

Understanding your cash flow summary

Josh Tjosaas-Northland
Community and Technical
College-Moorhead Site



Monthly Cash Flow Plan Executive Summary

Projected Cash Flow Summary

Total operating inflow		278,980
Total operating outflow	(-)	230,434
Capital purchases	(-)	6,100
Capitalsales	(+)	-
New credit	(+)	31,325
Loan payments	(-)	69,026
Net cash flow	(=)	4,748
Beginning cash balance	(+)	3,624
Operating loan borrowings	(+)	39,718
Operating loan principal payments	(-)	47,688
Ending cash balance	(=)	500
Beginning operating loan balance		10,568
Peak operating loan balance (May)		23,124
Ending operating loan balance		2,698

Projected Change in Working Capital

Change in cash		-3,124
Change in current inventories	(+)	-34,398
Change in operating loan balance	(-)	-7,870
Change in other current loans	(-)	3,675
Change in princ due on term loans	(-)	2,108
Estimated change in working capital	(=)	-35,435

Projected Income Statement

Gross cash farm income		261,480
Inventory change - income items	(+)	-37,795
Gross revenue	(=)	223,685
Cash farm operating expense		175,434
Interest expense	(+)	7,831
Depreciation	(+)	18,361
Inventory change - expense items	(+)	-3,297
Total farm expense	(=)	198,230
Net farm income		25,455

Projected Earned Net Worth Change

Net farm income		25,455
Personal income	(+)	17,500
Family living expense	(-)	45,000
Income taxes accrued	(-)	-2,500
Personal loan interest expense	(-)	5,742
Earned net worth change	(=)	-5,287

Term Debt Coverage

		Farm	Personal and Farm
Net farm income from operations		25,455	25,455
Depreciation	(+)	18,361	18,361
Personal income	(+)	17,500	17,500
Family living expense	(-)	45,000	45,000
Personal interest expense	(-)	5,987	5,987
Principal payments on personal debt	(-)	7,534	-
Income taxes accrued	(-)	-2,500	-2,500
Interest on term debt	(+)	5,810	11,776
Capital debt repayment capacity	(=)	11,106	24,605
Term debt payments		30,269	43,769
Capital debt repayment margin		-19,163	-19,163
Term debt coverage ratio		0.37	0.56

Financial Standards Measures

Liquidity	Beginning	Ending
Current ratio	2.0	1.4
Working capital	\$9,514	24,079
Working capital to gross revenue	26.5 %	10.8 %
Solvency (market)		
Debt to asset ratio	29.4 %	27.6 %
Debt to equity ratio	0.4	0.4
Profitability (market)		
Net farm income		25,455
Rate of return on assets		5.1 %
Rate of return on equity		5.6 %
Operating profit margin		22.9 %
EBITDA		51,131
Repayment Capacity		
Term debt coverage ratio (farm)		0.37
Replacement margin coverage ratio		0.37
Efficiency		
Asset turnover rate (market)		22.3
Operating expense ratio		77.1 %
Depreciation ratio		8.2 %
Interest expense ratio		3.3 %
Net farm income ratio		11.4 %
Other		
Term debt coverage (farm+personal)		0.56
Term debt to EBITDA		2.64
Burn rate working capital (years)		0.7
Burn rate net worth (years)		92.4

Shocks to Farm Term Debt Coverage Ratio

10% decrease in gross income	-0.37
10% increase in operating expenses	-0.20
3% increase in interest rates	0.30

Understanding your cash flow summary

- The projected cash flow summary shows combined inflow, outflow, capital sales/purchases along with new credit and loan payments.
- Net cash flow can be negative and still show a positive term debt coverage depending on when crops are sold/carried over.
- Cash balance and operating loan balance tracks the starting, changes and ending balances as well as the peak operating loan balance.

Projected Cash Flow Summary

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- This part of your cash flow shows the overall change to working capital along with specific changes to each current asset and current liabilities.

Understanding your cash flow summary

- The projected income statement shows the net farm income calculations.

Projected Income Statement

Gross cash farm income		261,480
Inventory change - income items	(+)	-37,795
Gross revenue	(=)	223,685
Cash farm operating expense		175,434
Interest expense	(+)	7,831
Depreciation	(+)	18,361
Inventory change - expense items	(+)	-3,397
Total farm expense	(=)	198,230
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Understanding your cash flow summary

Projected Earned Net Worth Change

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Personal loan interest expense	(-)	5,742
Earned net worth change	(=)	-5,287

- The projected earned net worth change shows the earned net worth change calculated from the net farm income plus personal income and subtracting personal expenses such as family living, income taxes accrued and personal loan interest expense.

Understanding your cash flow summary

- I consider this a very important portion of your cash flow. The Term Debt Coverage area shows the calculation to determine capital debt repayment capacity, brings in term debt payments and determines capital debt repayment margin (overall return to farm in my opinion) and calculates the term debt coverage. Lenders prefer minimum of 1.0 or stronger, but maybe lower depending on current balance sheet situation.

Term Debt Coverage

		<i>Farm</i>	<i>Personal and Farm</i>
Net farm income from operations		25,455	25,455
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Understanding your cash flow summary

Financial Standards Measures		
	Beginning	Ending
Liquidity		
Current ratio	2.0	1.4
Working capital	59,514	24,079
Working capital to gross revenue	26.6 %	10.8 %
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Term debt coverage (farm+personal)		0.56
Term debt to EBITDA		2.64
Burn rate working capital (years)		0.7
Burn rate net worth (years)		92.4

- The financial standards measures calculate several of the measures that we discussed in the understanding your income statement presentation, so I will just highlight the area I focus mostly on with farmers and that is the efficiency ratios of operating expense, depreciation, interest expense and net farm income.

Understanding your cash flow summary

- Burn rate working capital and burn rate net worth are relatively new additions to the cash flow and based on the current balance sheet and cash flow plan, it shows how many years a farm can withstand the potential losses on the farm.

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Shocks to Farm Term Debt Coverage Ratio

10% decrease in gross income	-0.37
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- Shocks to Farm Term Debt Coverage Ratio show how farm term debt coverage would change depending on increases to interest rates or operating expenses as well as a decrease in gross income.

Understanding your cash flow summary

- The cash inflow and outflow page summarizes when income and expenses occur during the year. It helps to determine peak operating loan balance needs. For FSA operating line borrowers, a 12 month cash flow is a requirement.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
CASH INFLOWS													
Reg cash bal	3524	500	9789	3317	5194	500	500	500	500	500	500	500	3524
Soybeans	-	-	-	-	-	-	-	-	-	-	8459	-	8459
Fin Yearling	-	-	-	39135	-	-	-	-	-	-	-	-	39135
Mk	13227	13227	13227	12246	12246	12246	11816	11816	11816	10892	10892	10892	144643
Raised Hogs	-	10375	-	-	-	11040	-	-	-	-	-	-	11615
Cattle	-	-	-	-	-	-	-	-	-	-	-	-	-
Cull cows	688	688	688	688	688	688	688	688	688	688	688	688	820
Other Culls	-	416	-	416	-	-	-	416	-	416	-	-	164
Total	688	1104	688	1104	688	688	688	1104	688	1104	688	688	9922
Misc. Invst	-	-	-	-	-	-	-	-	-	-	-	-	-
Bull cows	298	298	298	298	298	298	298	298	298	298	298	298	3594
DC Payments	1384	-	-	-	-	-	-	-	-	1384	-	-	2768
Other govt	-	-	-	-	-	-	-	-	-	-	-	-	-
Mk paym	612	612	612	612	612	612	612	612	612	612	612	612	7344
Pd dividend	-	-	-	-	-	-	-	-	-	-	-	-	600
Other farm	39	39	39	39	39	39	39	39	39	39	39	39	465
Pers. wages	1458	1458	1458	1458	1458	1458	1458	1458	1458	1458	1458	1458	17500
Total inflow	21290	27573	26071	58169	20455	26841	15372	27908	15372	16247	22906	26662	262604
CASH OUTFLOWS													
Seed	-	-	-	7338	1890	-	-	-	-	-	-	-	9228
Fertilizer	-	-	-	919	7172	-	512	512	-	-	-	-	9115
Chemicals	-	-	-	-	6520	-	-	-	-	-	-	-	6520
Crop Insur.	-	-	-	-	-	-	-	-	180	315	1392	-	1887
Drying fuel	-	-	-	-	-	-	-	-	-	-	1624	-	1624
C. Cust hire	-	-	-	-	-	590	414	414	998	-	-	-	2406
Pur. Alfalfa	-	-	-	1615	2125	-	-	-	-	-	-	170	3910
Feeder Invst	-	-	-	-	-	-	-	-	2025	-	-	-	2025
Purch. feed	4304	4114	4267	4099	4256	3999	4163	3835	4284	4386	4551	4222	50481
Breeding	167	167	167	182	182	182	174	174	174	174	174	174	2090
Veterinary	656	661	661	697	697	699	699	699	670	670	670	670	7660
Supplies	733	738	738	708	708	711	711	711	743	743	743	743	8729
L. Marketing	381	577	381	1044	367	661	367	601	367	373	362	566	6937
Fuel & oil	-	-	-	550	1100	550	-	550	550	1100	1100	-	5500
Repairs	-	-	-	1500	1500	1500	-	-	1500	3000	3000	-	12000
Labor	-	-	-	-	667	667	667	667	667	667	-	-	4000
RE taxes	-	-	-	-	1900	-	-	-	-	1900	-	-	3900
Ferminsur.	-	-	-	-	1900	-	-	-	-	-	1900	-	3800
Utilities	583	583	583	583	583	583	583	583	583	583	583	583	7000
Dues & fees	58	58	58	58	58	58	58	58	58	58	58	58	700
Misc.	50	50	50	50	50	50	50	50	50	50	50	50	600
Accounts pay	2032	-	-	-	-	-	-	-	-	-	-	-	2032
Living/Draw	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	45000
Income taxes	-	-	10000	-	-	-	-	-	-	-	-	-	10000
MInend bal	500	500	500	500	500	500	500	500	500	500	500	500	500
Tot. outflow	13215	11199	21196	23493	36875	14289	12548	13005	41400	18320	20448	11487	230934
Opr. surplus	8075	16374	4915	34675	-15380	12552	2824	14903	-26028	-2073	2458	15175	51670

Understanding your cash flow summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
CAPITAL PURCHASES													
Boers	-	-	-	600	-	-	-	-	-	-	-	-	600
Planter	-	-	5500	-	-	-	-	-	-	-	-	-	5500
Tot. cap pur	-	-	5500	600	-	-	-	-	-	-	-	-	6100
NEW CREDIT													
1st NI capt	-	-	-	-	-	-	-	-	26325	-	-	-	26325
1st NI/PTR	-	-	5000	-	-	-	-	-	-	-	-	-	5000
Tot new cred	-	-	5000	-	-	-	-	-	26325	-	-	-	31325
LOAN PAYMENTS													
cattle													
Prncpl	-	-	-	2280	-	-	-	-	-	-	-	-	2280
Int. pay	-	-	-	120	-	-	-	-	-	-	-	-	120
Total	-	-	-	2375	-	-	-	-	-	-	-	-	2375
Cows													
Prncpl	43	43	43	43	43	43	43	43	43	44	44	44	527
Int. pay	43	42	41	40	38	36	35	34	33	32	32	33	443
Total	473	473	473	473	473	473	473	473	473	473	473	473	9680
Hay/Equip													
Prncpl	-	-	-	-	-	-	250	-	-	-	-	-	250
Int. pay	-	-	-	-	-	-	302	-	-	-	-	-	302
Total	-	-	-	-	-	-	2932	-	-	-	-	-	2932
Mach													
Prncpl	-	-	-	-	494	-	-	-	-	-	904	-	1398
Int. pay	-	-	-	-	102	-	-	-	-	-	80	-	204
Total	-	-	-	-	606	-	-	-	-	-	984	-	1602
FE													
Prncpl	-	-	-	200	-	-	-	-	-	284	-	-	484
Int. pay	-	-	-	100	-	-	-	-	-	144	-	-	244
Total	-	-	-	300	-	-	-	-	-	428	-	-	728
Cred-CC													
Prncpl	100	-	-	-	-	-	-	-	-	-	-	-	100
Int. pay	2	-	-	-	-	-	-	-	-	-	-	-	2
Total	1200	-	-	-	-	-	-	-	-	-	-	-	1200
Vehicle													
Prncpl	28	28	28	28	28	28	28	28	28	28	28	28	296
Int. pay	42	41	40	39	38	36	35	34	33	32	31	30	432
Total	250	250	250	250	250	250	250	250	250	250	250	250	3000
House													
Prncpl	119	120	121	122	123	124	125	126	127	128	129	130	1400
Int. pay	605	606	607	608	609	610	611	612	613	614	615	616	7140
Total	875	875	875	875	875	875	875	875	875	875	875	875	10500
1st NI capt													
Prncpl	-	-	-	-	-	-	-	-	-	-	-	-	-
Int. pay	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-
1st NI/PTR													
Prncpl	-	-	50	50	50	50	50	50	50	50	50	50	500
Int. pay	-	-	50	50	50	50	50	50	50	50	50	50	500
Total	-	-	100	100	100	100	100	100	100	100	100	100	1000

- The next page shows planned capital purchases, new credit needed as well as loan payments including principal and interest splits.

Understanding your cash flow summary

CROP & LIVESTOCK PRODUCTION

Enterprise	Units	Production Per Unit	Share	Operator Production
Corn	74.0 Acres	130.0 bu.	100	9,620 bu.
Corn Stlage	15.0 Acres	18.0 ton	100	270 ton
Oats, with alfalfa establish	15.0 Acres	65.0 bu.	100	975 bu.
Hay, Alfalfa	46.0 Acres	4.00 ton	100	184 ton
Com	70.0 Acres	130.0 bu.	60	9,460 bu.
Soybeans	70.0 Acres	38.0 bu.	60	1,596 bu.
Dairy	66.0 Cow	18750.0 lb.		1,031,250 lb.
Hogs, Farrow To Finish	52.0 Litter	7.75 head		403 head
Total crops	290 Acres			

CROP & LIVESTOCK SUMMARY

		Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corn															
Produced	bu.	-	-	-	-	-	-	-	-	-	-	15080	-	-	15080
Fed	bu.		1312	1106	1271	1052	1190	934	1078	789	1134	1295	1468	1211	13840
Inventory	bu.	4400	3088	1962	711	-341	-1531	-2465	-3543	-4332	-5465	8319	6851	9640	9640
Corn Stlage															
Produced	ton	-	-	-	-	-	-	-	-	-	270	-	-	-	270
Fed	ton		29	30	31	16	16	16	16	16	25	26	28	29	278
Inventory	ton	-	-29	-59	-90	-106	-122	-138	-154	-170	75	49	21	-8	
Hay, Alfalfa															
Produced	ton	-	-	-	-	-	-	64	46	46	28	-	-	-	184
Purchased	ton	-	-	-	-	19	25	-	-	-	-	-	-	2	46
Price	\$/ton	-	-	-	-	85.00	85.00	-	-	-	-	-	-	-	85.00
Fed	ton		27	28	28	25	25	25	25	25	27	27	27	28	317
Inventory	ton	90	63	35	7	1	1	40	61	82	83	56	29	3	3
Oats															
Produced	bu.	-	-	-	-	-	-	-	975	-	-	-	-	-	975
Inventory	bu.	-	-	-	-	-	-	-	975	975	975	975	975	975	975
Soybeans															
Produced	bu.	-	-	-	-	-	-	-	-	-	-	1596	-	-	1596
Sold	bu.	-	-	-	-	-	-	-	-	-	-	-	1596	-	1596
Price	\$/bu.	-	-	-	-	-	-	-	-	-	-	-	5.30	-	5.30
Inventory	bu.	-	-	-	-	-	-	-	-	-	-	1596	-	-	
Wheat, Spring															
Inventory	bu.	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
Pig Yearling															
Purchased	head	-	-	-	-	-	-	-	-	-	45	-	-	-	45
Price	\$/cwt.	-	-	-	-	-	-	-	-	-	90.00	-	-	-	90.00
Sold	head	-	-	-	-	41	-	-	-	-	-	-	-	-	41
Price	\$/cwt.	-	-	-	-	83.00	-	-	-	-	-	-	-	-	83.00
Inventory	head	41	41	41	41	-	-	-	-	-	45	45	45	45	45

- The crop and livestock production and summary shows your crop production as well as sales, purchases and prices throughout the year.

Understanding your cash flow summary

- The projected inventory change page shows the beginning and ending inventory amounts and values and is used to calculate the changes in working capital and net farm income.

<i>PROJECTED INVENTORY CHANGE</i>							
Commodity	Begin Inventor	\$/Unit	Begin Value	Ending Inventory	\$/Unit	Ending Value	Change
Com	4,400	3.50	15,400	5,640	1.82	10,265	-5,135
Hay, Alfalfa	90	125.00	11,250	3	85.00	255	-10,995
Oats	0	0.00	0	975	0.91	887	887
Wheat Spring	3,500	5.25	18,375	3,500	0.00	0	-18,375
Fin Yearling	41	937.50	38,438	45	750.00	33,750	-4,688
Raised Hogs	175	66.00	11,550	201	60.00	12,080	510
Accounts receivable			14,242			14,242	1
Hedging accounts			0			0	0
Other current assets			0			0	0
Total income items			109,254			71,459	-37,795
Prepaid expenses & supplies			7,647			7,647	0
Growing crops			0			0	0
Accounts payable		(End)	0	(Beg)		2,880	2,880
Accrued interest		(End)	1,334	(Beg)		1,851	517
Total expense items			8,981			12,378	3,397
Total inventories			118,235			83,837	-34,398
<i>TOTAL PLANNED INPUT QUANTITIES</i>							
Description	Unit						

Understanding your cash flow summary

BALANCE SHEETS		
	1/1/2005	Projected 1/1/2006
ASSETS		
Current Assets		
Cash and checking	3,624	500
Prepaid exp. & suppl.	7,647	7,647
Accounts receivable	14,242	14,242
Crops		
Corn	16,400	10,266
Hay, Alfalfa	11,250	255
Wheat, Spring	16,375	-
Oats	-	667
Mkt Invst		
Fin Yearling	36,438	33,750
Raised Hogs	11,550	12,050
Total current assets	120,520	70,999
Intermediate Assets		
Bldg Invst	92,150	92,750
Machinery	105,364	100,335
Titled vehicles	10,000	9,000
Total intermediate assets	207,514	202,085
Long Term Assets		
Land	194,000	194,999
Bldgs & Improve.	124,200	116,947
Other long term	30,366	30,366
Total long term assets	348,566	342,312
Total farm assets	667,276	614,994
Personal assets	174,634	174,634
Total assets	841,910	789,628
LIABILITIES		
Current Liabilities		
Accrued Interest		
Operating loan(s)	99	-
cattle	451	-
Mach	406	146
Hay Equip	248	68
RE	637	461
1st Nli call	-	658
Ptm due on term loans		
Mach	9,813	10,397
Hay Equip	2,536	2,768
Cows	5,230	5,409
RE	6,481	6,891
1st NIPTR	-	705
1st Nli call	-	26,325
Operating loan(s)	10,568	2,698
Payables & accr exp	2,880	-
cattle	22,690	-

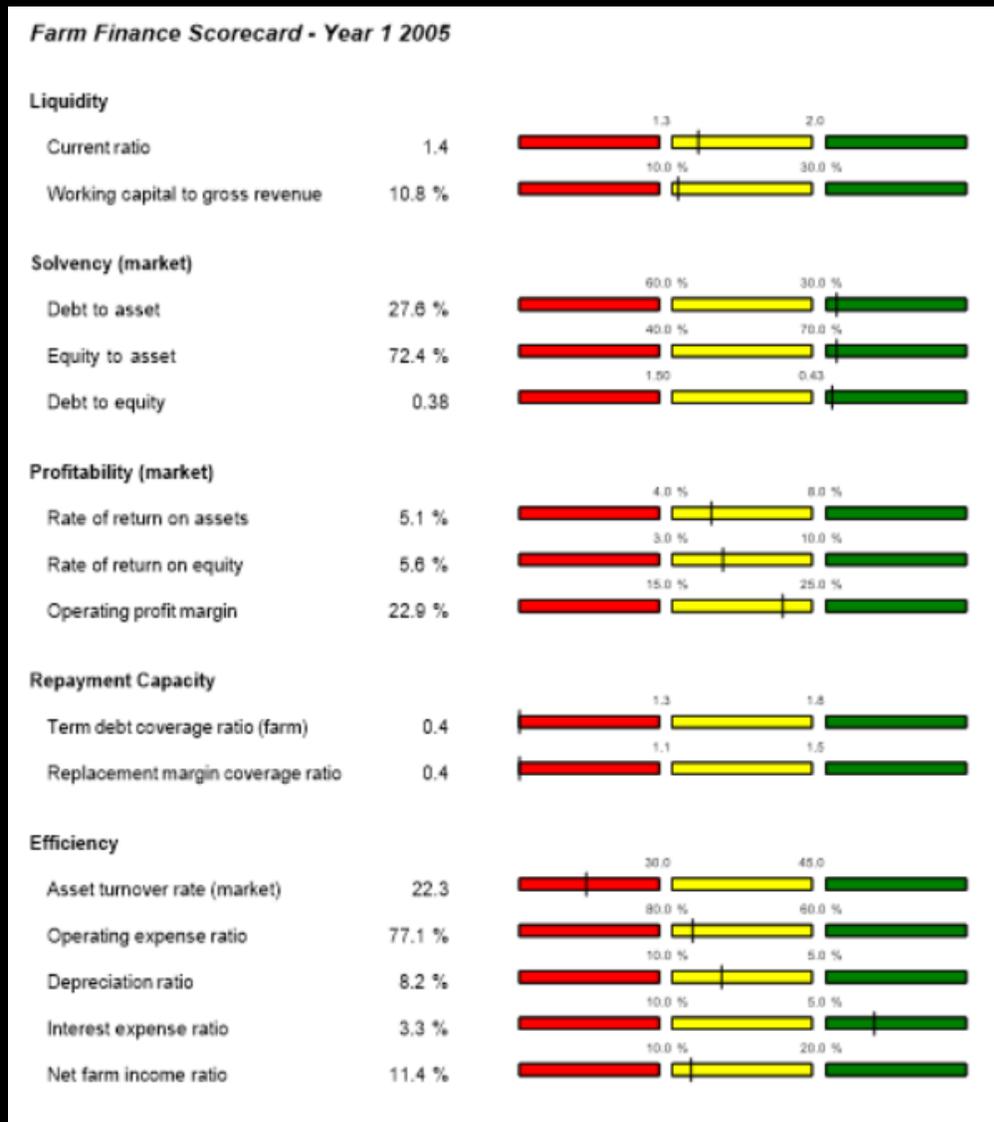
- The balance sheet page summarize your balance sheet history as well as your projected beginning balance sheet after the cash flow year is completed.

Understanding your cash flow summary

- The crop production summary and detail pages show the cost of production summary with the detailed page showing the specific budget information that was entered in from the budgets as well as the calculated overall expenses from the labor hours entered on your budgets.
- It also shows machinery cost per acre which is calculated by adding fuel, repairs, intermediate interest, machinery depreciation and custom hire expenses together.

<i>CROP ENTERPRISES</i>						
	Corn	Corn Silage	Oats, with alfalfa establish	Hay, Alfalfa	Corn	Soybeans
Acres	74.0	15.0	15.0	46.0	70.0	70.0
Yield per acre	130.0 bu.	18.0 ton	65.0 bu.	4.00 ton	130.0 bu.	38.0 bu.
Share of production	100%	100%	100%	100%	60%	60%
<i>Expenses Per Acre</i>						
Seed	42.00	43.00	43.00	-	42.00	27.00
Fertilizer	54.75	54.75	61.28	22.25	32.85	-
Chemicals	30.00	30.00	-	-	30.00	25.00
Crop insur.	12.00	12.00	-	-	7.20	4.50
Drying fuel	14.00	-	-	-	8.40	-
C. Cust hire	-	50.00	-	38.00	-	-
Fuel & oil	4.26	4.88	3.28	4.88	4.26	3.53
Repairs	9.29	10.61	7.16	10.61	9.29	7.69
Labor	3.10	3.54	2.39	3.54	3.10	2.56
RE taxes	3.02	3.45	2.33	3.45	3.02	2.50
Farm insur.	2.94	3.36	2.27	3.36	2.94	2.44
Utilities	5.42	6.19	4.18	6.19	5.42	4.49
Dues & fees	0.54	0.62	0.42	0.62	0.54	0.45
Oper. int.	1.16	1.33	0.90	1.33	1.16	0.96
Interm. int.	2.25	2.57	1.73	2.57	2.25	1.86
Lng term int	2.25	2.57	1.73	2.57	2.25	1.86
Mach. depr.	9.40	10.74	7.25	10.74	9.40	7.79
Bldg. depr.	-	-	-	-	-	-
Misc.	0.46	0.53	0.36	0.53	0.46	0.38
Total expenses	196.83	240.12	138.28	108.62	164.53	93.02
<i>Other Information</i>						
Govt payments	15.23	16.04	13.93	16.04	15.23	14.25
<i>Cost of Production</i>						
Total expenses	1.51 /bu.	13.34 /ton	2.13 /bu.	27.16 /ton	2.11 /bu.	4.08 /bu.
Less govt & other income	1.40 /bu.	12.45 /ton	1.91 /bu.	23.15 /ton	1.91 /bu.	3.45 /bu.
With labor & mgt	1.40 /bu.	12.45 /ton	1.91 /bu.	23.15 /ton	1.91 /bu.	3.45 /bu.
Machinery cost per acre	25.19	78.79	19.43	64.79	25.19	20.87

Understanding your cash flow summary



- The farm finance scorecard page takes your financial ratios from the cash flow and compares them to the farm finance scorecard and places your information on the scale from vulnerable to strong.

Understanding your cash flow summary

- The income statement trends page shows the history of your previous FINANs as well as projected income statement for the year of the cash flow.

Income Statement Trends						
Source	2000 FINAN	2001 FINAN	2002 Acct Sch F	2003 Acct Sch F	2004 FINAN	2005 Proj.
Cash Farm Income						
Corn	-	4,975	-	-	-	-
Soybeans	13,123	6,471	-	-	22,626	8,459
Fin Yearling	32,309	29,792	-	-	34,763	39,135
Bull Calves	889	889	-	-	1,678	-
Raised Hogs	45,389	49,060	-	-	60,432	45,150
Milk	56,136	72,950	-	-	130,287	144,543
Cull breeding livestock	5,730	5,483	6,112	5,714	8,128	9,922
Misc. livestock income	-	-	-	-	-	3,094
CCC market loan gain	1,074	268	-	-	-	-
LDP payments	-	-	-	-	3,228	-
Crop government payments	6,543	5,078	3,847	2,768	2,768	2,768
Livestock govt payments	-	-	-	-	7,345	-
Other government payments	-	-	-	-	-	7,345
Patronage dividends, cash	258	398	429	532	551	600
Other farm income	103	260	478	578	465	465
Gross sales	-	-	176,919	223,648	-	-
Gross farm income (cash)	161,554	175,624	187,785	233,240	272,271	261,480
Cash Farm Expense						
Seed and plants	5,434	5,630	5,735	7,692	12,570	9,228
Fertilizer	7,785	7,856	7,523	7,523	8,763	9,115
Crop chemicals	5,456	5,637	5,887	5,809	6,009	6,520
Crop insurance	960	1,040	-	-	2,121	1,887
Drying expense	1,267	964	-	-	2,093	1,624
Crop Custom hire	-	-	-	-	-	2,406
Feeder livestock purchase	19,580	19,565	19,448	17,745	26,265	26,325
Purchased feed	29,356	32,578	56,039	54,762	39,691	50,481
Breeding fees	1,140	1,220	-	-	1,872	2,090
Veterinary	3,346	3,492	6,868	10,380	7,628	7,650
Supplies	3,857	4,278	5,796	8,684	8,077	8,729
Livestock Marketing	3,145	3,498	-	-	4,837	5,937
Interest	14,909	15,008	20,518	21,678	21,074	7,831
Crop purchases	-	-	-	-	-	3,910
Fuel & oil	4,526	4,167	6,213	5,783	4,986	5,500
Repairs	7,423	7,380	6,893	10,141	14,479	12,000
Custom hire	2,182	2,267	2,310	2,259	2,355	-
Hired labor	3,589	3,170	2,854	3,578	3,857	4,000
Real estate taxes	2,840	2,960	3,044	3,568	3,756	3,900
Farm insurance	2,567	2,775	4,390	4,876	3,739	3,800
Utilities	3,891	3,967	5,136	6,250	5,725	7,000
Hauling and trucking	-	-	5,234	5,386	-	-
Dues & professional fees	252	390	-	-	654	700
Miscellaneous	810	664	1,251	1,007	516	600
Accounts payable	-	-	-	-	-	2,032
Total cash farm expense	123,325	126,506	165,139	177,121	181,068	183,266
Net cash farm income	38,229	47,118	22,646	56,119	91,204	78,215
Inventory Changes						
Prepays expenses and supplies	-780	452	183	280	4,812	-
Accounts receivable	-687	339	6,702	-2,012	4,050	1

Income Statement Trends						
	2000	2001	2002	2003	2004	2005
Crops and feed	-5,065	4,900	7,090	5,924	-9,954	-33,618
Market livestock	7,750	471	4,807	-6,852	18,015	-4,178
Breeding livestock	-542	-602	2,216	1,449	95	-
Other farm capital	1,784	1,350	2,070	1,796	-	-
Accounts payable	3,815	-	-396	-1,368	1,722	2,880
Accrued interest	-1,098	545	139	193	241	517
Total inventory change	5,177	7,455	22,511	-590	18,980	-34,398
Net operating profit	43,405	54,573	45,157	55,529	110,184	43,817
Depreciation						
Machinery & equipment	-7,899	-7,301	-7,451	-20,651	-6,863	-11,148
Titled vehicles	-	-	-	10,675	-1,601	-1,000
Buildings and improvements	-4,838	-2,242	-5,190	-4,930	-	-6,213
Total depreciation	-12,737	-9,543	-12,641	-14,906	-8,464	-18,361
Net farm income from operations	30,668	45,030	32,516	40,623	101,720	25,455
Gain or loss on capital sales	-	-	-	-	-500	-
Net farm income	30,668	45,030	32,516	40,623	101,220	25,455

Understanding your cash flow summary

Financial Trends						
Source	2000 FINAN	2001 FINAN	2002 Accr Sch F	2003 Accr Sch F	2004 FINAN	2005 Proj.
Income Statement						
Gross cash farm income	161,554	175,624	187,785	233,240	272,271	261,480
+ Inventory change (income items)	3,240	6,458	22,585	305	12,205	-37,795
= Gross farm income (accrual)	164,793	182,082	210,370	233,545	284,476	223,685
Total cash farm expense	123,325	128,506	165,139	177,121	181,068	183,266
+ Depreciation	12,737	9,543	12,641	14,906	8,464	18,361
+ Inventory change (expense items)	-1,937	-997	74	895	-6,775	-3,397
= Total farm expense (accrual)	134,125	137,052	177,854	192,922	182,757	198,230
Net farm income from operations	30,668	45,030	32,516	40,623	101,720	25,455
Gain or loss from capital sales	-	-	-	-	-500	-
Net farm income	30,668	45,030	32,516	40,623	101,220	25,455
Profitability (market)						
Rate of return on assets	2.4 %	5.4 %	6.3 %	5.3 %	18.4 %	5.1 %
Rate of return on equity	-1.6 %	4.6 %	5.4 %	3.9 %	28.4 %	5.6 %
Operating profit margin	10.0 %	20.8 %	26.6 %	20.6 %	54.4 %	22.9 %
Asset turnover rate	23.8 %	26.2 %	23.8 %	25.5 %	33.7 %	22.3 %
Liquidity & Repayment						
Current ratio (farm only)	1.34	1.62	1.31	1.28	1.98	1.43
Working capital (farm only)	20,626	32,717	25,023	22,212	59,514	24,079
Working capital to gross revenue	12.5 %	18.0 %	11.9 %	9.5 %	20.9 %	10.8 %
Term debt coverage ratio	1.16	1.33	0.95	0.91	2.44	0.37
Replacement margin coverage ratio	1.16	1.33	0.96	0.91	2.44	0.37
Efficiency Measures						
Operating expense ratio	63.9 %	62.1 %	68.8 %	67.0 %	53.9 %	77.1 %
Depreciation expense ratio	7.7 %	5.2 %	6.0 %	6.4 %	3.0 %	8.2 %
Interest expense ratio	9.7 %	7.9 %	9.7 %	9.2 %	7.3 %	3.3 %
Solvency (market, exclude def liab)						
Farm assets	491,160	499,387	632,354	628,794	667,275	614,094
Farm liabilities	144,621	134,158	245,501	231,174	196,103	169,667
Total assets	513,940	520,947	651,886	647,428	841,909	788,728
Total liabilities	144,621	134,158	245,501	231,174	347,982	300,089
Net worth	369,319	386,789	406,385	416,253	493,926	488,639
Net worth change	11,100	17,471	19,996	9,869	77,673	-5,287
Net worth change (%)	2 %	5 %	2 %	6 %	25 %	-1 %
Farm debt to asset ratio	29 %	27 %	39 %	37 %	29 %	28 %
Total debt to asset ratio	28 %	26 %	38 %	36 %	41 %	38 %
Other Information						
Personal income	15,163	15,588	15,986	16,387	17,158	17,500
Family living expense	30,545	31,999	39,136	46,082	46,956	50,987
Income and social security tax	4,899	5,745	4,278	5,579	8,557	10,000
Capital purchases	10,456	15,630	108,032	6,118	157,500	6,100
Capital sales	1,300	1,300	1,300	-	1,000	-

- The financial trends page shows your financial trend history as well as your current financial information for the year of the cash flow, which both this page and income trends are helpful to lenders to look at longer term trends, not just the immediate past year or current year to make financial decisions.