% of Crop Insurance paid	My share			
% of Drying Expenses paid	100%			
% of Irrigation Energy paid				
% of Custom Hire paid	100%			
% of Hired Labor paid	100%			
Other Expenses shared (list expense and %)				

Enterprise Budgets: LIVESTOCK-Breeding

Please list all livestock breeding enterprises on the farm and enter expenses per head (unless swine, then list per litter). Mark any sections that you have questions on to discuss with your farm analyst. Copy additional pages if needed.

Livestock Enterprise: (ex: Cow/Calf)	Cow/Calf	
Description:	Calves retained after weaning to around 700 pounds	
Weaning percentage	88%	
Percentage of Weaned calves retained as replacements	15%	
Sales Weight	700 pounds	
Expected Sales Price	\$140/cwt	
Cull Animals Sales (list cull percentage, weight, and price)	1,100 pounds, \$75/cwt Cull 15% a year	
Breeding fees	\$25	
Veterinary	\$25	
Supplies	\$1.00	
Marketing (commissions, yardage, etc)	\$13.50	
Labor Hours	8	
Purchased feed (list feed types and price per unit or total dollars)	Salt/Mineral 70 pounds @ \$0.60/lb Protein Supplement \$20 DDG's 220 lbs @ \$0.10 per lb.	
Raised feed (list tons of hay fed, bushels of corn fed, etc.)	12 bu. Corn 5,130 pounds hay 3,960 pounds silage	
Pasture Acres (list length of time grazed and number of acres per head)	6 months, 7-8 acres per pair, 4 acres per replacement heifer	

Enterprise Budgets: LIVESTOCK-Growing/Finishing

Please list all livestock growing/finishing enterprises on the farm and enter expenses per head. Mark any sections that you have questions on to discuss with your farm analyst. Copy additional pages if needed.

Livestock Enterprise: (ex: Stocker/Finisher)		
Description:		
Death Loss		
Number of Months on Farm		
Purchase Weight		
Purchase Cost		
Sales Weight		
Expected Sales Price		
Breeding fees (if applicable)		
Veterinary		
Supplies		
Marketing (commissions, yardage, etc)		
Labor Hours		
Purchased feed (list feed types and price per unit or total dollars)		
Raised feed (list tons of hay fed, bushels of corn fed, etc.)		
Pasture Acres (list length of time grazed and number of acres per head)		

Planned New Investments for Current/Next Year

Description	Purchase Price	Asset Value	Payment Method (cash, new/existing loan, etc)

Planned Asset Sales for Current/Next Year

Description	Sales Price

Operating Expenses for Current/Next Year

Category	Total Expenditures	Notes
Storage		
Fuel & Oil	\$11,820	
Repairs	\$28,900	
Custom hire (if not listed in budgets already)	\$500	
Hired Labor	\$1,500	
Crop/Hay Land Rent	\$17,300	
Machinery Leases		
Building Leases		
Livestock Leases		
Grazing fees	\$13,500	
Real Estate Taxes	\$4,500	
Personal Property Taxes	\$500	
Farm Insurance (excluding crop)	\$3,500	
Utilities	\$4,800	
Consultants		
Marketing	\$1,000	
Dues & professional fees	\$1,500	
Miscellaneous	\$1,000	

Estimated Annual Operating Loan Balance Not sure, will have to finance all production costs for 6 months

Family Living/Owner draw \$51,580

(see supplement page for help in estimating)

CRP/CSP Payments \$15,000

Custom Work Income Baling/Swathing \$9,000

Other Farm Income ARC Payments \$32,000?

Off-farm Wages and Salary \$28,000

Other Personal income _____

Nontaxable personal income _____

(ex: Social Security payments, off-farm income take-home pay, etc)

Number of Families involved 1

Number of Dependents 2

Please describe any concerns you have with the existing farm business:

(ex: Creditor issues, family relations, rental agreements, etc.)

Not sure if I can make loan payments this year. Creditors are worried.

Please describe any business changes you are considering as alternatives to this base business plan:

Thinking about adding soybeans to the rotation, maybe adding a cover crop for additional grazing in the fall

SUPPLEMENT: Calculating Family Living Expenses

A good way to estimate your family living expenses is to take checking account statements for two months out of the year (say March and September) and divide all of your monthly spending into these categories (separating out any farm-related expenses). Also add in any large expenditures that occur at a specific time in the year (ex: real estate taxes, insurance premiums, etc.) to come up with an estimated yearly amount.

Category	Month 1	Month 2	Estimated Yearly Amount
Food and Meals expense	\$485	\$592	\$6,600
Medical care	\$0	\$100	\$600
Health Insurance	\$950	\$950	\$11,400
Cash donations	\$200	\$200	\$2,400
Household supplies	\$150	\$100	\$1,500
House repairs	\$800	0	\$3,000
Clothing	\$250	\$400	\$3,600
Personal Care	\$30	\$45	\$480
Child/Dependent Care	\$250	\$250	\$3,000
Alimony and Child Support			
Gifts	\$50	\$100	\$900
Education			
Recreation	\$200	\$300	\$3,000
Utilities (household share)	\$150	\$190	\$2,100
Personal vehicle operating expenses	\$800	\$850	\$9,900
Household real estate taxes			\$1,900
Disability/Long-term Care Insurance			
Life Insurance Premiums			
Personal Property Insurance			\$1,200
Miscellaneous			
TOTAL:			\$51,580

