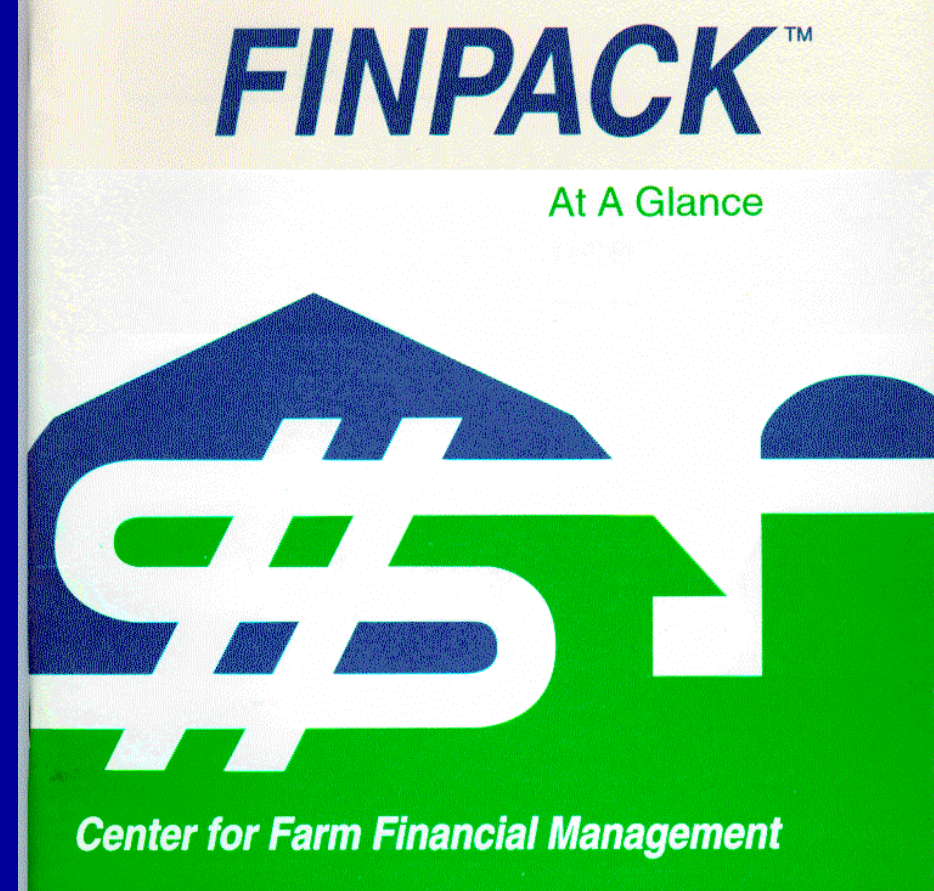


Where am I?

Where do I want to be?

How do I get there?



All information is confidential.

No cost to participating farm families.

What is FINPACK?

- Comprehensive financial planning and analysis system designed to help producers understand their financial condition and make informed decisions.
- Provides tools to effectively use farm records to make business analysis, long range planning, and cash flow planning as complete, easy, and meaningful as possible.

FINPACK Addresses Major Financial Objectives

- Profitability – ability to generate income
- Liquidity – provide cash when needed
- Solvency – financial growth and security

Balance Sheet - Assets

CURRENT FARM ASSETS			Value
Cash & checking balance			3,101
Prepaid expense & supplies			1,920
Growing crops			-
Accounts receivable			-
Hedging accounts			-
Other current assets			-
Crops (Schd G)	Quantity	Value/Unit	
Feed Corn	8,500	3.10/bu.	26,350
Alfalfa Hay	80	75.00/ton	6,000
Corn Silage	170	18.00/ton	3,060
Feed Oats	500	1.40/bu.	700
Soybeans	1,300	7.20/bu.	9,360
Crops under govt loan (Schd Q)			9,300
Mkt Lvst (Schd H)	No.	Value/Unit	
Raised Hogs	204	56.00/cwt.	13,709
Fin Yrlg Str	41	65.00/cwt.	20,654
Total Current Assets			94,154

Market
Value of
All Assets



Balance Sheet - Liabilities

INTERMEDIATE FARM LIABILITIES (Schd S)

	Int Rate	Principal Balance	P & I Due	Principal Due	Intermed Balance
First Natl - machinery	10.50	66,454	16,745	10,000	56,454
John Deere	12.00	16,968	7,065	5,023	11,945

Total Intermediate Liabilities

68,399

Interest Rate, Principal Balance, Payment Schedule for All Loans

Deferred Liabilities

Deferred Liabilities On Capital Assets

Estimated Capital Gains	Market Value	Cost Basis	Selling Costs	Estimated Gain
Breeding livestock	42,925	1,200	2,146	39,579
Machinery and equipment	102,000	83,310	5,100	13,590
Other intermediate assets	-	-	-	-
Land	184,000	80,000	11,040	92,960
Buildings and improvement	56,000	44,829	3,360	7,811
Other long term assets	25,140	25,140	-	-
Nonfarm assets	20,000	20,000	-	-
Total taxable capital gain				153,940
Estimated marginal tax rate (%)			(*)	35
Deferred taxes on capital assets			(=)	53,879
Total selling costs			(+)	21,646
Deferred liabilities on capital assets			(=)	75,525
Total deferred liabilities				103,457

Cost of liquidating the business.

Crop Budget

Yield and Expenses Per Acre

May need to use multiple budgets for same crop to allow for differences in production inputs.

<i>Crop Budget No.</i>	<i>1</i>	
<i>Crop</i>	<i>Corn, Feed</i>	
<i>Unit</i>	<i>bu.</i>	
<i>Type</i>		
<i>Description</i>		
	<i>Lng Range</i>	<i>Year 1</i>
Yield	120	120
Price	2.50	2.80
Product income	300.00	336.00
Miscellaneous income	-	-
Gross income	300.00	336.00
Seed	25.00	25.00
Fertilizer		
Urea 46-0-0	21.75	23.49
0-0-60	12.00	12.00
DAP 18-46-0	6.75	6.75
Crop chemicals	22.00	22.00
Crop insurance	8.50	8.50
Drying fuel	12.00	12.00
Irrigation energy	-	-
Custom hire	-	-
Hired labor	-	-
Total direct expense	108.00	109.74
Return over direct expense	192.00	226.26
Labor hours	3.2	3.2
Corn equivalents (bu.)	120.0	120.0

Livestock Budget

Income and Expenses Per Unit of Livestock

Usually per head except for multiple births, ex.. Litters for pig production.

Livestock Budget No.	1
Livestock Enterprise	Dairy
Budget Unit	Per Cow
Description	
	<i>Lng Range</i>
Milk	
Quantity (lb.)	16500
Price (cwt.)	12.00
Product income	1980.00
Cull income	
Cull cows	150.15
Miscellaneous income	
Bull calves	56.25
Gross income	2186.40
Purchased feed	290.00
Breeding fees	38.00
Veterinary	50.00
Livestock supplies	105.00
Marketing	60.00
Total direct expense	543.00
Labor hours	40
Corn equivalents (bu.)	130.0
Hay equivalents (ton)	4.9
Silage equivalents (ton)	4.7
Pasture equiv. (AUM)	-
Feed expense	752.60
Return over budget expense	890.80

FINLRB

Long-range Planning

- Compares alternative farm plans for long-run profitability, debt repayment capacity and potential for net worth growth.
- Evaluate potential of new enterprises, new resources, different sizes or combinations of current enterprises, changes in efficiency or changes in debt structure.
- Investigates the feasibility of a change before it is implemented.

FINLRB – Plan Description

PLAN DESCRIPTION			Base Plan	Alt. 1	Alt. 2
			Current Situation	Buy 160 A Eliminate Steers	Exp Hogs Elim Yrly & Dairy
Total crop acres			290	435	290
Total labor hours			3,045	3,281	2,137
Change in farm assets			-	187,346	-48,774
Change in farm liabilities			-	187,346	-34,674
Crop Plan	Yield/Acre	Share			
Corn, Feed	120.0 bu.	100 %	74.0	156.0	89.0
Corn Silage	16.5 ton	100 %	15.0	11.0	-
Feed Oats, with alfalfa	55.0 bu.	100 %	15.0	15.0	-
Hay, Alfalfa	4.0 ton	100 %	46.0	46.0	-
Corn, Feed	120.0 bu.	60 %	70.0	70.0	70.0
Soybeans	34.0 bu.	60 %	70.0	70.0	70.0
Soybeans	34.0 bu.	100 %	-	67.0	61.0
Livestock Plan	Unit	Sales/Unit			
Dairy	Cow	16500 lb.	30	30	-
Hogs, Farrow To Finish	Litter	7.75 head	52	52	104
Beef, Finish Yrly Steers	Head	1150 lb.	45	-	-

FINLRB – Income Statement

INCOME STATEMENT (Typical Year)		Base Plan Current Situation	Alt. 1 Buy 160 A Eliminate Steers	Alt. 2 Exp Hogs Elim Yrlg & Dalry
Corn equivalents	\$ 2.50/bu.	5,594	36,381	10,700
Hay equivalents	\$ 70.00/ton	1,330	2,590	-
Soybeans	\$ 5.90/bu.	8,425	21,865	20,662
Milk	\$ 12.00/cwt.	59,400	59,400	-
Raised Hogs	\$ 45.00/cwt.	45,338	45,338	90,675
Fin Yrlg Str	\$ 70.00/cwt.	35,863	-	-
Cull breeding livestock				
Cull cows		4,505	4,505	-
Other Cull breeding lives		1,664	1,664	3,328
Total cull breeding livestock		6,169	6,169	3,328
Misc. livestock income				
Bull calves		1,688	1,688	-
Total misc. livestock income		1,688	1,688	-
Other farm income		3,990	3,990	3,990
Gross farm income		167,795	177,420	129,355

Outlines projected income for each alternative.

FINLRB - Expenses

Seed			5,530	8,351	5,678
Fertilizer					
Urea 46-0-0	\$	0.13/lbs.	2,896	4,593	2,849
0-0-60	\$	0.08/lbs.	2,304	3,240	1,572
DAP 18-46-0	\$	0.13/lbs.	1,292	1,818	884
Lime	\$	18.00/tons	540	540	-
Total fertilizer			7,032	10,191	5,306
Crop chemicals			4,966	8,087	6,245
Crop insurance			1,114	1,777	1,114
Drying fuel			1,392	2,376	1,572
Crop custom hire			1,796	1,636	-
Feeder livestock purchase					
Fin Yrig Str	\$	77.00/cwt.	22,523	-	-
Total feeder livestock purchase			22,523	-	-
Purchased Hay	\$	85.00/ton	-	-	-
Purchased feed			22,890	21,180	24,960
Breeding fees			1,140	1,140	-
Veterinary			2,966	2,696	2,392
Livestock supplies			3,864	3,774	1,248
Livestock marketing			3,040	2,320	1,040
Interest					
First Natl - machinery			6,978	6,978	5,506

FINLRB – Liquidity Measures

LIQUIDITY MEASURES		Base Plan	Alt. 1	Alt. 2
		Current Situation	Buy 160 A Eliminate Steers	Exp Hogs Elim Yrlg & Dairy
Cash available for principal payments	(R)	24,107	24,933	19,041
Annual farm long term principal pymts	(-)	5,628	5,568	5,628
Cash available for farm intermed. debt	(=)	18,479	19,366	13,413
Farm intermediate debt to be served		83,422	83,422	69,402
Years to turnover farm intermed. debt	(W/V)	4.5	4.3	5.2
Surplus as a percent of payments	(U/(S+T))	11.0 %	8.9 %	8.1 %
Cash farm expense as % of income	(B/A)	69.6 %	71.1 %	65.8 %
Farm interest as % of value of prod.	(F/N)	10.6 %	19.7 %	9.7 %
Farm debt payments as % of value of prod.		27.3 %	32.7 %	26.3 %

These measures indicate ability to make all payments on time.

FINLRB – Cash Flow

CASH FLOW (Typical Year)

Net cash farm income	(C)	50,945	51,261	44,300
Nonfarm income	(+)	14,600	14,600	14,600
Net cash available	(=)	65,545	65,861	58,900
Family living	(-)	30,000	30,000	30,000
Income taxes and social security	(-)	11,438	10,928	9,859
Cash available for principal payments	(=)	24,107	24,933	19,041
Farm interest paid	(+)	12,988	30,752	10,091
Cash avail. for principal and interest	(=)	37,095	55,685	29,132
First Natl - machinery		16,745	16,745	12,216
John Deere		7,065	7,065	7,065
Contract For Deed		6,255	-	6,255
First National - land		-	24,175	-
Operating loan interest		3,347	3,131	1,922
Total scheduled principal and interest	(-)	33,413	51,116	27,458
Cash available after loan payments	(=)	3,683	4,569	1,674
Annual capital replacement		10,000	12,000	10,000
Principal paid on intermediate debts		14,796	14,796	11,739
Cash required for replacement	(-)	-	-	-
Cash surplus or deficit	(=)	3,683	4,569	1,674

Reflects ability to meet all cash obligations.

FINLRB – Profitability Measures

PROFITABILITY MEASURES (Market)		Base Plan	Alt. 1	Alt. 2
		Current Situation	Buy 160 A Eliminate Steers	Exp Hogs Elim Yrlg & Dairy
Net farm income	(D)	37,945	36,261	31,300
Labor & management earnings	(D-E)	23,492	21,808	17,693
Rate of return on farm assets	(H/I)	5.4 %	6.0 %	4.7 %
Rate of return on farm equity	(J/K)	5.9 %	4.5 %	4.9 %
Rate of return on added investment	(L/M)		7.7 %	- %
Operating profit margin	(H/N)	22.3 %	26.7 %	20.3 %
Asset turnover	(N/I)	24.3 %	22.6 %	22.9 %

Compare to alternative investments.

FINLRB – Sensitivity Analysis

What if something goes wrong?

Will the plan still cash flow?

<i>SENSITIVITY ANALYSIS</i>	<i>Base Plan Current Situation</i>	<i>Alt. 1 Buy 160 A Eliminate Steers</i>	<i>Alt. 2 Exp Hogs Elim Yrly & Dairy</i>
Effect Of A 2 % Decrease In All Enterprises			
Net farm income	33,833	32,105	28,221
Cash surplus or deficit	817	1,673	-473
Net worth change per year	8,241	7,037	3,895
Effect Of A 10 % Decrease In All Enterprises			
Net farm income	17,386	15,484	15,903
Cash surplus or deficit	-10,647	-9,912	-9,058
Net worth change per year	-3,223	-4,549	-4,691

FINFLO

Cash Flow Planning

- Projects farm cash flows monthly or annually for up to ten years.
- Based on plans for crop and livestock production and sales, capital purchases and sales, loan payments and other transactions.
- Projects annual operating loan needs and the timing of borrowing and repayment during the year.
- Includes projection of production, purchases, feeding, sales and inventories of crops and livestock.

FINFLO - Inflows

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Total</i>
CASH INFLOWS													
Beg cash bal	3101	500	500	500	500	500	500	500	500	500	500	500	3101
Milk	5772	5772	5772	5345	5345	5345	5345	5345	5345	4917	4917	5131	64350
Raised Hogs	-	12500	-	-	-	14040	-	13635	-	-	-	12625	52800
Fin Yrlg Str	-	-	-	30941	-	-	-	-	-	-	-	-	30941
Soybeans	-	-	9360	-	-	-	-	-	-	-	10282	-	19642
Feed Corn	-	-	-	3062	-	-	-	-	-	-	-	-	3062
Cull stock													
Cull cows	-	901	-	1351	-	-	-	1351	-	-	901	-	4505
Other Cull	-	-	-	531	-	-	566	-	566	-	-	-	1664
Total	-	901	-	1882	-	-	566	1351	566	-	901	-	6169
Misc. Invstk													
Bull calves	-	153	153	307	-	153	153	307	153	-	307	-	1687
Deficiency	-	-	-	-	-	-	-	-	2869	-	-	2249	5118
N-Farm wages	1898	1898	633	633	633	633	633	633	633	633	633	1898	11390
Total inflow	10772	21725	16418	42670	6477	20671	7197	21771	10066	6050	17539	22403	198260

Estimates timing of cash inflows and outflows, including non-farm income, income taxes, family living and loan payments.

FINFLO – Cash Outflows

CASH OUTFLOWS

Seed	3975	-	-	645	910	-	-	-	-	-	-	-	5530
Fertilizer	-	-	-	868	2767	-	431	431	-	-	-	2767	7264
Chemicals	-	-	-	-	3498	1468	-	-	-	-	-	-	4966
Crop insur.	-	-	-	-	-	-	-	-	-	-	1114	-	1114
Drying fuel	-	-	-	-	-	-	-	-	-	-	1392	-	1392
C. Cust hire	-	-	-	-	-	-	1196	-	600	-	-	-	1796
Feeder Ivstk													
Fin Yrly St	-	-	-	-	-	-	-	-	19013	-	-	-	19013
Purch. feed	2082	1870	1978	1834	1946	1709	1818	1600	1951	2028	2138	1936	22689
Breeding	87	87	91	102	102	102	95	95	95	95	95	95	1140
Veterinary	260	261	261	226	226	225	225	225	263	263	263	263	2960
Lstk supply	327	327	327	315	315	314	314	314	327	327	327	327	3862
L. Marketing	145	288	154	848	135	265	159	296	159	124	158	248	2960
Fuel & oil	-	-	-	450	900	450	-	450	450	900	900	-	4500
Repairs	-	-	-	938	938	938	-	-	938	1875	1875	-	7500
Labor	-	-	-	-	583	583	583	583	583	583	-	-	3500
RE taxes	-	-	-	-	1420	-	-	-	-	1420	-	-	2840

FINFLO – Monthly Cash Needs

ANNUAL OPERATING LOAN TRANSACTIONS & BALANCES

Beg AO bal	22821	25156	10349	8458	2495	24157	13553	22033	8344	7796	13152	18018	22821
AO borrowing	2335	-	-	-	21662	-	8480	-	-	5356	4866	-	42698
AO int. pay	-	694	86	70	-	222	-	297	70	-	-	325	1763
AO prin. pay	-	14807	1891	5963	-	10604	-	13689	548	-	-	12652	60154
End AO bal.	25156	10349	8458	2495	24157	13553	22033	8344	7796	13152	18018	5365	6365
Accrued int.	484	-	-	-	21	-	113	-	-	65	175	-	-
End cash bal	500	500	500	500	500	500	500	500	500	500	500	500	500

Estimates operating loan requirements.

FINFLO - Inventories

CROP & LIVESTOCK SUMMARY

		<i>Beg</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Total</i>
Corn equivalents															
Produced	bu.		-	-	-	-	-	-	413	-	-	13920	-	-	14333
Fed	bu.		1246	980	1167	885	1039	726	877	574	972	1144	1331	1073	12014
Inventory	bu.	8750	7504	8524	5357	4472	3433	2707	2242	1668	696	13472	12142	11069	11069
Hay equivalents															
Produced	ton		-	-	-	-	-	64	46	46	28	-	-	-	184
Fed	ton		15	15	15	12	12	12	12	12	14	14	15	15	164
Inventory	ton	80	65	50	35	23	11	63	97	131	144	129	115	100	100
Silage equivalents															
Produced	ton		-	-	-	-	-	-	-	-	248	-	-	-	248
Fed	ton		21	22	23	12	12	12	12	12	18	19	20	21	205
Inventory	ton	170	149	128	103	91	80	68	56	44	273	254	234	212	212

Soybeans

Cash Flow Monitor

FINPACK 2001: FINFLO Monitor Worksheet 1997
 Center for Farm Financial Management
 (C)2001 University of Minnesota
 User: John Campbell
 Agricultural Extension Service

I. M. Coasting
 Zumchester, Minnesota
 1997 Cash Flow Plan
 File: Sample
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	<i>Year To Date Jan-Mar</i>		<i>Year To Date Jan-Jun</i>		<i>Year To Date Jan-Sep</i>		<i>Year To Date Jan-Dec</i>	
CASH INFLOWS								
Beg cash bal	3101	3101	3101	3101	3101	3101	3101	3101
Milk	17317	_____	33351	_____	49385	_____	64350	_____
Raised Hogs	12500	_____	26540	_____	40175	_____	52800	_____
Fin Yrlg Str	-	_____	30941	_____	30941	_____	30941	_____
Soybeans	9360	_____	9360	_____	9360	_____	19642	_____
Feed Corn	-	_____	3062	_____	3062	_____	3062	_____
Cull stock	901	_____	2783	_____	5268	_____	6169	_____
Misc. Ivstk	307	_____	767	_____	1381	_____	1687	_____
Deficiency	-	_____	-	_____	2869	_____	5118	_____
N-Farm wages	4429	_____	6328	_____	8226	_____	11390	_____
_____	-	_____	-	_____	-	_____	-	_____
_____	-	_____	-	_____	-	_____	-	_____
_____	-	_____	-	_____	-	_____	-	_____
Total inflow	47915	_____	116233	_____	153768	_____	198260	_____

FINAN

Year-end Analysis

- Analyzes financial performance of a farm business in the past year.
- Whole farm analysis or by enterprise.
- Generates a historical data base to evaluate financial, production and efficiency trends.
- Requires beginning and ending balance sheets.

FINAN – Cash Flow Check

Requires beginning and ending balance sheets.

CASH FLOW CHECK

Beginning cash balance	650	Ending cash balance	3,101
Gross cash farm income	175,891	Total cash farm expense	123,325
Capital sales	1,300	Farm capital purchases	27,110
Nonfarm income	15,163	Nonfarm cap purchases	-
Money borrowed	77,656	Principal payments	82,844
Gifts and inheritances	-	Gifts, other outflows	-
Beg nonfarm savings	4,850	Ending nonfarm savings	2,780
A) Total cash inflows	275,510	(B) Subtotal cash outflows	239,160
Apparent money used for family purposes	(A-B)	36,350	
Household capital purchases	(-)	532	
Income tax and social security	(-)	4,899	
Apparent family living expense	(=)	30,919	
Family living expenses reported	(-)	30,545	
Discrepancy	(=)	374	

FINAN – Income statement

INCOME STATEMENT

CASH FARM INCOME	Quantity	Value
Soybeans	1,000 bu.	6,838
Corn (govt loan)	3,000 bu.	5,220
Corn (net gvt sale)	3,000 bu.	4,869
Raised Hogs	423 head	55,389
Bull Calves	16 head	889
Fin Yrlg Str	44 head	26,392
Milk	485,580 lb.	66,136
Cull breeding livestock		5,730
Deficiency payments		4,067
Patronage dividends		258
Other farm income		103

FINAN

Statement of Cash Flows

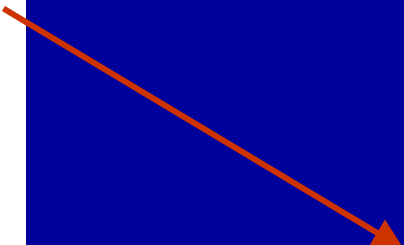
STATEMENT OF CASH FLOWS

Beginning cash balance (farm and nonfarm)		5,500
CASH FROM OPERATING ACTIVITIES		
Gross cash farm income		175,891
Nonfarm income	(+)	15,163
Total cash farm expense	(-)	123,325
Apparent family living expense	(-)	30,919
Income and social security tax	(-)	4,899
Cash from operations	(=)	31,911
CASH FROM INVESTING ACTIVITIES		
Sale of breeding livestock		-
Sale of machinery & equipment	(+)	1,300
Sale of farm land	(+)	-
Sale of farm buildings	(+)	-
Sale of other farm assets	(+)	-
Sale of nonfarm assets	(+)	-
Purchase of breeding livestock	(-)	660
Purchase of machinery & equip.	(-)	26,450
Purchase of farm land	(-)	-
Purchase of farm buildings	(-)	-
Purchase of other farm assets	(-)	-
Purchase of nonfarm assets	(-)	532
Cash from investing activities	(=)	-26,342
CASH FROM FINANCING ACTIVITIES		
Money borrowed		77,856
Cash gifts and inheritances	(+)	-
Principal payments	(-)	82,844
Dividends paid	(-)	-
Gifts given	(-)	-
Cash from financing activities	(=)	-5,188
Net change in cash balance	(g+h+i)	381
Ending cash balance	(f+i)	5,881

LABOR SUMMARY

Total unpaid labor hours	3,000
Total hired labor hours	565
Total farm labor hours	3,565
Value of farm production per hour	39.32
Net farm income per unpaid labor hour	13.93

Actual cash in and cash out from all sources.



Comparative Balance Sheets

COMPARATIVE BALANCE SHEETS (Year End at Market)

ASSETS	1987	1988	1989	1990
Current farm assets				
Cash and checking balance	488	490	650	2,950
Prepaid exp & supplies	-	4,770	4,250	4,600
Growing crops	2,750	-	-	-
Accounts receivable	-	5,938	7,761	-
Hedging accounts	-	-	-	-
Crops and feed	20,245	17,410	20,766	29,293
Crops under govt loan	-	-	-	-
Market livestock	32,633	35,616	30,360	31,080
Other current assets	-	-	2,566	-
Total current farm assets	56,116	64,224	66,353	67,923

FINAN – Net Worth Change

NW before deferred liabs	176,116	180,371	192,737	194,566
Retained earnings	176,116	180,371	192,737	194,566
Market valuation equity	-	-	-	-
Net worth	176,116	180,371	192,737	194,566
Net worth change		4,255	12,366	1,829

Measure increases in net worth over a period of time.