Building a Balance Sheet Activity

Joe and Jean Farmer want to evaluate their growth in Net Worth after the 2017 production year. They did complete a balance sheet on January 1st, 2017, but now need to complete their December 31st balance sheet. They do not wish to include their personal assets or liabilities.

Here is the information they have:

On Dec. 31st, 2017 their farm checking account balance is $11,326.19 with 3 outstanding checks:

* Livestock feed $864.15
* Crop Chemicals $2334.84
* Propane $654.68

Joe did some custom wheat planting work that he billed for $550.00 but was not yet received.

Some supplies that Joe and Jean have at the end of the year include:

* Fuel and Oil $2,500
* Prepaid seed $35,400
* Fertilizer/Lime $36,000
* Purchased Feed/Mineral $6,700

There are 200 acres of wheat currently planted that are insured for 75% coverage with a 45-bushel APH. The crop insurance price is $4.50 per bushel.

Crops in inventory valued at current market prices include:

* Corn: 10,000 bushels valued at $3.15 a bushel
* Alfalfa 225 tons valued at $95 per ton

Thirty-five heifers are being raised on the farm to sell as bred heifers and are valued at $1,050 each.

Breeding livestock includes:

* 5 bulls, valued at $9,500 total
* 163 cows valued at $235,700
* 85 older cows with an average value of $600

The machinery and equipment is assumed to lose 10% of its Jan. 1st value. Joe and Jean did replace on one piece of farm equipment at the end of this year, with the new one costing $9,547.50 and the old one selling for $4,800.

A new barn was constructed on the property this year which cost a total of $32,849 to build. The existing buildings on the property are assumed to lose 5% of their Jan. 1st value.

The Farmer’s stock in the local cooperative has a value of $27,763

Land owned by the Farmer’s includes 480 acres of cropland and 640 acres of pasture. The combined value remains unchanged from Jan. 1st at $1,904,000.

On Dec. 31st, there is one outstanding bill that the check has not been wrote for, which is $800 of bulldozer work.

The Farmer’s have not completed their 2017 taxes yet, but the recent tax estimate shows they will owe $17,810 in income and social security taxes.

As times have been tough in recent years, the operating loan is currently at $150,000.

Joe and Jean have three intermediate loans:

* Bred Heifer Loan: $6,681.26 in principle will be due this year with $21,929.02 remaining
* The Tractor loan will require $14,574.50 of principle to be paid in the coming year with $46,253.34 remaining
* The Air Seeder loan has a total principle of $65,495.29 with $21,180.98 due this year

The note on their land has a principle balance of $526,134.72 of which $29,582.75 will be paid in the coming year.

All 4 loans have a total of $25,659.86 of accrued interest since their last payments.