

Welcome to the Ag Biz Masters Year One Webinar!

MARCH 12, 2025

12:00-1:30pm



FARM CREDIT

888.339.3334
HorizonFC.com

Agenda for Today

- Phil Taylor, The Basics of a Balance Sheet
- Balance Sheet Case Study
- Alumni Spotlight with Mary Stewart
- Course Wrap-up

Balance Sheet Where Do You Stand?

Phil Taylor
Ag Business Consultant, Horizon Farm Credit



The Balance Sheet

- One of Key Financial Statements
- Balance Sheet
 - Statement of Owner Equity
- Income Statement
- Statement of Cash Flows
- Cash Flow Budget

The Substance

- It Tells Us...
 - Financial position at a point in time
 - Equity or Net Worth
 - 3 parts of the accounting equation
 - $ASSETS = LIABILITIES + OWNER EQUITY$
- It Contains...
 - Detail of things owned and owed
 - Current and Non-Current class or category
 - Sometimes - Current, Intermediate, Long Term

Which Balance Sheet?

- The Business
 - The whole business
 - A segment (entity) or enterprise thereof
- Personal
 - Individual owners
 - May include a % of the business
- Consolidated vs. Separate

Why a Balance Sheet

- Key Economic Indicators
 - Net Worth Change
 - Rates of Return: On Assets, On Equity
 - Working Capital (Current assets – current liabilities)
 - Current Ratio
 - Debt to Asset Ratio
 - Equity Ratio or Percent Equity
 - Asset Turnover Rate

Timing

- End of the business year
 - 12/31/YYYY for many
 - Fiscal date for some (i.e. 9/30/YYYY)
 - Coincides with INCOME STATEMENT
- Request for financing
- Monitoring business performance
 - Is the equity trending upward? Downward?

Cost vs. Market Value

- Cost Value
 - Original cost less accumulated depreciation
 - Accumulated depreciation = tax depreciation
- Market Value
 - Fair market value
 - Original cost less economic depreciation
 - Or plus appreciation

Assets

- Current
 - Cash
 - Can be turned into cash within 12 months
 - Consumed within a year
- Non-Current
 - Support production activities
 - Useful life greater than 1 year

Current Assets

- Examples
 - Cash, checking, savings, CDs, etc.
 - Marketable securities: intended to convert to cash in 12 months
 - Accounts Receivable
 - Marketable Inventories: crops/livestock held for sale
 - Investment in growing crops
 - Supplies on hand: feed, fuel, crop inputs
 - Prepaid expenses
 - Paid for but not yet consumed: feed, seed, crop & livestock supplies

Non-Current Assets

- Examples
 - Machinery and Equipment
 - Breeding Livestock
 - Long term securities (retirement funds)
 - Cooperative stock and equity
 - Real estate
 - Land
 - Buildings and Improvements (drainage, fencing, silos)

Determining the Value of Assets

- Financial records
 - Checkbook ledger, software reports
- Year-end statements
- Appraisals
- Commodity prices
- KEY GOAL – Increase assets & Net Worth by EARNINGS more so than by valuations

Liabilities

- Current Liabilities
 - Debts and obligations due in 12 months
- Non-Current Liabilities
 - Obligations due and payable beyond one year

Current Liabilities

- Examples
 - Accounts payable – (unpaid bills)
 - Operating and Commodity Loans
 - Principal portion of term debt due in next year
 - Accrued Interest
 - Accrued Taxes – income and property
 - Credit Card Debt
 - Other Accrued Expenses - rents, wages

Non-Current Liabilities

- Examples
 - Machinery and Equipment Loans
 - Auto Loans
 - Personal Loans
 - Real Estate Loans

Special Considerations

- Leases
 - List the lease payments for next 12 months as current liability
 - List the remaining lease obligation as a non-current liability
 - List the remaining lease obligation as a non-current asset

Special Considerations

- Deferred Taxes
 - Potential tax on future sales of assets
 - Capital Gains
 - Depreciation Recapture

Contingent Liabilities

- Potential for obligation exists
 - Co-signed loan
 - Pending lawsuit

Business vs. Personal

- When to include personal assets & liabilities
- Yes – Evaluate personal net worth
- Yes – Loan applications
- No – Business Analysis

Balance Sheet Summary

- Everyone should have one
- Net worth (equity) snap shot
- Important financial document
- $\text{Assets} = \text{Debt} + \text{Owner Equity}$
- At least once per year at fiscal year end
- The hardest one is the first one
- Increase NET WORTH by EARNINGS



Building a Balance Sheet Case Study

HOMEWORK



Homework

Complete a Balance Sheet

Thank you!

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Break

Alumni Spotlight

Mary Stewart, ABM Graduate

Rachel Eck, YBS Relationship Manager Horizon Farm Credit



JumpStart Grant Introduction



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What is the JumpStart grant?

- JumpStart is a competitive grant program for farmers in the start-up phase of business (less than two years of farming experience or planning to start farming within the next two years).
 - If you are a beginning farmer returning to a family operation, you must be starting a new venture or enterprise to be considered a startup farmer.

Eligibility

- 18 years of age or older, as of March 28, 2025
- Two years or less of farming experience **OR** be planning to start farming within the next two years
- Reside in Horizon Farm Credit's territory
- Open to both full and part-time farmers
- Current Farm Credit customers and non-customers alike are eligible to apply, as long as the other eligibility criteria are met

The Application Process

- Submitting a complete application found at horizonfc.com/jumpstart.
- Completing a business plan. You can locate a template to use at horizonfc.com/jumpstart.
- Taking the online Ag Biz Basics course. A link and a coupon code are provided on horizonfc.com/jumpstart.
- There is no fee to apply.

Deadline to Apply

- The application period runs January 13, 2025 through March 28, 2025.
- Online applications are preferred.
 - Those needing to have hard copies mailed can request them by calling 888.339.3334 and asking for Johanna Rohrer.

**Applications are available at
horizonfc.com/jumpstart**



Course Wrap-up

- Complete all five of your eLearning modules and the course evaluation in FCU
- All class assignments and modules need to be completed by **April 15, 2025** to be eligible for the course fee scholarship reimbursement.
- Look for reimbursement checks to be mailed via check in early June
- If you plan to take Year 2, registration will open next Fall and the course will follow a similar structure.

<https://www.surveymonkey.com/r/DWV2ZP5>

Questions

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