



Ag Biz Masters

Year 2



FARM CREDIT

888.339.3334
HorizonFC.com



Dear Ag Biz Masters Year 2 Participant(s),

Welcome back 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 2 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 4, 2026 | 12:00–1:30 PM
- February 19, 2026 | 12:00–1:30 PM
- March 2, 2026 | 12:00–1:30 PM

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

Access Materials

All live session resources will also be posted at:

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

Password: Year2

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 Year 2!

Johanna Rohrer

Johanna Rohrer

Horizon Farm Credit, Member Education and YBS Program Officer



AG BIZ MASTERS

Year 2 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 2 Course Overview	Date	Checklist
Registration Confirmation & Course Preparation	January 5-January 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. 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 6: Cash Flow Planning	Week of January 19-23, 2026	
Record FCU Module 6 Exam		
Complete FCU Module 7: Balance Sheet Ratios and Financial Analysis	Week of January 26-30, 2026	
Record FCU Module 7 Exam		
Participant Course Check-in Email Homework: Read the Profitable Porkers Case study and farm financial assessment guide, prior to Live Course Check-in.	January 29, 2026	



AG BIZ MASTERS

Live Course WEBINAR Check-in featuring, the Farm Financial Assessment Guide and Ag Biz Alumni Spotlight	February 4, 2026 from 12:00-1:30pm Click here to join.	
Finish February Live Course Check-in Survey	Click here to complete the survey.	
Complete FCU Module 8: Repayment Ability, Profitability and Financial Efficiency	Week of February 9-13, 2026	
Record FCU Module 8 Exam		
Participant Course Check-in Email	February 12, 2026	
Live Course WEBINAR Check-in featuring Integrating Technology and Tracking for Farm Success	February 19, 2026 from 12:00-1:30PM Click here to join.	
Finish February Live Course Check-in Survey	Click here to complete the survey.	
Complete FCU Module 9: Growth and Transition Management	Week of February 23-27, 2026	
Record FCU Module 9 Exam		
Participant Course Check-in Email	March 2026	
Live Course WEBINAR Check-in. Join us as we conclude the course with a session featuring Tools for Resilience	March 2, 2026 from 12:00-1:30pm Click here to join.	
Finish March Live Course Check-in Survey	Click here to complete the survey.	
Complete FCU Module 10: Leadership, Communication and Ethics	Week of March 9-13, 2026	
Record FCU Module 10 Exam		
Module and Course Completion Deadline	March 20, 2026	
Grading Period	March 20, 2026 -April 3, 2026	
Reimbursement, Graduation Certificates, 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.

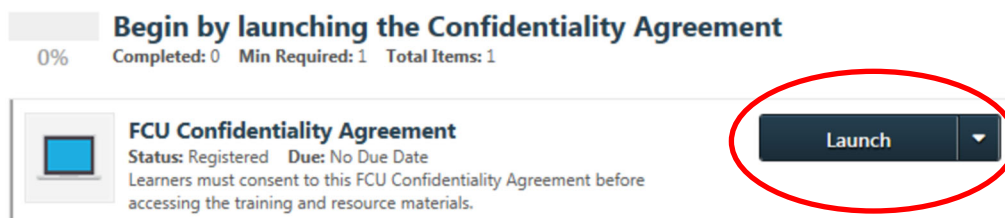


1. Begin by logging in to the [Career Café](#) using the User ID and Password provided in your welcome email.
2. In the My Training section of the homepage, click on **Open Curriculum** next to FCU Ag Biz Planner.
3. This will take you to the Curriculum Player for Ag Biz Planner. (See below)



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.

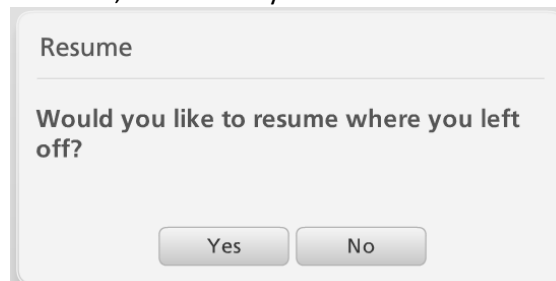
The screenshot displays the 'FCU Ag Biz Planner (ABM1)' interface. On the left, a sidebar shows a 'CURRICULUM PROGRESS' bar at 17%. Below this, a list of modules is shown: 'CONFIDENTIALITY AGREEMENT', 'USEFUL LINKS', 'ABP01 MEGATRENDS OF AGRICULTURE' (selected and marked with a red circle and the number 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



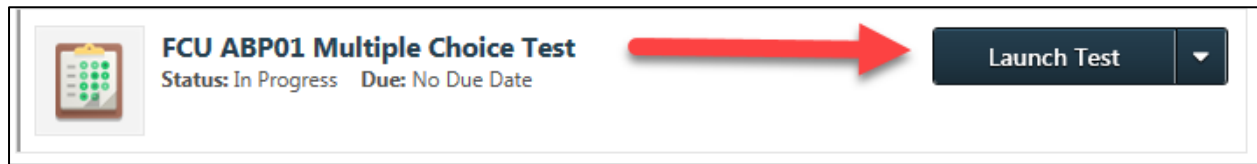
✓

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

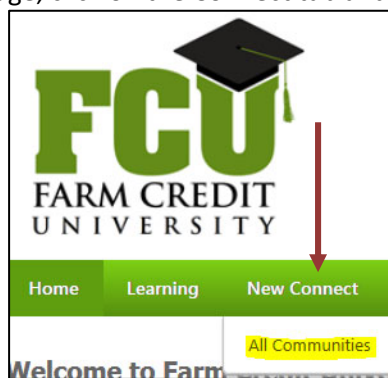
End of Curriculum Evaluation

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.”**

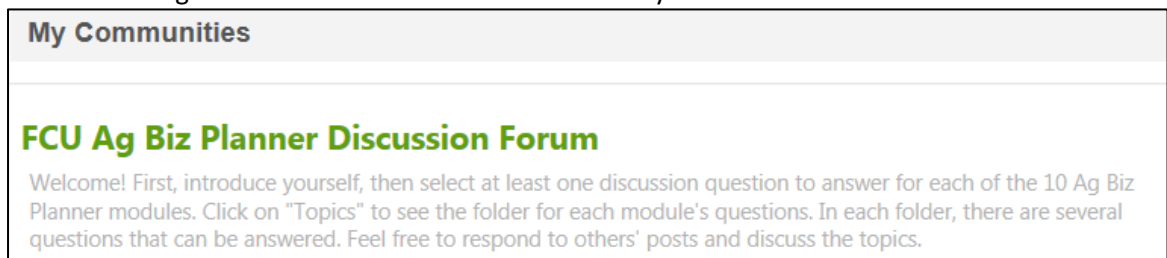
Connect Discussion Forum

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.

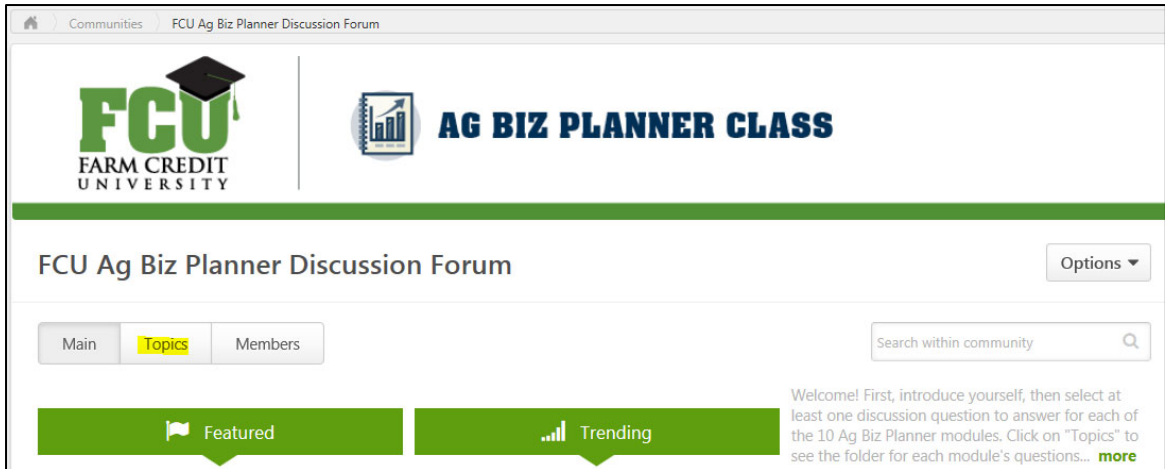


2. Click on FCU Ag Biz Planner Discussion Forum under My Communities.

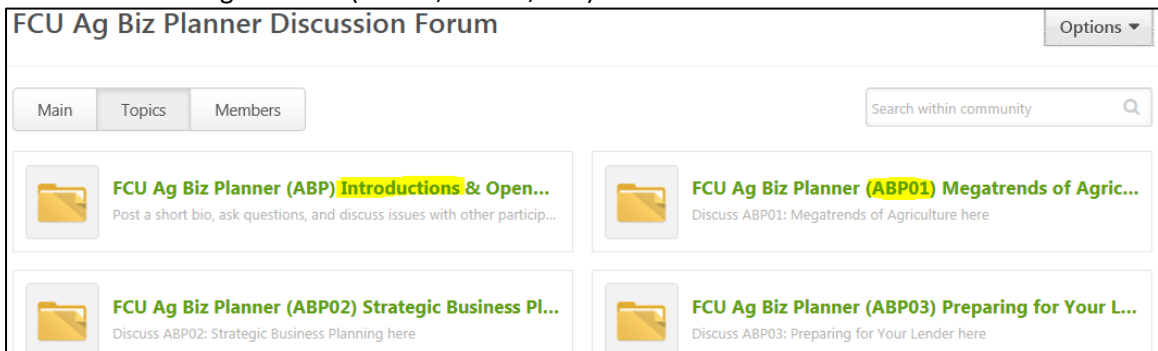


3. At the main Discussion Forum page, click on Topics. Notice there are also Featured and Trending posts that can be accessed from this page.

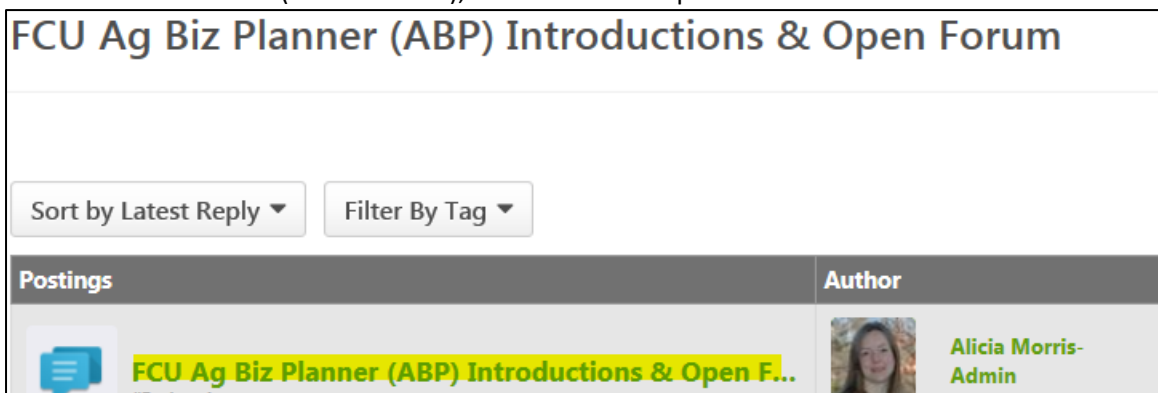
Navigating Career Café for Ag Biz Planner Participants



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."

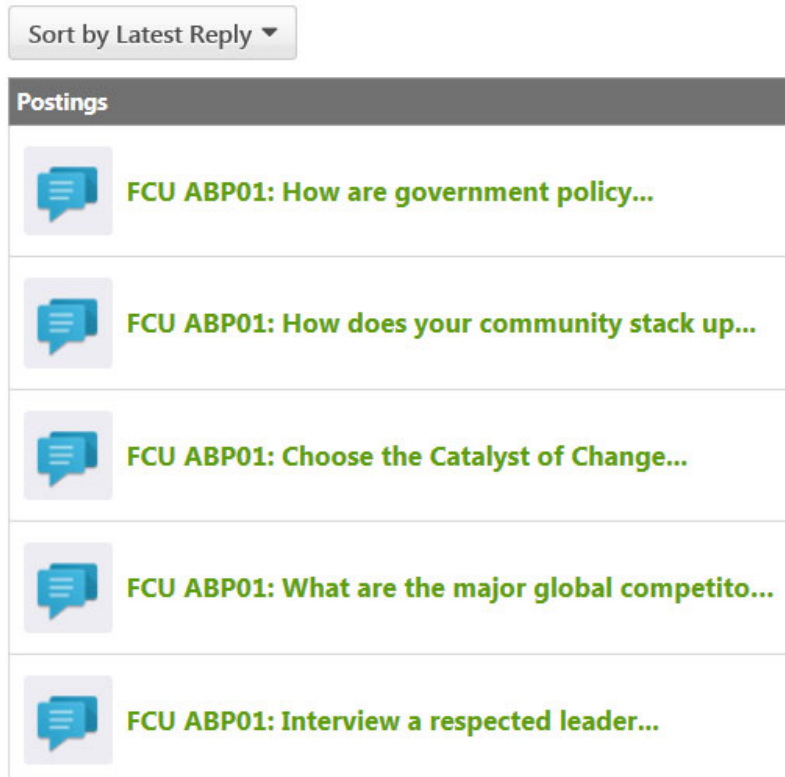
 Communities > FCU Ag Biz Planner Discussion Forum > **Topics** > FCU Ag Biz Planner (ABP) Introductions & Open Forum > FCU Ag Biz Planner (ABP) Introductions & Open Forum

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

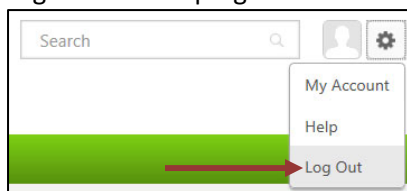
**FCU Ag Biz Planner (ABP01) Megatrends of Agric...**
Discuss ABP01: Megatrends of Agriculture here

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 6

Cash Flow Planning

Workbook Exercises

Discussion Questions

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

1. Interview a business person or lender concerning developing cash flow projections. How do they determine assumptions, estimates of revenue and expenses? Do they have any tips for businesses that have no track record?
2. Interview a business person or lender concerning cash flow. What were the items that they often observed that were sensitivity tested? What specific items and parameters were adjusted?
3. Interview a lender concerning what they look for when analyzing the cash flow statements.
4. Interview a business person or lender on the use of comparing the variance between projected and actual cash flow results. How often are results analyzed and is it a useful management tool?
5. Interview a lender on what they look for in a family living budget. Do they have any guidelines that have been useful?

Application Exercises

Complete each exercise below.

1. Develop a projected quarterly or monthly cash flow for your business. Include assumptions on price, cost, interest rates, etc.
2. After you have developed the projected cash flow, then sensitivity test some of the key variables and determine the impact on the bottom line cash flow. Which variables are most critical?
3. Develop an annual family living budget utilizing some of the templates as a model. Did you have any surprises?

Module 7

Balance Sheet Ratios and Financial Analysis

Workbook Exercises

Discussion Questions

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

1. Interview a lender on the red flags that they look for when analyzing business balance sheets.
2. Interview a lender on the red flags that they look for when analyzing the personal balance sheet.
3. You were introduced to methods used to evaluate character, one of the C's in the credit equation. Interview a lender concerning character and contrast and compare findings.
4. You were introduced to the Business IQ: Management Factors Scorecard. Interview a lender to determine how they analyze management ability or management potential.
5. Interview a lender and determine what balance sheet benchmarks they often utilize such as working capital, equity, net worth growth (earned vs. appreciated), etc.

Application Exercises

Complete each exercise below.

1. Analyze the business balance sheet utilizing key ratios discussed in the module. If you have market basis balance sheets, conduct this exercise on multiple years (trend analysis).
2. Compare your financial ratios and benchmark data with FINBIN data <https://finbin.umn.edu/> or other state or local record data systems. What are your strengths and areas for improvement? Go over the results with your lender.
3. Analyze a few key financial, liquidity and debt ratios on your personal balance sheet. What are your strengths and areas for improvement?
4. Please complete the Business IQ: Management Factors Scorecard. If there are multiple partners, then complete separately then compare and contrast results and discuss with your mentor.

Business IQ: Management Factors Critical Questions for Crucial Conversations

Customer Checklist	Green (3-4 points*)	Yellow (2 points)	Red (1 point)
1. Knows cost of production	Written	In head	No idea
2. Knows cost of production by enterprise	Written	In head	No idea
3. Goals-business, family & personal	Written	In head	No idea
4. Record keeping system	Accrual	Schedule F (one & done)	No idea
5. Projected cash flow	Written	In head	No idea
6. Sensitivity analysis	Written	In head	No idea
7. Understand financial ratios, break evens	Written	In head	No idea
8. Work with advisory team and lender	Yes	Sometimes	Never
9. Marketing plan written and executed	Yes	Sometimes	Never
10. Risk management plan executed	Yes	Sometimes	Never
11. Modest lifestyle habits, family living budget	Yes	Sometimes	Non existent
12. Written plan for improvement executed	Yes	Sometimes	Non existent
13. Transition plan/Business Owner plan	Yes	Working on plan	Non existent/controversy
14. Educational seminars/courses	Yes	Sometimes	Never attend
15. Attitude	Proactive	Reactive	Indifferent

<p>*Extra Points:</p> <ul style="list-style-type: none"> • Progressive Business may receive 4 points for #2,6,7,8,14 • Struggling Business attempting turnaround may receive 4 points for #3,5,8,11,12 	<table> <tr> <th>Score</th><th>Overall Analysis</th></tr> <tr> <td>35-50</td><td>Strong management rating & viability</td></tr> <tr> <td>20-34</td><td>Moderate risk & viability; will most likely show previous refinancing</td></tr> <tr> <td><20</td><td>High risk & lack of long term viability</td></tr> </table>	Score	Overall Analysis	35-50	Strong management rating & viability	20-34	Moderate risk & viability; will most likely show previous refinancing	<20	High risk & lack of long term viability
Score	Overall Analysis								
35-50	Strong management rating & viability								
20-34	Moderate risk & viability; will most likely show previous refinancing								
<20	High risk & lack of long term viability								



Profitable Porkers Case Study

Objectives

- Discover the importance and benefits of accrual based financial statements
- Gain understanding of how to create an accrual balance sheet
- Become skilled at converting a cash basis income statement to an accrual basis income statement
- Learn how to construct a market value balance sheet

Realizing the Benefits of Accrual Financial Statements

- **Trust your Numbers** – Accrual financial statements deliver an accurate picture of your operation's actual income and expenses over a given time period. In contrast, cash basis statements only reflect cash activity over a given time period. As a result, profitability reported on cash basis statements can be dramatically different than profitability reported on accrual based statements.
- **Calculate Accurate Cost of Production** – Understanding your cost of production is the foundation for determining if you are viable, competitive and for marketing decisions.
- **Recognize Trends** – As you create accrual statements over multiple quarters and years, it will give you the ability to recognize relevant expense or income trends. With confidence in your financial numbers, you can pursue management changes to address negative trends or ensure that positive trends continue.
- **Gauge Effects of Management Changes** – Accrual financial statements give you a baseline to measure whether or not changes you made actually yielded the results you hoped for.
- **Measure Competitiveness** – How do you compare to the farm down the road, or across the state? Accrual statements allow you to compare your operation against industry benchmarks, which could help you identify your strengths and areas that need improvement.
- **Improve Planning** – Accurate numbers are especially important if you are budgeting or doing a cash flow projection. Accrual statements will give you confidence to plan for the future and subsequently identify variances between your plan and actual results.

Profitable Porkers Case Study

Profitable Porkers, LLC Overview

In 2010, Paul started a swine operation called Profitable Porkers, LLC. In 2025, Paul decided to significantly alter his business model from a farrow-to-wean operation to a farrow-to-finish operation. Profitable Porkers now owns 1,400 breeding sows and sells its finished market hogs to a regional packing company. Profitable Porkers contracts out its finishing operation to independent finishing floor operators in the surrounding counties. The company leases its breeding and production facilities from Paul's father.

While transitioning to a farrow-to-finish operation definitely presented challenges, Paul felt like he did a good job of controlling expenses and managing the operation. However, both Paul and his lender were quite surprised and concerned when they reviewed Profitable Porkers' 2025 tax return. The tax return was showing a loss of \$1,060,000. Paul's lender requested that Paul create accrual financial statements to determine how the operation fared on an accrual basis. Profitable Porkers, LLC uses a cash accounting method.

Instructions:

1. Complete the 12/31/25 accrual balance sheet using the following financial data for Profitable Porkers.
2. Calculate the difference between the 12/31/25 and 12/31/24 balance sheet accounts and record the amounts under the difference column.
3. Using the differences you calculated in instruction #2 and the following financial data, determine the adjustments that need to be made to the cash (tax) basis income statement to convert it to accrual basis.

Financial Data for Profitable Porkers, LLC at 12/31/25:

1. In early January 2026, Paul received the December loan statements. The 12/31/25 balances were as follows:
 - a. 10-year term note payable: \$675,000
 - b. 15-year term note payable: \$550,000
2. In December 2025, Paul's feed company was offering large incentives for prepaying feed that would be delivered in 2025. Paul decided to prepay \$100,000.
3. In January 2026, Profitable Porkers received a check from their packing company for \$95,000. The payment was for hogs delivered in late December 2025.

Profitable Porkers Case Study

4. As the company ramped up its operations in 2025, \$25,000 in additional machinery and equipment needed to be purchased. Economic depreciation expense (used on accrual statements) was \$4,000 and tax depreciation expense was \$35,000. Both depreciation figures include depreciation on purchases made in previous years. Economic depreciation depreciates assets over their expected life, while the tax code dictates the asset life and accelerates depreciation for tax based depreciation.
5. In early January 2026, the company received a \$35,000 bill from the feed mill and a \$10,000 bill from one of their independent finishers for feed and services delivered in December 2025.
6. For his accrual financial statements, Paul has correctly decided to value his livestock at standard values. Standard values provide a consistent measurement of profitability and ensure that profitability isn't distorted by short-term market price swings. At 12/31/25 Paul thoroughly counted his livestock:

Livestock	Quantity	Value/Head	Total Value
Farrowing	1,950	\$25	\$48,750
Nursery	3,750	\$45	\$168,750
Finishing	10,800	\$85	\$918,000
Sows	1,400	\$350	\$490,000
Replacement Gilts	780	\$75	\$58,500
Total Livestock			\$1,684,000

Profitable Porkers Case Study

Profitable Porkers, LLC Accrual Balance Sheets December 31 2025 and 2024

	2025	2024	Difference
Assets			
Cash	25,000	75,000	
#3 Accounts Receivable		20,000	
Inventories:			
Feed	85,000	40,000	
#6 Livestock		650,000	
#2 Prepaid Expenses		-	
#4 Machinery and Equipment		20,000	
#4 Accumulated Depreciation		(11,000)	
Total Assets		794,000	
Liabilities			
Accounts Payable			
#5 Feed		15,000	
#5 Independent Finishing		-	
Rent	10,000	-	
Line of Credit	150,000	50,000	
#1 Long term Debt		325,000	
Total Liabilites		390,000	
Owner's Equity		404,000	
Total Liabilities and Owner's Equity		794,000	

Profitable Porkers Case Study

Profitable Porkers, LLC Income Statement For the Year Ended December 31 2025

	Cash (Tax)	Adjustments	Accrual
Sales	1,560,000		
Expenses			
Purchased Feed	1,780,000		
Change in Feed Inventories	0		
Change in Livestock Inventories	0		
Breeding	60,000		60,000
Vet and Medicine	78,000		78,000
Independent Finishing	220,000		
Salaries and Wages	160,000		160,000
Other Labor Costs	30,000		30,000
Rent	110,000		
Real Estate Taxes	12,000		12,000
Repairs and Maintenance	6,000		6,000
Utilities	50,000		50,000
Insurance	14,000		14,000
Supplies	4,000		4,000
Fuel	6,000		6,000
Depreciation	35,000		
Interest	55,000		55,000
Total Expenses	<u>2,620,000</u>		
Net Income (Loss)	<u>(1,060,000)</u>		



Profitable Porkers Case Study

Answer Key

Profitable Porkers, LLC Accrual Balance Sheets December 31 2025 and 2024

	2025	2024	Difference
Assets			
Cash	25,000	75,000	
Accounts Receivable	95,000 FD3	20,000	75,000 C1
Inventories:			
Feed	85,000	40,000	45,000 C2
Livestock	1,684,000 FD6	650,000	1,034,000 C3
Prepaid Expenses	100,000 FD2	0	100,000 C4
Machinery and Equipment	45,000 FD4	20,000	
Accumulated Depreciation	(15,000) C5	(11,000)	4,000 FD4
Total Assets	2,019,000 C6	794,000	
Liabilities			
Accounts Payable			
Feed	35,000 FD5	15,000	20,000 C7
Independent Finishing	10,000 FD5	0	10,000 C8
Rent	10,000	0	10,000 C9
Line of Credit	150,000	50,000	
Long term Debt	1,225,000 FD1	325,000	
Total Liabilities	1,430,000 C10	390,000	
Owner's Equity	589,000 C11	404,000	
Total Liabilities and Owner's Equity	2,019,000 C12	794,000	



Profitable Porkers Case Study

Answer Key

Profitable Porkers, LLC
Income Statement
For the Year Ended December 31 2025

	Cash (Tax)	Adjustments	Accrual
Sales	1,560,000	75,000 C1	1,635,000
Expenses			
Purchased Feed	1,780,000	(80,000) -C4 +C7	1,700,000
Change in Feed Inventories	0	(45,000) -C2	(45,000)
Change in Livestock Inventories	0	(1,034,000) -C3	(1,034,000)
Breeding	60,000		60,000
Vet and Medicine	78,000		78,000
Independent Finishing	220,000	10,000 C8	230,000
Salaries and Wages	160,000		160,000
Other Labor Costs	30,000		30,000
Rent	110,000	10,000 C9	120,000
Real Estate Taxes	12,000		12,000
Repairs and Maintenance	6,000		6,000
Utilities	50,000		50,000
Insurance	14,000		14,000
Supplies	4,000		4,000
Fuel	6,000		6,000
Depreciation	35,000	(31,000) 1	4,000
Interest	55,000		55,000
Total Expenses	<u>2,620,000</u>		<u>1,450,000</u>
Net Income (Loss)	<u>(1,060,000)</u>		<u>185,000</u>



FARM FINANCIAL ASSESSMENT GUIDE



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Financial Assessment Benchmarks

Having a good understanding of financials is an important part of a whole-farm analysis. Below are five key ratios used to determine the financial health of any farm business. Benchmarks are color-coded as:



Equity

Your equity position depicts the relationship between your assets and your financial obligations. The basic ratio to determine percent equity is:

$$\% \text{ Equity} = \text{Total Farm Equity} / \text{Total Farm Assets}$$

< 40%	40% – 70%	> 70%
Red	Yellow	Green

Liquidity

Liquidity is the availability of cash or near-cash assets to cover short-term obligations without disrupting normal business operations. A good ratio to reflect liquidity is working capital as a percentage of annual expenses.

$$\text{Working Capital as a Percentage of Annual Expenses} = (\text{Current Assets} - \text{Current Liabilities}) / \text{Farm Expenses}$$

< 20%	20% – 40%	> 40%
Red	Yellow	Green

Profitability

The Return on Assets (ROA) shows the percentage of how profitable a farm's assets are in generating revenue. The ratio to determine ROA is:

$$\text{ROA} = (\text{Net Income} + \text{Interest}) / \text{Total Farm Assets}$$

< 4%	4% – 8%	> 8%
Red	Yellow	Green

Efficiency

To measure efficiency, the Operating Expense Ratio (OER) can be used to show the relationship between operating expenses and gross revenue. The ratio is:

$$\text{OER} = \text{Farm Expenses} / \text{Farm Receipts}$$

> 80%	60 – 80%	< 60%
Red	Yellow	Green

Repayment Capacity

A common ratio used by lenders to measure a farm's ability to service its current debts by comparing its net operating income with its total debt service obligations is the Total Debt and Lease Coverage Ratio. The formula for the Total Debt and Lease Coverage Ratio is:

$$\text{Total Debt and Lease Coverage Ratio} = (\text{Net Income} + \text{Depreciation} + \text{Interest Cost} + \text{Capital Leases}) / (\text{Scheduled Annual Principal and Interest Payments on All Debt} + \text{Capital Lease Payments})$$

< 125%	125% - 175%	> 175%
Red	Yellow	Green

Case Study Example

Try your hand at calculating these five financial ratios for the dairy farm case study example included below. Then, calculate the ratios using financial information for your farm.

Balance Sheet

Assets		Liabilities	
Current Assets: (Cash; Accounts Receivable; Feed, Seed & Supplies; Crops for Resale; Prepaid Expenses & Investment in Growing Crops; Market Livestock; Other Liquid Assets)	\$340,000	Current Liabilities: (Accounts Payable; Accrued Expenses; Operating Loans; Loans with Term less than one year; Current portion of Term Liability Principal due within next 12 months)	\$122,500
Fixed Assets: (Equipment; Vehicles; Breeding Livestock; Cooperative Investments; Retirement; Real Estate; Other Term Assets)	\$2,200,000	Term Liabilities: (Loans with Term greater than one year ; Capital Leases; Balances should be less the Principal due in the next 12 months that will be shown as a Current Liability)	\$476,200
Total Assets: (Current Assets plus Fixed Assets)	\$2,540,000	Total Liabilities: (Current Liabilities plus Term Liabilities)	\$598,700
		Owner's Equity or Net Worth: (Total Assets less Total Liabilities)	\$1,941,300
		Total Liabilities and Owner Equity: (Must equal Total Assets)	\$2,540,000
		Additional Information Needed: Scheduled Principal payments due next 12 months	\$75,000

Income Statement

Farm Receipts: (Milk; Crops; Cattle Sales; Government Payments; Cooperative Patronage/Dividends; Other Farm Income) Note: These income figures should be accrual adjusted for changes in accounts receivables, inventory levels and internal breeding livestock growth.	\$942,700
Farm Expenses: (Labor, Fertilizer, Chemicals, Seeds, Fuel, Custom Hire, Marketing, Supplies, Vet, Breeding, Livestock Replacements; Feed, Miscellaneous, etc.) Note: These expense figures should be accrual adjusted for changes in accounts payable and accrued expenses. Interest expense and depreciation expense are not included here.	\$780,900
Earnings Before Interest, Taxes, Depreciation and Amortization – EBITDA (Farm Receipts less Farm Expenses)	\$161,800
Less Interest Cost (Includes interest paid on all loans)	\$21,700
Plus Net Non-Farm Earnings (This is non-farm income less non-farm expenses; other business income or jobs/W-2 wages)	\$17,000
Less Depreciation	\$72,300
Less Family Living and Income Taxes (Owner Draws; Living Expenses; Income Taxes)	\$52,300
Net Earnings or Net Income (EBITDA less interest cost plus net non-farm income less depreciation less family living)	\$32,500

Your Farm Assessment

Financial Ratio	Case Study Farm	Your Farm
Equity <i>Total Farm Equity / Total Farm Assets</i>	76% 1,941,300 / 2,540,000 <input type="checkbox"/> Red <input type="checkbox"/> Yellow <input checked="" type="checkbox"/> Green	<input type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green
Working Capital as a % of Expenses <i>(Current Assets - Current Liabilities) / Farm Expenses</i>	28% (340,000 - 122,500) / 780,900 <input type="checkbox"/> Red <input checked="" type="checkbox"/> Yellow <input type="checkbox"/> Green	<input type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green
Return On Assets <i>(Net Income + Interest) / Total Farm Assets</i>	2.1% (32,500 + 21,700) / 2,540,000 <input checked="" type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green	<input type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green
Operating Expense Ratio <i>Farm Expenses / Farm Receipts</i>	83% 780,900 / 942,700 <input checked="" type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green	<input type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green
Debt Coverage Ratio <i>(Net Income + Depreciation + Interest Cost + Capital Leases) / (Scheduled Annual Principal and Interest Payment on All Debt + Capital Lease Payments)</i>	131% (32,500 + 72,300 + 21,700 + 0) / (75,000 + 21,700 + 0) <input type="checkbox"/> Red <input checked="" type="checkbox"/> Yellow <input type="checkbox"/> Green	<input type="checkbox"/> Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green



NMLS# 452721

Module 8

Repayment Analysis, Profitability and Financial Efficiency

Workbook Exercises

Discussion Questions

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

1. Repayment capacity and profitability are very important to ensure businesses can repay borrowed funds. Interview a lender and determine what they look for in this area.
2. In the same interview, discuss differences of interpretation for a young, beginning producer compared to a more tenured business.
3. Interview a lender or business person concerning profitability and financial efficiency. What specific metrics do they analyze? What are some benchmarks and guidelines they use in assessing their business? How has this assisted in improving the business?
4. Interview a lender or financial consultant concerning benchmark data concerning repayment ability, profitability and financial efficiency. Where do they get their data? Which benchmarks are the most important?
5. Interview a lender and discuss some of the most common mistakes they encounter when analyzing financial metrics.

Application Exercises

Complete each exercise below.

1. Calculate the ratios outlined in the module concerning repayment ability, profitability and financial efficiency.
2. If possible, compare your ratios using past or future projections to benchmark data. What are the strengths or areas for improvement? Utilize FINBIN data <https://finbin.umn.edu/> or other data for comparisons.
3. Schedule a meeting with your agricultural lender. Use this meeting to discuss where your business stands and how it could be improved.
4. Develop your customized dashboard of key financial ratios found in the last two modules.



BASICS OF RECORDKEEPING GUIDE



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Recordkeeping Basics

Recordkeeping is essential for all farming operations, and an organized approach can reduce the stress of operating a business.

What are Farm Records?

Keeping up-to-date records is important to the success of your farm business, and keeping all records is vital. Records come in handy when looking for information and understanding where you're spending and earning money. They also:

- Provide data about your business's profitability and allow you to monitor progress over time.
- Help tell your farm's story.
- They aid in preparing tax returns, making financial decisions and planning for your business.
- Allow you to reference past information when developing a budget or planning for the future.

Farm business records are any income or expense directly related to your operation. Some examples include:

- Paid bills
- Bank statements
- Cancelled checks
- Credit card statements
- Income tax receipts for deductions
- Invoices
- Expense receipts
- Livestock, crop, and labor records
- Pay stubs
- Inventories
- Receivables
- Payables
- Loan records or settlement statements
- Financial statements (balance sheets, income statements, etc.)
- Sales receipts (with quantities)
- Contracts and sales agreements

How to Keep Farm Records

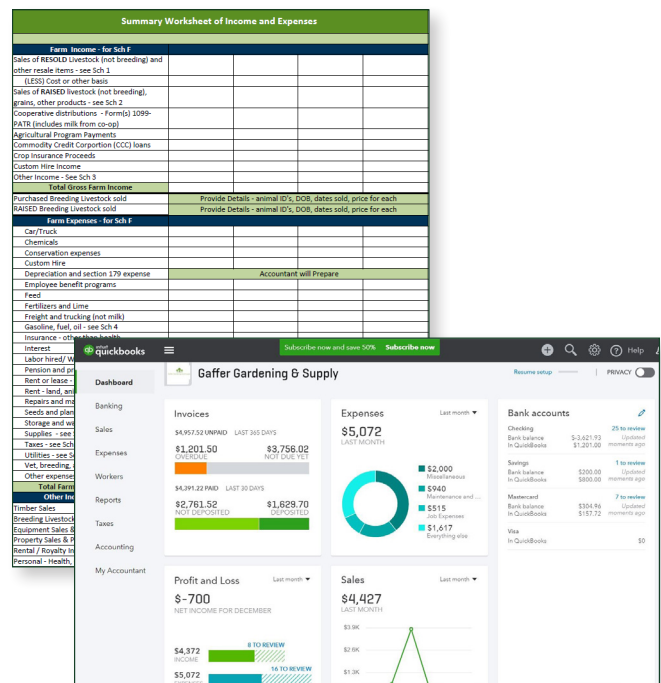
One key step to good recordkeeping is creating a Chart of Accounts, which will serve as the foundation for all of your reporting. First, you'll need to determine the level of detail you want from your records. You can use only high level categories, or you may want to include sub-categories to break down certain income, expenses, etc. Either way, you want to keep the correct chart of accounts for both required financial reporting (your tax return) and management reporting (what you need to analyze your business). If you are unsure of how to structure your Chart of Accounts, refer to the Schedule F of your tax return or contact your accountant.

Choosing how you keep your records is another important step to gain a wealth of information out of your records, but it can also be intimidating. There are many software choices, and determining the right one for you can be a challenge. The good news is that it doesn't matter what system you choose, just that you use it consistently and accurately.

Options Include:

- Software – QuickBooks, CenterPoint, Excel, etc.
- Manual/paper – farm record book, check register, notebook, ledger sheets

Choose the system that works best for you and your farm business, understanding some programs have more benefits than others. Software systems allow for customizable reports and graphs to analyze your information over a specified time period and more easily track and code income and expenses by area.



Tips for Good Farm Recordkeeping



Keep records up-to-date

- Regular record keeping takes less time than waiting for a rainy day.
- Making decisions to help run your operation is easier when you can reference real time information.
- This makes you and your accountant happy because you are ready for tax season.



Know what a farm-related expense is and is not

- All items that directly pertain to the production and management of the farm are farm-related.
- Items such as electric, telephone and internet bills can be shared expenses between the farm operation and personal use. Good judgement should be used to determine the portion of these expenses that should be considered a personal allocation.
- Items that are truly personal in nature (legal expenses for a will, improvements to your personal property, etc.) are not farm-related expenses.



Track as much information about your purchases as possible

- Save all invoices and receipts, especially for larger purchases. This gives your accountant the information needed, including purchase price and date.
- All repairs over \$1,000 should be tracked with receipts/invoices. Keep these to show your accountant.
- Use your bank statements to reconcile your checkbook.
- Itemize expenses on credit card statements to make sure you don't miss things you forgot about buying.



Keep detailed records on livestock inventory

- Know which animals were raised on the farm and which ones were purchased and their purchase date.
- Track the age and date of animals when they leave the farm.
- This information is useful because the value of purchased animals can depreciate. If a purchased animal dies during that time, it can be recorded as a loss.



Understand the rules of 1099 reporting

- Services offered by any vendors (landlords for rent, custom hire, etc.) over \$600 should receive a 1099 form at year end to meet proper federal and state reporting guidelines.
- Corporations you do business with do not require a 1099 form, unless they are a veterinarian or attorney.
- Vendors should complete a W-9 form for your records to ensure you have proper documentation on file of their EIN/SSN/TIN.

Keep records fresh by making sure your Chart of Accounts is accurate and tailored to your business at the beginning of each year.



Test Your Recordkeeping Knowledge!

- 1 Should dairy farmers report gross milk income or net milk income for taxes?
 - A. Gross milk income
 - B. Net milk income
- 2 What is the best way to keep farm records?
 - A. Paper record book
 - B. Excel spreadsheet
 - C. QuickBooks
 - D. CenterPoint
 - E. Any of the above
- 3 If you buy a new tractor and trade in an old one, what information do you need to share with your accountant?
 - A. The gross price paid for the new tractor
 - B. The trade in value of the old tractor
 - C. Both
- 4 Do most farms use the cash accounting method or accrual accounting method?
 - A. Cash
 - B. Accrual
- 5 What is not a farm-related expense and should not be included in your farm's record books?
 - A. 100% of the electric bill, even though you live in the farmhouse on the property
 - B. Veterinary bill for the family dog
 - C. New gutters for the farmhouse
 - D. All of the above

Answers

1. A. Gross milk income - Your accountant needs to know all expenses being deducted from your milk check as well.
2. E. Any of the above - Consistency and accuracy is key, no matter what system you use.
3. C. Both - Your accountant needs all of the information and not just the net price.
4. A. Cash - Farms typically use cash accounting. However, keeping track of inventory, prepaid expenses and other items can help a farmer using cash accounting make accrual adjustments and more informed managerial decisions on their operation.
5. D. All of the above - Items that are truly personal in nature should not be considered a farm-related expense.



Module 9

Growth and Transition Management

Workbook Exercises

Discussion Questions

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

1. Interview a business person or a lender to find out some of their strategies for a smooth expansion of the business.
2. Interview a lender or a business person on growth and expansion. What have been some of the biggest “growth traps” or reasons for failure, prior to, during or post expansion? What are their favorite tips to avoid these situations?
3. Interview an agricultural producer or Extension agent on the use of farm enterprise budgets. Where has this tool been useful? Do they have tips and techniques in developing effective budgets?
4. Interview your mentor concerning some of the challenges that have been observed in transition management. Do they have any suggestions to overcome these challenges?
5. Find an article relating to growth, transition management or the use of enterprise budgets. Compare these findings to points and perspectives discussed in this module and how it can be applied to your business.

Application Exercises

Complete each exercise below.

1. Develop a detailed written plan concerning growth of your business. Sensitivity test key factors that were discussed in the module. How did it impact your bottom line?
2. For those that are considering a new enterprise or expanding a segment of your business, develop an enterprise budget for that segment. Sensitivity test variances and assumptions for success.
3. For those embarking on transition management, test your situation to some of the rules of thumb outlined in the module. What will be your action plan concerning your analysis?
4. Develop an executive summary for your business plan. Utilize the reading as your guide.

Module 10

Leadership, Communication and Ethics

Workbook Exercises

Discussion Questions

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

1. Go to YouTube and view the presentation on leadership by Simon Sinek, "What is your WHY? How Great Leaders Inspire Action." How is his discussion applicable to leadership in agriculture?
2. View a video on leadership in which coaches, athletes, business people, etc. are interviewed. What are the common core attributes that are applicable to this course?
3. There are some very good examples of do's and don'ts in communication and public relations in agriculture. Present your example and discuss implications it has for the industry or the business.
4. This module discussed telling your story. Provide an example, either positive or negative, on a story representative of the agricultural industry.
5. Provide some examples of ethical lapses in business in recent years. What are some of the lessons learned?

Application Exercises

Complete each exercise below.

1. Of the ten points discussed on leadership, select one or two and develop a game plan for improving your leadership skills.
2. Develop an outline for a media press release about your business.
3. List five company core values that you would include in your code of ethics such as trust, integrity, etc.

Notes

Notes