THE OHIO STATE UNIVERSITY COLLEGE OF FOOD, AGRICULTURAL
COLLEGE OF FOOD, AGRICULTURAL, AND ENVIRONMENTAL SCIENCES

Name Address	 •
Phone Email	 _

# Balance Sheets- step one for your 2016 farm analysis

The farm's balance sheet is a snapshot, on one day in time, of what the farm business "owns", (its assets), and what the farm business "owes", (its liabilities). The difference between what you own and what you owe is your farm's net worth, or what you own free and clear of debt.

To complete the analysis of your farm's 2016 business year, you will need both a beginning and an ending balance sheet. Your beginning balance sheet should be dated on or around January 1, 2016. Your ending balance sheet should be dated on or around January 1, 2017. If you operate on a different fiscal year, create your balance sheets accordingly.

These input forms were developed to help you provide the information needed to create both your beginning and ending balance sheets as easily as possible. There may be some categories of assets or liabilities for which you have no entries. That is okay!

There may be other categories where you need additional space to enter items. Either insert an additional page, ask for additional entry sheets, or download additional forms at <a href="http://farmprofitability.osu.edu/">http://farmprofitability.osu.edu/</a>

You will provide information for your beginning balance sheet first. When you work on your ending balance sheet, look for notes that indicate where you only need to provide information about anything that *changed* from your beginning balance sheet.

If you have questions as you work through these forms, please ask for help! Contact Dianne Shoemaker or Christina Benton at the Mahoning County Extension office at 330.533.5538 or <a href="mailto:shoemaker.3@osu.edu">shoemaker.3@osu.edu</a> or <a href="mailto:benton.132@osu.edu">benton.132@osu.edu</a>. Or, if you are working directly with someone else, contact them or Dianne or Christina.

To return forms, scan and email or mail to:

Dianne Shoemaker Ohio State University Extension Mahoning County 490 South Broad Street Canfield, Ohio 44406-1604

Date:

**Current Assets** 

Beginning Balance Sheet

Current business assets are cash or other assets easily converted to cash that will be sold or consumed in the course of production within the next 12 months. Schedule A: Cash, Savings, and Checking Description Value Cash and checking balances as of the balance sheet date. Include farm cash, checking accounts, and checks not yet deposited. Farm savings accounts would also be included here. Schedule B: Prepaid Expenses & Supplies Description Quantity Value Prepaid expenses and supplies should include 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. Schedule C: Growing Crops Acres Expense item Total cost Crop Growing crops would include new hay seedings, winter and cover crops for Jan 1st balance sheets. Include the value of direct costs such as seed and fertilizer. Only include pasture or hay fields if newly seeded. Schedule D: Accounts Receivable Description Quantity Value per unit Value Accounts receivable includes \$ owed to the farm but not yet received. For example, the December final milk check is an account receivable. Enter gross income here with deductions such as milk hauling and marketing entered in accounts payable (on page 10). Schedule E: Hedging Accounts Description Quantity Value per unit Value Hedging accounts includes the equity in all margin accounts. This should be the amount of cash received if liquidating all marketing positions and closing the accounts. Schedule F: Other Current Assets Value per unit Description Quantity Value Other current assets includes the value of any current business assets not included elsewhere.

The crop and feed inventory 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 on Schedule B on page 2.

Crop and Feed Inve	entory				
Crop	Quantity	Unit: bu, ton, cwt	Value Per Unit	Total Value	Used as feed? Y/N

**Crops Under Government Loan** are crops that secure a government CCC loan.

Schedule R: Crops Under Government Loan								
Crop	Quantity	Loan Rate	Interest Rate	Month Entered	Year Entered	Market Value Per Unit	Value	Loan or income?

**Market 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.

Market Livestock	Optional calculation*				
Livestock	Description	Number of head	Average Weight (pounds)	Value Per Unit	Total Value

<sup>\*</sup>The program will calculate this for you if desired.

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#### INTERMEDIATE FARM ASSETS

Intermediate assets are generally defined as assets with a useful life of greater than one year, but less than 10.

**Breeding livestock** are 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 a dairy herd might have separate lines for mature cows, springing heifers (less than 2 months until calving), bred heifers, open heifers and calves.

To value raised breeding livestock, establish a base value per head for each type of livestock and maintain that value per head from year to year. Changes in total value will then result only from changes in the number of head, not from changes in value per head. Be conservative in this valuation. If all your animals were sold today, there would be some that would sell very well. Others would sell for cull price. If you feel that the actual market value this year is much higher or lower than your base (cost) value, you may enter a separate market value. Otherwise use the same value for both cost and market.

Purchased breeding livestock should be valued at purchase cost less depreciation in the cost column.

Livestock cared for at your farm but owned by others should not be included on your balance sheet. Their numbers will be included in the enterprise analysis.

Breeding Livestock		Optional Ca (The program wi	alculation Il calculate this)		
Description	Number of head	Cost value per head	Market Value per head	Total Cost Value	Total Market Value

### Machinery and Equipment Inventory

**The Machinery and Equipment Inventory** should 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.

Machinery and Equipment						
Description	Model Year	Year Purchased	Percent Ownership if not 100%	Cost Value	Market Value	

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Machinery and Equipment - continued						
Description	Model Year	Year Purchased	Percent Ownership if not 100%	Cost Value	Market Value	

**Titled Vehicles** can be listed separately from other machinery as some lenders may handle these items differently as loan collateral. Titled vehicles would include cars, trucks, trailers and boats used for the farm.

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

Titled Vehicles					
Description	Model Year	Year Purchased	Percent ownership if not 100%	Cost Value	Market Value

**Other Intermediate Assets** includes all intermediate assets that did not fit into the previous categories. Stock on intermediate term Farm Credit/Ag Credit loans could be included here.

Other Intermediate Assets	
Description	Value

### Long Term Farm Assets

Long Term Farm Assets are assets with a useful life of greater than 10 years. Farm land and buildings are examples of long term assets.

**The value of farm land** needs to be separated into a value for the land and a value for the buildings and improvements on that land. Each year, a 5% depreciation charge is made to buildings and improvements. A portion of this charge is allocated to each enterprise that shares in its use.

The cost value of land would be what was paid for it. The market value is its current value if it was sold today. 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.

The cost value for buildings and improvements will be a share of the original farm's cost, plus the cost of subsequent buildings and improvements. When calculating the cost value for new buildings and improvements, start with the actual total cost of construction. 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. Accumulated depreciation should be calculated at 5% per year. Unless you have a good reason to do otherwise, use the same value for cost and market.

Land						
Description	Acres	Cost Value per Acre	Market Value per Acre	Total Cost Value	Total Market Value	

Buildings and Improvements					
Description	Year Purcha or Built		Market Value		

**Other Long Term Assets** are any other assets with an original useful life of greater than 10 years. Other long term farm assets would include stock in farmer-owner cooperatives, the value of Farm Credit/Ag Credit stock for long-term loans, or other long-term investments.

Other Long Term Assets						
Description	Quantity	Total Cost Value	Total Market value			

#### **Current Liabilities**

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

**Accounts payable** includes all money owed others for farm expenses, (not including principal payments.) Include all accounts that are normally paid within 30 days such as feed, utilities, veterinary, etc. as well as any account balances more than 30 days old. Please enter any farm credit cards with balances on the next page.

**Accrued expenses** include any farm expenses that have been incurred but not yet paid. Examples include property taxes, worker's compensation premiums, and CAT tax. Sometimes land rent payments are also incurred before they are paid.

The hauling and marketing expenses associated with a December final milk check listed as an Account Receivable should be included as accrued expenses as well as any other milk check deductions.

It is important to **identify what the amount owed is for**. For example, if \$10,000 is owed to the local cooperative, is \$10,000 owed for feed, or is \$5,000 for feed and \$5,000 for fertilizer used for last year's crops, or is it owed for fertilizer in the barn for next year's crop that should be listed as a current asset? This information is used to make accrual adjustments to all income and expense items for accurate enterprise analysis.

Accounts Payable and Other Accrued Expenses						
Payee	Item (feed, supplies, repairs, etc.)	Amount				

**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 Balances – Farm Share Only							
Credit card	Type and amount of charges in balances, such as repairs, feed, supplies, etc.	Interest rate	Balance greater than 30 days	Current balance (30 days or less)			

## Current, Intermediate and Long Term Loans

A table for Current, Intermediate and Long Term loans is included in this packet. When you complete the "Loan information for FINAN analysis year" worksheet, you will have provided all of the loan information needed for your beginning and ending balance sheets as well as the FINAN business analysis.

The worksheet can also be downloaded at http://farmprofitability.osu.edu

## Optional - Personal Assets and Liabilities - Optional for beginning Balance Sheet

Personal assets and liabilities are not required nor requested to complete your farm financial analysis.

If you want to have personal assets, liabilities, and non-farm income included in your analysis for your own purposes, we will include the information you provide. Otherwise, **leave this section blank**.

					(	Cost	N	∕larket
Household furnishings and appliances								
Nonfarm vehicles								
Cash value of life insurance								
Defining to a set UDAIs								
Retirement accounts and IRA's								
Other intermediate assets								
Other intermediate assets								
Nonfarm real estate								
Other long term assets								
Schedule V: Nonfarm Liabilities							Amou	unt
Accounts payable and other accrued expenses								
	Linterest	I Data sin al	LAconord	D 0 1 D-		I. Manush	I Final	
Loans	Interest Rate	Principal Balance	Accrued Interest	P & I Pay	yment	Month Due	Final Year	Balance
Current - includes credit card balances over 30 days								
Intermediate								
Long term								
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