



Ag Biz Masters

Year 1



FARM CREDIT

888.339.3334
HorizonFC.com



Dear Ag Biz Masters Year 1 Participant(s),

Welcome to Ag Biz Masters! This FSA-certified interactive learning series is designed specifically for young and beginning farmers. The two-year program combines on-demand eLearning modules with four live webinars, offering a blended learning experience. Your Year 1 class will run from January through March 2026.

About the Program

Horizon Farm Credit will serve as your host for this course. The online modules are provided through Farm Credit University's Ag Biz Planner and include five modules developed by Dr. David Kohl—an agricultural finance and management expert—along with other academic and industry specialists.

In addition to the online modules, Horizon Farm Credit will engage with you through case studies and application exercises during **four live webinars**. These sessions will help you connect module concepts, network with graduates, and generate ideas for your own business. Please mark your calendar for the following dates:

- January 16, 2026 | 12:00–1:30 PM
- February 3, 2026 | 12:00–1:30 PM
- February 18, 2026 | 12:00–1:30 PM
- March 4, 2026 | 12:00–1:30 PM

If you are unable to attend a live session, recordings will be emailed to you after each session.

Access Materials

All live session materials will also be posted at:

<https://www.horizonfc.com/agbiz-masters-year-one>

Password: Year1

This course is designed for individuals and families with initiative and a passion for learning to enhance both their business and personal lives.

For any questions or concerns about Ag Biz Masters, please contact Johanna Rohrer, Member Education & YBS Program Officer at JRohrer@horizonfc.com or 717.740.1561.

We look forward to working with you and supporting your success in Ag Biz Masters!

Johanna Rohrer

Johanna Rohrer

Horizon Farm Credit, Member Education and YBS Program Officer



AG BIZ MASTERS

Year 1 Curriculum Highlights

Ag Biz Masters is an FSA Certified interactive learning series designed specifically for young and beginning farmers. The two-year program takes a blended learning approach with on-demand, eLearning modules and three live webinar connection check-ins. For each online module, you should budget one to two hours to watch the module and complete the associated activities. Module exams will allow you to personally assess your comprehension and understanding of the materials presented. Your class runs from January through March 2026.

Steps for Success!

Year 1 Course Overview	Date	Checklist
Registration Confirmation & Course Preparation	January 5- 10, 2026	✓
Participant Welcome Email	January 6, 2026	
Live Course WEBINAR Kick-off Future-Proofing Your Business with Dr. Kohl, Q&A, and Ag Biz Alumni Spotlight	January 16, 2026 from 12:00-1:30pm Click here to join.	
Receive FCU Login and Registration Email Invite *This email will come directly from Farm Credit University to the primary registrant email provided with your registration. Homework: Login and set-up password on your own for your on demand modules. Email JRohrer@HorizonFC.com and let her know that you have successfully logged into FCU.	Afternoon of January 16, 2026	
Finish January Live Kick-off Course Survey	Click here to complete the survey.	
Complete FCU Module 1: Megatrends of Agriculture	Week of January 19-23, 2026	
Record FCU Module 1 Exam		
Complete FCU Module 2: Strategic Business Planning	Week of January 26-30, 2026	
Record FCU Module 2 Exam		
Participant Course Check-in Email Homework: Review the Mission Statement, SMART Goals, and Action Plan worksheets in preparation for the webinar.	January 27, 2026	



AG BIZ MASTERS

Live Course WEBINAR Check-in featuring, Mission Statements, Smart Goals, Action Planning, and Ag Biz Alumni Spotlight	February 3, 2026 from 12:00-1:30pm Click here to join.	
Finish Live February Course Check-in Survey	Click here to complete the survey.	
Complete FCU Module 3: Borrower-Lender Relationships: Side by Side	Week of February 9-13, 2026	
Record FCU Module 3 Exam		
Participant Course Check-in Email	February 11, 2026	
Homework: Read the SWOT Analysis Case Study in preparation for the webinar.		
Live Course WEBINAR Check-in featuring SWOT Analysis Discussion, Preparing for Your Lender and Ag Biz Alumni Spotlight	February 18, 2026 from 12:00-1:30pm Click here to join.	
Finish Live February Course Check-in Survey	Click here to complete the survey.	
Complete FCU Module 4: The Balance Sheet	Week of February 23-27, 2026	
Record FCU Module 4 Exam		
Participant Course Check-in Email	February 25, 2026	
Homework: Read the Balance Sheet Case Study video prior to the webinar.		
Live Course WEBINAR Check-in to review How to Build a Balance Sheet Case Study and Ag Biz Alumni Spotlight	March 4, 2026 from 12:00-1:30pm Click here to join.	
Finish Live March Course Check-in Survey	Click here to complete the survey.	
Complete FCU Module 5: Preparing Agricultural Financial Statements: The Income Statement and Cash Flow		
Record FCU Module 5 Exam		
Module and Course Completion Deadline	March 20, 2026	
Grading Period	March 20 – April 3, 2026	
Reimbursement and FSA Letters of Completion Issued to Completed Participants.	April 15, 2026	

Navigating Career Café for Ag Biz Planner Participants

These instructions will show you how to navigate the Career Café and complete the Ag Biz Planner curriculum, which consists of 10 online class modules, their respective multiple choice tests and the Connect discussion forum.

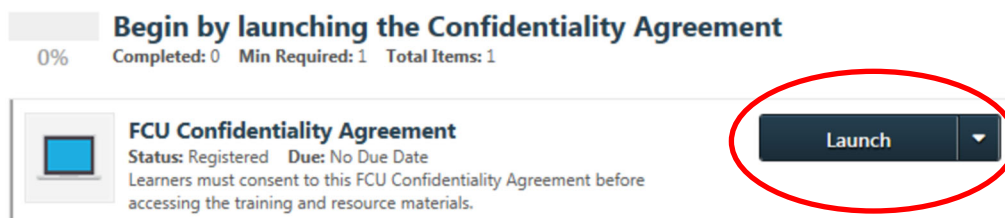


1. Begin by logging in to the [Career Café](#) using the User ID and Password provided in your welcome email.
2. In the My Training section of the homepage, click on **Open Curriculum** next to FCU Ag Biz Planner.
3. This will take you to the Curriculum Player for Ag Biz Planner. (See below)



Confidentiality Agreement

1. Next click **Begin by launching the Confidentiality Agreement** in the list, and click **Launch**.



2. If you agree to the Confidentiality Agreement, click the **check box** and then **Submit**. You may then close this window.

Navigating Career Café for Ag Biz Planner Participants

Confidentiality Agreement

FCU FARM CREDIT UNIVERSITY

By selecting the *I Consent* box below you agree that all Farm Credit University materials and recordings are the intellectual property of Farm Credit University (FCU) and are subject to all applicable copyright laws. Unauthorized distribution or reproduction of the recordings and / or printable materials is prohibited. If you have questions or concerns please contact Alicia Morris at (800) 845-1745 ext. 2635.

1 ☐ I consent to the above Confidentiality Agreement.





2

Useful Links

1. In the **Ag Biz Planner Links** section, there are several quick links to important course documents. Click **Launch** to open each link. Click **Mark Complete** on each item after you have viewed it. You will still be able to Launch these again, if needed. You must mark at least one item as completed before moving on.

FCU Ag Biz Planner (ABM1) Options ▾

Ag Biz Planner Links
0% Completed: 0 Min Required: 1 Total Items: 4

	FCU ABP Participant Booklet Status: In Progress Due: No Due Date Training Hours: 15 min Participant Booklet for FCU Ag Biz Planner participants.	Mark Complete ▾ Mark Complete Launch View Training Details
	FCU ABP Navigation Instructions Status: In Progress Due: No Due Date Training Hours: 10 min FCU ABP Navigation Instructions	
	FCU ABP Course Workbook (Mods 1-10) Status: In Progress Due: No Due Date Training Hours: 10 hrs Workbook for the Ag Biz Planner Young, Beginning, Small and Minority Farmer eLearning Curriculum.	Mark Complete ▾
	FCU ABP Resources Page Status: In Progress Due: No Due Date Training Hours: 15 min Ag Biz Planner Resources Page	Mark Complete ▾

- **Participant Booklet:** opens a PDF copy of the Participant Booklet, which contains class details. (This is the same link provided in your welcome email.)
- **Navigation Instructions:** opens a PDF copy of this **Navigating Career Café** document, for quick reference.

Navigating Career Café for Ag Biz Planner Participants

- **Course Workbook:** opens a PDF document that you may either print or save on your computer. This workbook contains all Discussion Questions and Application Exercises for the whole class. Use it to guide you as you proceed thru the class. You may want to save your answers in a separate document so you will be able to quickly reference your answers as you complete your business plan.
- **Resources Page:** This link takes you to a webpage where you can find:
 - **Business Plan Creation Resources:** To create your actual business plan, please use the AgPlan site, or download and use the blank **Business Plan Template** Microsoft Word file.
 - **Text Versions** of the modules

Online Modules

1. To begin the eLearning, click on **ABP01 Megatrends of Agriculture** on the left side of the screen. You will see the Module 1 content and test appear on the right side of the screen. Click on Launch to begin the eLearning module.

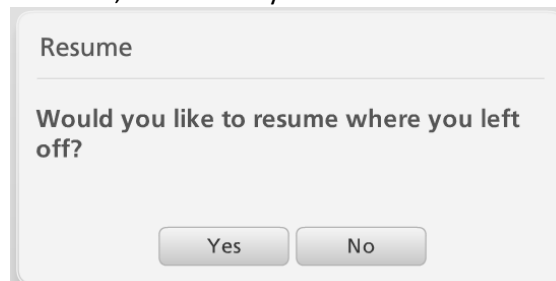
The screenshot displays the 'FCU Ag Biz Planner (ABM1)' interface. On the left, a sidebar shows 'CURRICULUM PROGRESS' at 17%. Below this, a list of modules is shown: 'CONFIDENTIALITY AGREEMENT', 'USEFUL LINKS', 'ABP01 MEGATRENDS OF AGRICULTURE' (selected and marked with a red circle and the number 1), and 'ABP02 STRATEGIC'. A red arrow points from the 17% progress bar to the 'ABP01 MEGATRENDS OF AGRICULTURE' module. The main content area shows the details for 'ABP01 Megatrends of Agriculture', including a 'Launch' button marked with a red circle and the number 2. Below it is a 'Launch Test' button.

2. The online class will open in a new window.

Navigating Career Café for Ag Biz Planner Participants



3. Review the information using the items below:
 - a. **Menu/Script:** Use the menu to navigate to specific sections. Clicking the arrow next to a heading will expand/contract each heading. Click on any heading to go to that section. Clicking Script will show a text version of the audio as the eLearning plays.
 - b. **Playbar:** Use the playbar to play and pause, view progress on each slide, and turn audio on and off. You may click and drag the progress bar to rewind and fast-forward.
 - c. **Continue button:** Click this to continue to the next slide. A **Back button** will also appear as you progress thru the content.
 - d. **Resources:** Click here to view/print a PDF [text version](#) of the audio
4. **Note:** For each module to mark “Complete” on your transcript, **you must view all slides**. A check mark will appear next to each heading as it is viewed, for reference.
5. Each Online Class lasts approximately 45 minutes hour. Each time you exit a module without completing it and return later, it will ask if you would like to start where you left off last time.





6. After you close the course window, you will be returned to the course outline, and the online class should mark **Completed**. Note that you can re-launch this course at any time to review.

Navigating Career Café for Ag Biz Planner Participants

50%

ABP01 Megatrends of Agriculture
Completed: 1 Min Required: 2 Total Items: 2



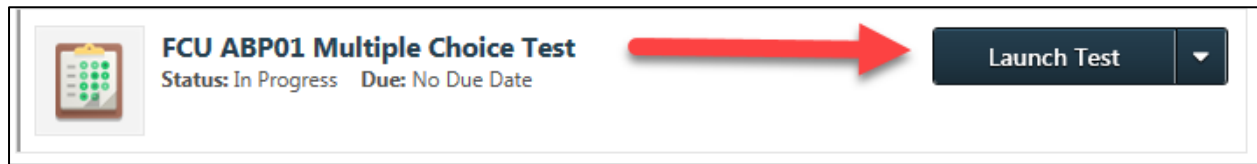


FCU ABP01 Megatrends of Agriculture
Status: Completed Due: No Due Date Training Hours: 1 hrs
The first step of your journey will be to go up to the 50,000 - foot perspective to examine trends and forces in agriculture and society that will impact your...

7. After you have completed the online course, you can launch the Multiple Choice Test.

Navigating Career Café for Ag Biz Planner Participants

Multiple Choice Test



1. Click the **Launch Test** link
 - a. If you begin a test and are unable to complete it use the **Save / Return Later** button. When you are finished entering your answers click the **Summary** button.
2. Each multiple choice test contains 15 questions. Click the **Next** button as needed.
3. In the Test Review, click **Go to Section** link (right column) if needed, then **Submit Final Answers**.
4. Click the **Review** link to see your completed test responses. Click **Back** (bottom of page) to return to the curriculum.
Then, click **Done** (Note: the Print button will only print the screen, not the answers.) The test will be marked Completed. This will also close the curriculum.
5. If you Fail the test, re-open the curriculum from your transcript, and click the **Retake** link next to the test. A passing score is 80%. You may retake the test until you score 80% or above.
6. Once the test is passed, it will mark **Completed** and you may **Review** the details.



7. Continue to Module 2 on the list located on the left side of your screen, and repeat this process. You can complete the Ag Biz Planner modules in any order you wish. After you complete the Online Class for each module, the Multiple Choice test will become available for the corresponding module. The curriculum will mark **Pending Evaluation** when **Curriculum Progress** in the top left corner of the screen reaches 100%.

Navigating Career Café for Ag Biz Planner Participants

End of Curriculum Evaluation

Once you have completed all of the Online Classes and Tests in the curriculum you will see an **Evaluate** link on your transcript. Please take time to provide your feedback concerning the FCU Curriculum training experience. After submitting the evaluation, the entire Ag Biz Planner curriculum will mark **“Completed.”**

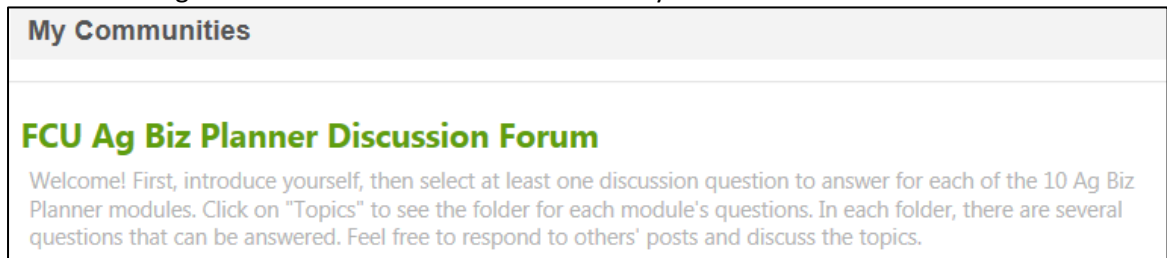
Connect Discussion Forum

The Connect Discussion Forum allows you to interact with other Ag Biz Planner participants by participating in online discussion.

1. On the Career Café homepage, click on the Connect tab and select All Communities.

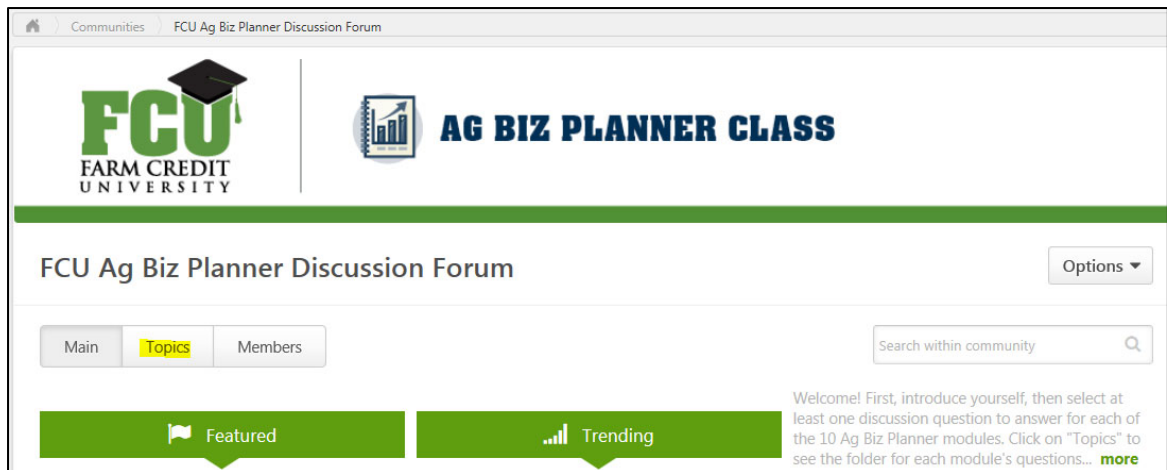


2. Click on FCU Ag Biz Planner Discussion Forum under My Communities.

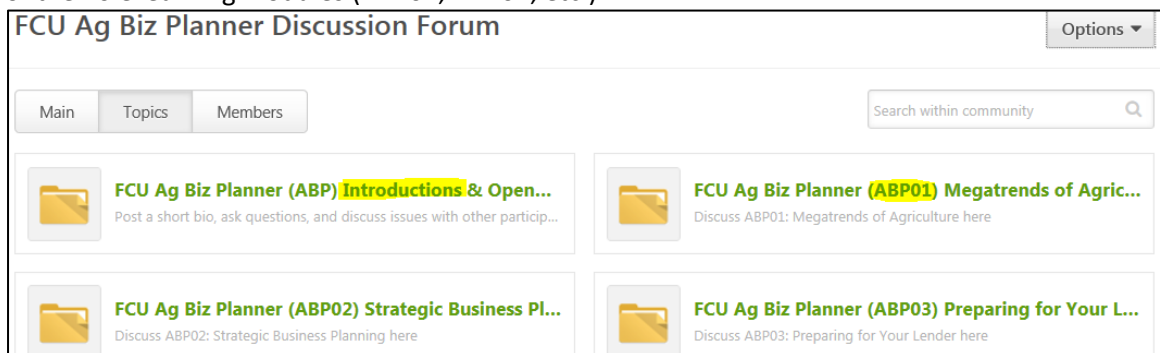


3. At the main Discussion Forum page, click on Topics. Notice there are also Featured and Trending posts that can be accessed from this page.

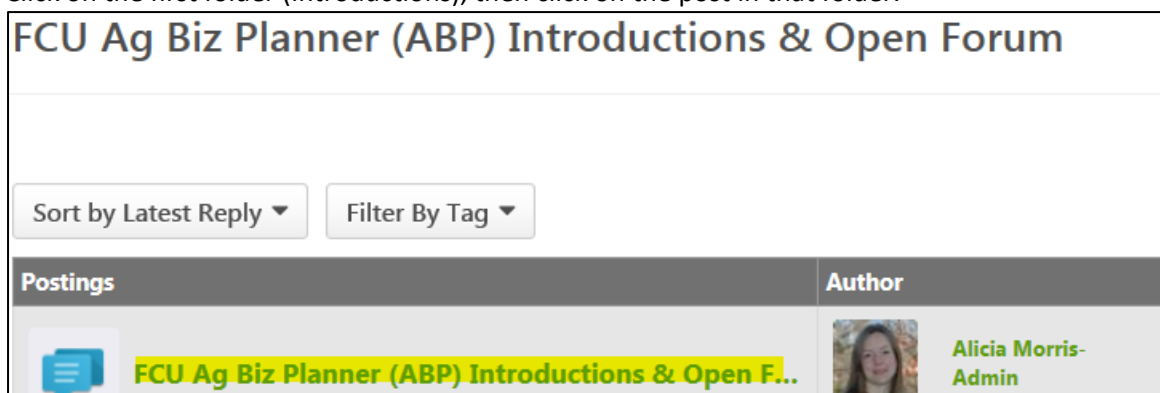
Navigating Career Café for Ag Biz Planner Participants



4. On the Topics page, you will see a listing of an Introductions folder as well as one folder for each of the 10 eLearning modules (ABP01, ABP02, etc.)




5. Click on the first folder (Introductions), then click on the post in that folder.



6. The post will open to reveal instructions for posting your introduction to the group by replying at the bottom of the page in the blank box. Feel free to read posts from other participants and learn about them. You may also “like” their post by clicking on the star icon, or reply to any participant using the “reply” icon below their post.

Navigating Career Café for Ag Biz Planner Participants

FCU Ag Biz Planner (ABP) Introductions & Open Forum Options ▾

 **Alicia Morris-Admin** posted 3/20/2015 11:10 AM

Welcome to the FCU Ag Biz Planner Discussion Forum! You can use this forum topic to communicate with other participants in Ag Biz Planner. Please take this opportunity to let other participants know a little about you. Post a forum response about who you are, where you are from, and what type of ag operation you are involved in, along with anything else you'd like to share.


Please remember you are communicating with other ag producers and lenders from around the country, so make sure your comments are appropriate for this setting. Just like any social media site, assume that any information you post on this site is public.

I look forward to working with you!

To respond to this post, type in the "Reply" box below this post. To respond to another participant's post, click on the "Reply" icon directly below their post. Feel free to "like" any post by clicking on the star icon below the post.


★ Like

Tags: **Featured**


 **Alicia Morris-Admin** replied 3/20/2015 11:12 AM

I am Alicia Morris, the Director and "Dean of Students" of Farm Credit University training. I work for AgFirst Farm Credit Bank and Dr. Dave Kohl's consulting company, AgriVisions, LLC, from Blacksburg, Virginia, which is in the southwest corner of the state (GO HOKIES!!). I work with all facets of the blended training program, from day-to-day maintenance, to enrolling new students, and answering questions. If you have any

7. Navigate back to the Topics screen using the breadcrumb trail at the top of the page. Click "Topics."

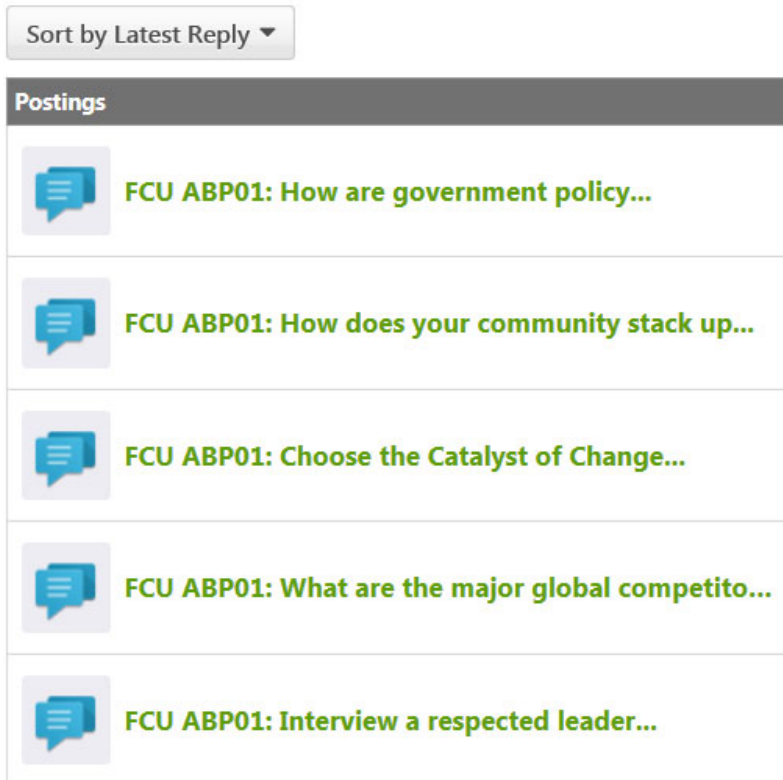
 Communities > FCU Ag Biz Planner Discussion Forum > **Topics** > FCU Ag Biz Planner (ABP) Introductions & Open Forum > FCU Ag Biz Planner (ABP) Introductions & Open Forum

8. Click on ABP01 to see discussion questions for Module 1.

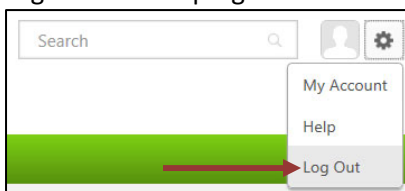
 **FCU Ag Biz Planner (ABP01) Megatrends of Agric...**
Discuss ABP01: Megatrends of Agriculture here

9. Note that there are several questions that pertain to Module 1 in the folder. Choose at least one question to answer for each module.
- Click on any of the posts to read other participants' responses.
 - Add your own response by scrolling to the bottom of the page and typing a reply in the blank box.
 - "Like" a post by clicking on the star icon below it, or reply to another participants' post by clicking the "reply" icon at the bottom of their post.

Navigating Career Café for Ag Biz Planner Participants



10. Use the breadcrumb trail or the “back” button on your internet browser to navigate back to a previous page.
11. Click Home to return to the homepage and complete the next training module.
12. Logout in the top right corner of the screen when you are finished.



Additional Exercises for Each Module

Once you have completed the Online Class, Test, and Connect discussion for each module, remember to also work on your Application Exercises in the workbook and work on a portion of your business plan using the external website suggested or the blank Microsoft Word business plan template on the Ag Biz Planner Resources page.

Need Help?

If you have any questions as you complete the training, contact Alicia Morris at almorris@agfirst.com or 1-800-845-1745 ext. 2635. Allison Beverly (abeveryly@agfirst.com or 1-800-845-1745 ext. 2310) is a secondary administrative contact for FCU.



Ag Biz Planner

**Young, Beginning, Small and Minority Farmer
eLearning Curriculum**

Workbook



Module 1

Megatrends of Agriculture

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Of the mega trends discussed in Module 1, which one or two trends are having the biggest influence on your industry or your business today? What trends will impact your future?
2. For your specific business model or enterprise, what are global and domestic competitors doing to impact your industry or business?
3. Interview a respected leader in agriculture business or the community. How did they capitalize on past trends? How are they positioning to take advantage of future trends?
4. What has been an interesting article, podcast or YouTube video that has sparked your attention, either positively or negatively? How could it impact the industry and your business?
5. Discuss how the current health of the domestic and/or global economy is impacting how you do business.

Application Exercises

Complete each exercise below.

After reviewing the megatrends module and text concerning the discussion questions, how will one or two of these trends impact your business model? Be specific:

Issues:

Strategies:

Actions:

Module 2

Strategic Business Planning

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a person that has conducted strategic planning and has completed a business plan. How was it useful in their success in operating an effective business?
2. Interview a lender or business person who analyzes business plans. What are some of the do's and don'ts in developing a plan?
3. Review some old CNBC Shark Tank programs. Identify elements that were successful versus unsuccessful attempts in making a pitch to the Shark Tank team.
4. Find a farm, ranch or business person that sets goals on a regular basis. What specific goal did they discuss, and how does setting goals assist in their success?
5. Talk with a person who has developed a business plan. Discuss how many hours it required to develop their business plan and who was involved. Do they still use the strategic business planning process?

Application Exercises

Complete each exercise below.

1. SWOT Analysis

Now that we have discussed the SWOT analysis, let's pause for a moment and let you conduct a mini SWOT analysis of your own business. This will get you started on your business plan. List at least two items in each of the categories below.

Strengths:

Weaknesses:

Opportunities:

Module 2: Strategic Business Planning

Threats:

2. Business History and General Description

What are three important bullet points that should be included in the history and general description of your business? List them below.

1.

2.

3.

3. Vision, Core Values, and Mission

List several key words that should be included in your business' vision, core values, and mission statement.

1.

2.

3.

4. Define Success

Define what you consider success to be using five to seven key words.

Module 2: Strategic Business Planning

5. Goal Setting

Use the acronym SMART when establishing goals.

1. What is one short term goal in each area- business, family, and personal- to be accomplished in one year or less?
2. What is one long term goal in each area- business, family and personal- to be accomplished in one to five years?

Mission Statement Worksheet

A mission statement is the foundation of your organization's strategic plan. It defines your purpose, core values, and vision for the future. Throughout the worksheet, you will:

- Understand why a mission statement is crucial for guiding your farm's direction and decision-making.
- Identify the essential elements that make an effective mission statement, such as clarity, inspiration, and alignment with your farm's values.
- Use provided template below to create a mission statement that accurately reflects your organization's identity. Engage in exercise below to refine and enhance your statement.

What does your company do?	
How does your company do it?	
Why do you do what you do - what's your spark, passion, and/or purpose?	
What values are guiding you? (Local, family-owned, sustainable, customer service, etc.)	
Who should know, follow and believe in your mission statement? (Employees, vendors, customers, professional advisors, neighbors, etc.)	

Draft your mission statement below:

SMART Goals Worksheet

Setting goals is crucial for turning your mission into reality. SMART goals ensure that your objectives are clear and attainable.

- Learn what makes a goal SMART (Specific, Measurable, Achievable, Relevant, Time-bound) and why these criteria are important for effective goal setting.
- Follow the step-by-step template to create SMART goals that align with your mission statement.

Specific goals require you to identify exactly what you want to accomplish, leaving no room for ambiguity.

Measurable goals involve setting a quantifiable result, allowing you to track progress and determine when the goal has been met.

Attainable goals encourage you to dream big while setting yourself up for success by being realistic about what can be achieved.

Relevant and **Realistic** goals are based on current conditions and are significant to the business, ensuring they are rewarding and impactful. Finally,

Time-Based goals are bound by a deadline or delivery date, providing a clear timeframe for completion and helping to maintain focus.

Use the template below to draft, review, and refine your goals, ensuring they meet all SMART criteria.

S Specific What do you want to accomplish?	
M Measurable How will you know when you have accomplished your goal?	
A Attainable How can the goal be accomplished?	
R Relevant What makes this goal a priority? What challenge does it solve?	
T Timely By when will the goal be accomplished?	

Action Planning Worksheet

An action plan outlines the steps needed to achieve your SMART goals. It provides a roadmap for implementation and helps ensure accountability. Below, you will:

- Break down each SMART goal into actionable steps. Use the provided template to outline tasks, assign responsibilities, and set timelines.
- Clearly define who is responsible for each task and establish realistic deadlines. This ensures accountability and helps track progress.
- Learn strategies for monitoring the implementation of your action plans. Understand how to gather feedback, measure progress, and make necessary adjustments to stay on track.

Creating an effective action plan involves clearly outlining how you intend to achieve your goal. Start by specifying exactly what needs to be accomplished in no more than two to three sentences.

To ensure the goal is met, define measurable indicators of success, such as tracking the increase in brand awareness through customer surveys and social media engagement metrics. Detail the steps required to complete the goal, including specific tasks and resources needed. Assign responsibility by identifying who will be in charge of each task, ensuring accountability and clarity.

An action plan template helps you systematically address a problem by outlining your goal and detailing the steps needed to achieve it. It includes specific actions, responsible persons, timelines, required resources, potential barriers, desired outcomes, evidence of success, and a process for tracking and evaluation.

[illegible]

[illegible]

Module 3

Borrower-Lender Relationships

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Discuss with your mentor some of the mistakes that have been observed on credit scores and reports over the years.
2. Interview your mentor, accountant or lawyer concerning business organization types such as LLC, sole proprietorship, and corporation to figure out which type may be applicable to your situation.
3. Examine the checklist for financial documentation with your mentor. Do they have any other suggestions?
4. Interview a lender or person familiar with the borrower-lender relationship. What are some changes they have observed in the past? What do they expect concerning changes on the horizon?
5. Interview a lender and/or an experienced borrower concerning the do's and don'ts of the borrower-lender relationship. Attempt to come up with five bulleted statements for do's and five for don'ts.

Application Exercises

Complete each exercise below.

1. Check Your Credit Score and Report

Now that we have discussed credit reports, go to www.annualcreditreport.com and request your free credit report. Review this document with your mentor or lender. Identify your strengths and areas for improvement. Spouses, partners and other stakeholders that are important to your business success should check their credit report also.

2. Complete the Lender and Documentation Preparation and Planning Checklist

Please complete the checklist below to see which items are in progress or not complete and develop a game plan for completing these items.

Module 3: Borrower-Lender Relationships

Lender and Documentation Preparation and Planning Checklist

<u>Item</u>	<u>Yes</u>	<u>No</u>	<u>In Progress</u>	<u>Expected Date of Completion</u>
1. Business vision and core values				
2. Short and long-term goals: business, family and personal				
3. Up to date credit scores & reports				
4. Documentation of wills and insurance (life, health, disability, liability and compliance)				
5. Accurate disclosure of key business & personal information, i.e. pending lawsuits, divorce, etc.				
6. Business licenses and documentation of legal entities, deeds, partnership and corporate agreements, cattle registrations and crop records				
7. Current accurate balance sheet				
8. Current accurate income statement with tax records verified				
9. Projected cash flow with assumptions & estimates documented in writing				
10. Scenario testing with key assumptions (production, price, cost)				

3. Assess Your Business Organization Type

Assess your business organization type. Develop preliminary documents or update as needed if you already have a business organization established.

SWOT Analysis

A tool for making better business decisions



United States Department of Agriculture
Risk Management Agency

What's a SWOT analysis?

A SWOT analysis is a tool that helps you evaluate the Strengths, Weaknesses, Opportunities, and Threats (SWOT) involved in any business enterprise — including farms and ranches.

A SWOT analysis can help you gain insights into the past and think of possible solutions to existing or potential problems — either for an existing business or new venture. For a SWOT analysis to work well, every member of your team (your family and/or employees, lawyer, accountant, and insurance agent) should be involved in the process.

After you read this overview, you will find a description of a sample farm and have a chance to go through a SWOT analysis for it. This exercise should help prepare you for doing your own SWOT analysis.



Strengths

Strengths are considered mostly internal. For example, what do you and your family, employees, and management team bring to the business? If you are planning to start a business, you or an employee or family member may have previous experience in that industry. If not, this may be viewed as a weakness. If you already know where to go to find the help you need, this would be considered a strength for this analysis.

Weaknesses

Weaknesses are also generally considered internal and are the factors you will need to address to run a successful business. For a start-up business, an example might be a lack of experience in the selected industry. Another example may be that your family members do not completely support

you in this venture. You may lack qualified employees, or perhaps your business will not support full-time employees. If you identify these as weaknesses, don't worry because existing businesses may have similar weaknesses.

Opportunities

Opportunities are considered mostly external. What opportunities are available for your business? You may be able to take advantage of low interest loan packages for start-ups or grants for feasibility studies. You may have an idea that has not been tried in your area and know there is a demand for the product you plan to produce. Be aware that people with potential businesses tend to be much more optimistic than those with existing operations.

Threats

Threats are also considered mostly external. Threats from outside of your business will directly affect you, but you may have very little control over them. If you are starting a new business, there may be local regulations that negatively impact your business. Unforeseen competition (local or foreign), dissolution of markets, and adverse weather may also have a negative effect on your new business. Many of these threats will also negatively affect an existing business. Rising interest rates may have a greater impact on existing businesses than on start-ups.



Some things to consider.

Human Resources

Hiring employees who have the skills you deem necessary is one way to combat a weakness. For example, if you need someone to drive a large truck, hiring someone with a commercial driver's license will eliminate that weakness. Or, you could learn how to drive the truck yourself — but can you spare the time away from the business?

Adding to your management team is another way to eliminate a potential weakness. If your business is growing and you are handling the bookkeeping tasks yourself, hiring a bookkeeper will free up your time to focus on other parts of the business.

If you do, be sure to hire someone you trust or do an extensive background check — especially if they will have check-signing capabilities. Having that person bonded will also create a level of security.

When conducting your SWOT analysis, keep in mind that one item can offset another. For example, your strengths may counterbalance your weaknesses and your opportunities can offset your threats. If this does not happen, this exercise will help you to understand the issues you need to address.



Insurance

For many agricultural businesses, insurance is a way to eliminate possible weaknesses, threats, or risks. If your analysis shows that you are undercapitalized to handle a major emergency (as are most agricultural businesses), insurance coverage will help eliminate this issue. Threats from liability, fire, automobile accidents, and crop failures can all be reduced with proper insurance.

Liability insurance

Liability insurance covers anyone who is injured on your farm. This coverage is included on your farm owner's policy, but the coverage is only for the dollar amount listed on the policy. For example, if your liability limit is \$500,000 and someone sues you for \$1 million, you will only be covered for the \$500,000. The remainder of the judgment award is your responsibility. You should review your risk level with your insurance agent.



Fire insurance

Fire insurance is also included on your farm owner's policy. You may choose to insure some buildings, but not all. The level at which you will



be reimbursed is written in your policy. There are several methods of coverage, including actual cash value, replacement value, and functional replacement value.

Automobile insurance

Your automobile insurance is separate from your farm owner's insurance. Any licensed over-the-road vehicle you own should be insured. If you have multiple vehicles on the road, you may be eligible for fleet insurance, which may save you some expense. Check with your State's Department of Transportation and your insurance agent to determine the coverage that is right for you.

Crop insurance

You may insure your crops with several types of policies, such as Multiple Peril Crop Insurance (MPCI) and Crop Revenue Coverage (CRC), among others. You may insure your revenue with Adjusted Gross Revenue coverage (AGR) or Adjusted Gross Revenue-Lite coverage (AGR-Lite). To learn more about crop insurance and determine the best coverage for your operation, contact your local crop insurance provider. To locate a crop insurance agent, visit The Risk Management Agency's online locator at: www3.rma.usda.gov/apps/agents/.



Exercise: Sample SWOT Analysis

Here is an example of a small farm that needs to diversify in order to remain sustainable. This farm family needs to conduct a SWOT analysis. Read the example and conduct your own SWOT analysis for the Ryan family. When you are done, you can check your answers against the answers prepared by experienced users of the SWOT analysis tool. Those answers are on the page after your fill-in-the-blanks page. If your answers are close to the experts' answers, you are ready to do your own SWOT analysis.

Meet the Ryan Family

The Ryan family has operated a dairy farm for over 50 years. Paul Ryan, age 48, took over the dairy from his father 20 years ago. The dairy is average-sized for the area: the Ryans milk 60 cows, grow most of their own forage and grain, and raise their own heifers. The family withdraws about \$30,000 from the farm business each year for living expenses. The dairy is located in a rural area, but urban and suburban areas are close by. The nearest city has a population of 100,000.

Margaret Ryan, 42, is Paul's wife. They have three children: Jane, Hal, and Susan. Margaret used to work on the farm, but for the last 8 years she has been working full-time as a clerk-typist in the school district office. Take-home pay from this job is \$18,000, plus health, dental, and other benefits that extend to the whole family. At this point, Margaret oversees the finances with Paul, occasionally milks, and manages the household.

Jane Ryan, 21, has just received her bachelor's degree in culinary arts from the local community college. During the summers, Jane works full-time on the farm with the milking. She is considering farming as an occupation, but would like to continue her work in value-added food production.

Hal Ryan, 16, is in high school and works with his father part-time during the school year, and full-time during the summer. He is not interested in the dairy or in any type of farming and would rather attend a university and study science, engineering, or economics.

Susan Ryan, 12, is a middle school student who really enjoys the farm. She takes care of the calves after school, belongs to 4-H, and has just begun to show an interest in helping with the crops, although she is too young to drive the tractor.

Jean Miller, 64, is Margaret's mother. Since the death of her husband 5 years ago, Jean has lived with the Ryans. She shares an interest in cooking with her granddaughter, Jane.





Alternative ventures

The Ryans are considering an alternative farm enterprise because they need additional income to send their younger children to college and to save for retirement. Paul and Margaret feel strongly that they would like Jane or Susan to take over the farm.

This means that, until they retire, the farm may have to support two families (Jane currently has no plans for marriage). The Ryans are thinking about expanding the dairy to generate additional income, but Jane would rather be involved in a value-added (food product) enterprise. Paul and Margaret realize that changes in the farm may have to occur to satisfy the desires of the next generation and are willing to explore alternative farm enterprises.

The family met to determine how each person felt about developing a new enterprise on the farm, and found that Jane and her grandmother are most excited about this idea. After they did an inventory of resources, they concluded that their main, underutilized, physical resources are a small piece of land — about 5 acres currently used to grow extra hay for sale — and a concrete block shed used to store bicycles

and patio furniture. Their main, underutilized, marketing resource is the city 38 miles away. The Ryans also have good road frontage along a fairly well-traveled highway. Management and labor resources available year-round would come from Jane and Jean. High school students would be available primarily in the summer, as would Susan.

The family decided that Jane would generate enterprise ideas, and the others would offer opinions on suitability. Jane and Jean discussed possible food products that could be made using farm resources. She also spoke to some former professors and classmates, a farming neighbor she respected, and the Extension economic development educator. She reviewed back issues of culinary and country magazines and spent an entire day walking through the city, visiting stores, restaurants, the downtown area, and malls.

Out of 6 ideas that Jane came up with (fruit pies, salsa, strawberry jelly, cheese, ice cream, and yogurt), the idea that most family members liked was cheese, which Jane and Jean thought could be sold at a farm-market stand or to the many hotels and restaurants in the city.

Your Task

Help the Ryans become more confident about this idea by doing a SWOT analysis for this project. Use the first SWOT worksheet to record your thoughts and those of others. You may copy the second worksheet as often as you want to do a SWOT analysis for any enterprise you are considering. Worksheets are also available at Farm-Risk-Plans.USDA.gov.



Exercise SWOT Analysis Sheet

For the Ryan family, brainstorm about ideas related to the four areas below.
Use this sheet to determine whether the Ryans should explore an enterprise idea further.
For answers, see the inside back cover.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

Exercise SWOT Analysis Answers

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Longevity — the Ryans have been farming for 50 years. • They raise their own replacements and feedstuffs. • Family's insurance is paid from an off-farm job. • They have off-farm income. • They use family for labor. • There are multiple generations living on the farm. • They are willing to explore alternatives. • They have good family communication. • They have available land and a building to use for an alternative business. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • They still need to withdraw \$30,000 per year for family living expenses. • They are located in a rural area. • The son is not interested in continuing the farming operation. • They need to set money aside for children's college expenses. • They will need to support multiple families in the near future. • They may need to hire some outside labor for the alternative enterprise. • No one has cheesemaking experience.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • They are located close to a suburban area. • They have good road frontage. • The nearest city has 100,000 people. • Jane has a bachelor's degree from college. • Jane wants to return to the farming operation. • They are located on a well-traveled rural highway. 	<p>THREATS</p> <ul style="list-style-type: none"> • There may be other cheesemakers in the area with the same marketing ideas. • They have a 76-mile round trip to the city. • This does not say if they have a vehicle to transport the cheese. • Need a steady workforce from a rural area. • Government regulations may dictate many aspects of the operation.

These answers are meant to be a guide and may not be the same as your answers. Every person sees a business from his or her own perspective and may read the information differently. You can apply these principles to your business and analyze your operation.

Your SWOT Analysis Sheet

For your own possible enterprises, brainstorm about ideas related to the four areas below.
Use this sheet to determine whether you should explore an enterprise idea further.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS



Design your own safety net.

Log on and fill out a risk management checklist.
Identify your own strengths, weaknesses, opportunities,
and threats. Explore new enterprise options.
Do it all with a wealth of risk management information
at your fingertips – at a Web site created just for you.



Farm-Risk-Plans.USDA.gov
Helping farmers & ranchers find success



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Module 4

The Balance Sheet

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a lender. What are some of the common mistakes he/she often observes when customers fill out the balance sheet?
2. Interview a producer. How has the balance sheet been used as a tool in managing their business and overall decision-making?
3. Interview a lender concerning what they prefer to see as supporting schedules for balance sheet values.
4. Interview a lender or business person. What advice can they give you about valuing assets and liabilities?
5. Interview a lender. Do they have any benchmarks for net worth for young farmers and ranchers, or those at various stages of life?

Application Exercises

Complete each exercise below.

1. Complete a business balance sheet. Make sure to list all assets and liabilities backed by documented schedules.
2. Now complete a personal balance sheet. Compare the bottom line results to the business balance sheet.
3. Visit with your lender or mentor concerning the balance sheet. Do they have any observations and/or perspectives?



BUILDING A BALANCE SHEET



FARM CREDIT

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Building a Balance Sheet

Knowing the financial position of your farm is critical to its future success. One of the most important tools in helping you to understand the financials of your operation is the balance sheet; also referred to as a statement of owner's equity or net worth. It depicts your financial position at a specific point in time.

Why Complete a Balance Sheet?

Because a balance sheet shows a snapshot of your operation, it is recommended to prepare a balance sheet as of December 31 each year or at the end of a fiscal year, if not a calendar year. This allows you to see how your farm operation has changed and grown from year to year. Other benefits of completing a balance sheet each year include:

- Helping you understand your business better, which will allow you to make better management decisions on your farm for the future.
- Information on the balance sheet can be used to calculate key financial ratios for your farm.
- Lenders, such as Farm Credit, need this information to assess your business and can expedite loan approval when completed accurately and as of December 31 of each year.

In addition to creating a balance sheet for your farm business, it is also recommended to complete a separate, personal balance sheet on your individual finances.

Balance Sheet Basics

The three main components of a balance sheet are assets, liabilities, and owner's equity. The standard accounting equation represented on a balance sheet is:

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

Assets

Assets are anything owned by a farm business that have monetary value. They are classified as current assets and noncurrent assets.

Type of Asset	Description	Examples
Current Asset	Assets that can be turned to cash within a year without disrupting normal operations, or will be sold or consumed within a year	Cash, accounts receivable, marketable securities, stored crops, investment in growing crops, supplies, prepaid expenses, market livestock, cash value of life insurance
Noncurrent Asset	Assets used to carry on production activities that typically wear out and must be replaced	Breeding livestock, automobiles, machinery, retirement accounts, securities (Farm Credit stock, equity in cooperatives) land, buildings, long-term contracts

Liabilities

Liabilities are anything owed by the farm business. Like assets, they are classified as current liabilities and noncurrent liabilities.

Type of Liability	Description	Examples
Current Liability	All debts due within the next 12 months	Accounts payable, cash rents, lease payments, operating loan balances, accrued expenses (rent, taxes, interest accrued on loans, wages, etc.), principle portion of term loan payments due within 12 months
Noncurrent Liability	Debts against any noncurrent asset with a term greater than one year	Loans for breeding livestock, automobiles, machinery/equipment, land or buildings

Owner's Equity

Owner's Equity is the area of the balance sheet that will need to be calculated since it is dependent on the value of your assets and liabilities. It shows what your business is worth.

To calculate Owner's Equity, subtract the Liabilities from your Assets. The remaining value is Owner's Equity.

$$\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$$



Case Study Example

John Farmer has asked for your help in completing his 12/31/20XX market value balance sheet. He is requesting a loan with his ag lender. He reviewed what he owns and owes, and prepared the following list. Use the information below to complete the balance sheet for Mr. Farmer.

Assets

- Dairy livestock
 - » 200 head of mature cows valued at \$1,500 per head
 - » 100 head of bred heifers valued at \$1,100 per head
 - » 50 yearling heifers worth \$800 each
 - » 25 calves valued at \$400 each
- Feed, seed and supplies
 - » Corn silage: 1,800 tons valued at \$40 per ton
 - » Haylage: 600 tons worth \$60 per ton
 - » Hay: 150 tons worth \$150 per ton
 - » Shelled corn: 30,000 bushels valued at \$4 per bushel
 - » Straw: 50 tons at \$80 each
 - » Dairy concentrate: 10 tons worth \$480 per ton
 - » Seed corn: Prepaid \$20,000 of next year's seed corn expense.
- Market livestock
 - » 50 head of steers, avg. weight 1,200 lbs. and are worth \$1.50 per lb.
 - » 50 head of steers, avg. weight 600 lbs. and are worth \$1 per lb.
- Other current assets
 - » Diesel fuel: 500 gallons at \$2.50 per gallon
 - » Gasoline: 300 gallons at \$2.00 per gallon
 - » Bull semen valued at \$1,000
- Crops held for resale
 - » Soybeans: 8,000 bushels worth \$9.00 per bushel
- Other information
 - » He has \$15,000 cash on-hand in his savings and checking accounts.
 - » He had an appraisal of the farm completed and the appraisal report included the following:
 - 160 acres of farm land – north farm (\$800,000)
 - 100 acres of farm land – south farm (\$600,000)
 - 50 acres on home farm with facilities (\$750,000)
 - Machinery and equipment, market value (\$380,000)

- » On December 26, he received his partial milk check for the month of December for \$40,000. It is usually about 40 percent of his gross milk check for the month, meaning he has an accounts receivable of \$60,000.
- » He has a pickup truck worth \$25,000 and a car worth \$18,000.
- » He and his wife have IRA accounts valued at \$140,000.
- » He has a cash value life insurance policy worth \$60,000.

Liabilities

Term Liabilities

Description	Purpose	Date Incurred	Orig. Amnt.	Balance	Current Portion*
Tractor Loan	4WD Tractor	2023	150,000	96,319	21,131
Pickup Truck Loan	F250	2022	28,000	11,482	5,867
Equip. Loan	Forage Harvester	2023	50,000	26,736	10,110
Barn Loan	Heifer Barn	2021	75,000	47,744	7,338
Mortgage	Land Loan	2018	350,000	225,363	22,486

*Note: If unable to estimate your current portion of each debt, you can provide your balances and repayment terms to your lender to help determine the current portion for you.

Other Liabilities:

- A load of dairy concentrate delivered December of the past year has not been paid for and is \$4,200.
- He has labor accounts payable for payroll, payroll taxes and workers comp insurance of \$6,000.
- He owes the neighbor farm the second of two installment payments for custom combining corn of \$15,000.
- The vet bill arrived in the mail January 5 and showed the farm's outstanding vet bills for December of the past year totaled \$2,400.
- He has a balance on his credit card of \$3,000.
- He has a \$100,000 revolving credit line with Farm Credit with a principal balance of \$60,000 as of December 31.



Balance Sheet as of 12/31/20XX

Complete this blank balance sheet based on the information about John Farmer.

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash		Operating Loans	
Accounts Receivable		Accounts Payable (Feed, Fertilizer)	
Feed, Seed and Supplies		Credit Cards	
Crops Held for Resale		Current Portion of Term Debt	
Market Livestock			
Life Insurance – Cash Value			
Other:			
Other:			
Current Assets		Current Liabilities	
Noncurrent Assets		Noncurrent Liabilities	
Machinery and Equipment			
Breeding Livestock			
Vehicles			
Retirement Account			
Farm Land: _____ Acres			
Farm Land: _____ Acres			
Farm Land: _____ Acres			
Other:			
Other:		Less Current Portion of Term Debt	
Noncurrent Assets		Noncurrent Liabilities	
Total Assets		Total Liabilities	
		Net Worth (Total Assets-Total Liabilities)	



Balance Sheet as of 12/31/20XX - Answer Key

Balance sheet based on the information about John Farmer.

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$15,000	Operating Loans	\$60,000
Accounts Receivable	\$60,000	Accounts Payable (Feed, Fertilizer)	\$27,600
Feed, Seed and Supplies	\$279,300	Credit Cards	\$3,000
Crops Held for Resale	\$72,000	Current Portion of Term Debt	\$66,932
Market Livestock	\$120,000		
Life Insurance - Cash Value	\$60,000		
Other:	\$2,850		
Other:			
Current Assets	\$609,150	Current Liabilities	\$157,532
Noncurrent Assets		Noncurrent Liabilities	
Machinery and Equipment	\$380,000	Tractor Loan	\$96,319
Breeding Livestock	\$460,000	Pickup Truck Loan	\$11,482
Vehicles	\$43,000	Equipment Loan	\$26,736
Retirement Account	\$140,000	Barn Loan	\$47,744
Farm Land: 160 Acres	\$800,000	Farm Mortgage	\$225,363
Farm Land: 100 Acres	\$600,000		
Farm Land: 50 Acres	\$750,000		
Other:			
Other:		Less Current Portion of Term Debt	(66,932)
Noncurrent Assets	\$3,173,000	Noncurrent Liabilities	\$340,712
Total Assets	\$3,782,150	Total Liabilities	\$498,244
		Net Worth	\$3,283,906
		(Total Assets-Total Liabilities)	



FARM CREDIT

NMLS# 452721

Module 5

Cash and Accrual Income Statements

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a lender to find out some of the common mistakes that producers make in decision utilizing Schedule F in managing the business.
2. Interview a lender or an accountant concerning how tax management strategies through the Schedule F can result in adverse situations. How has the Schedule F been used in a positive way?
3. Interview a lender concerning what they look for when analyzing a Schedule F, and list the items discussed.
4. Interview a lender concerning the value of accrual-adjusted income statements. What key points did you learn?
5. Interview a lender concerning some tips in completing an accrual-adjusted income statement. Do they often find wide variances in bottom line profits when comparing the cash Schedule F to accrual-adjusted results?

Application Exercises

Complete each exercise below.

1. Your first task is to complete a cash income statement based upon your Schedule F. If a new business, then develop a projected income statement.
2. Next, gather your beginning and ending balance sheets. Utilizing the cash to accrual worksheets make the necessary adjustments in inventory, accounts receivables, prepaids, accrued expenses, etc.
3. Schedule a meeting with your mentor or lender to review the results.

Notes

Notes