

2010 NATIONAL FFA FARM BUSINESS MANAGEMENT CAREER DEVELOPMENT EVENT

RESOURCE INFORMATION FOR BOONE FARM

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INTRODUCTION TO BOONE FARM

Tinker and Mary Boone own and operate Boone Farm. They operate their farm as a sole-proprietorship and use the cash method accounting system on a calendar year accounting period. Tinker controls all aspects of the farm operation from production to marketing decisions. Mary handles the majority of the recordkeeping responsibilities.

Tinker (age 42) and his wife, Mary (age 40) dated in high school and married after graduation. They have three children, a son Andrew (age 18), a son Eli (age 13), and a daughter Cadyn (age 8). Andrew has just started college and is majoring in Agricultural Economics. Andrew has been involved in the farming operation and has expressed an interest in returning to the farm when he graduates from college.

The Boone family is very involved in church and community activities. Tinker is active in several farm organizations and serves on a number of local, state, and regional advisory boards. A few years ago Tinker and Mary developed a long-term financial plan and are investing in an Individual Retirement Account and other investments.

Tinker farmed with his father growing up. After high school Tinker and Mary began renting cropland when it became available and they could financially afford it. Eventually they accumulated enough capital to buy a house and 300 acres which has become the farm operation's headquarters. In 2009 the Boones purchased an additional 320 acres of cropland. They also built a crop storage facility on the headquarters farm. In addition to owning 620 acres the Boones rent approximately 5,000 acres and a feeder steer feedlot.

In 2008, the feedlot for backgrounding feeder steers became available when a local dairyman went out of business. The Boones acquired the property and converted the dairy facilities to a feedlot for feeder steers. Prior to 2008, Boone Farm had fed approximately 100 steers through the winter and sold them to other feedlots. Occasionally they retained ownership of the steers through slaughter. During 2008, Boone Farm expanded the feeder steer backgrounding enterprise to approximately 1,500 calves each year. They plan to feed out 1,500 yearling steers in 2010. Boone Farm utilizes an order buyer to acquire the steer calves. They feed raised crops and purchase feed for the feeder steer backgrounding enterprise.

In 2009 Boone Farm crop enterprises consisted of 5,160 total acres (4,629 tillable acres) including the headquarters farm. Average cash rent is \$125 per acre for grain crops and \$300 per acre for tobacco land. A few years ago much of the land could have been rented for \$75 - \$100 per acre. Additional land is available for rent, but competition is driving the price up. The typical crop share arrangement is 75/25 (tenant/landlord) with all expenses paid by Boone Farm.

INTRODUCTION TO BOONE FARM (Continued)

In 2010, Boone Farm plans to farm 4,300 tillable acres. Plans include growing 2,000 acres of corn (200 ac.-owned land, 900 ac.-cash rent, and 900 ac.-crop share), 1,700 acres of soybeans (260 ac.-owned land, 740 ac.-cash rent, and 700 ac.-crop share), 250 acres of corn silage (all cash rent), 150 acres of grass hay (all crop share), and 200 acres of burley tobacco (90 ac.-owned land and 110 ac.-cash rent). The wheat enterprise is being discontinued because of poor yields, prices, and the downturn in the straw market.

Many of the inputs are purchased through a local cooperative. The corn and soybeans are sold at a local elevator. The burley tobacco is sold either on contract with multi-national companies, through local auction warehouses, or through a marketing cooperative.

When developing the 2010 projected cash flow the Boones estimated they would receive \$74,000.00 in government payments. They also will receive \$495,094.00 in crop insurance payments from 2009 and project they will have other farm income of \$35,880.00.

Boone Farm is located in an area that saw great appreciation in land values in the last five to 10 years. However, much of that has subsided due to the downturn in the economy. There is little or no pressure from residential and commercial development.

Boone Farm has had a great run of success, especially in the last few years as their operation has expanded. One of their biggest problems has been getting comfortable with the larger income tax bill at year's end. They are always looking for strategies to maximize after-tax income.

Boone Farm has some long-term debt, but mainly use three separate lines of credit with their local lender. One line of credit is for operating expenses, the second line is strictly for the feeder cattle enterprise, and the third line of credit is for capital expenditures (primarily equipment purchases).

Boone Farm is labor intensive and requires hiring a number of seasonal workers. Tinker and Mary undertake "positive recruitment" efforts to obtain workers through informal channels, local farm labor organizations, federal and state employment services, migrant workers and other potential workers to find U.S. workers for their farming operation. Boone Farm also employs workers available through the H-2A agricultural guest worker program.

The Boones financial advisor has suggested that they begin the development of a business plan for their farm business. The financial advisor has indicated that a vision statement is an initial step in the development of the business plan.

BALANCE SHEETS (Modified Cost Basis)

<u>ASSETS</u>	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Current Farm Assets					
Bank Balance	\$ (154,069)	\$ (15,043)	\$ (4,518)	\$ (146,725)	\$ (52,006)
Hedging Account	\$ -	\$ -	\$ -	\$ 11,216	\$ 11,568
Accts Rec. (crop ins. proceeds)	\$ 123,363	\$ 533,140	\$ 126,686	\$ 556,563	\$ 495,094
Crop & Feed Inventory	\$ 868,654	\$ 540,159	\$ 1,424,660	\$ 1,163,057	\$ 1,528,997
Livestock Inventory	\$ 61,439	\$ 63,064	\$ 78,064	\$ 348,551	\$ 405,366
Prepaid Expenses	\$ 118,847	\$ 110,969	\$ 250,818	\$ 246,240	\$ 263,293
Total Current Assets	\$ 1,018,234	\$ 1,232,289	\$ 1,875,710	\$ 2,178,902	\$ 2,652,312
Non-Current Farm Assets					
Machinery & Equipment	\$ 888,095	\$ 835,088	\$ 839,556	\$ 1,003,281	\$ 1,108,899
Land and Buildings	\$ 354,476	\$ 354,476	\$ 442,846	\$ 496,111	\$ 1,442,775
Total Non-Current Assets	\$ 1,242,571	\$ 1,189,564	\$ 1,282,402	\$ 1,499,392	\$ 2,551,674
Total Farm Assets	\$ 2,260,805	\$ 2,421,853	\$ 3,158,112	\$ 3,678,294	\$ 5,203,986
<u>LIABILITIES</u>					
Current Farm Liabilities					
Accounts Payable w/merchants	\$ -	\$ 12,939	\$ 44,118	\$ 37,318	\$ 53,655
Operating/Short Term Notes	\$ 404,501	\$ 353,790	\$ 398,175	\$ 540,102	\$ 711,645
Accrued Interest	\$ -	\$ 526	\$ 542	\$ 629	\$ 104
Principal Due Next Year					
Machinery & Equipment Notes	\$ 79,708	\$ 86,214	\$ 90,244	\$ 87,272	\$ 88,683
Land & Building Notes	\$ 9,025	\$ 10,000	\$ 10,427	\$ 10,928	\$ 59,736
Total Current Farm Liabilities	\$ 493,234	\$ 463,469	\$ 543,506	\$ 676,249	\$ 913,823
Non-Current Farm Liabilities					
Machinery & Equipment Notes	\$ 185,639	\$ 222,861	\$ 112,344	\$ 90,321	\$ 81,638
Land & Building Notes	\$ 175,788	\$ 155,553	\$ 145,175	\$ 134,247	\$ 763,886
Total Non-Current Farm Liabilities	\$ 361,427	\$ 378,414	\$ 257,519	\$ 224,568	\$ 845,524
Total Farm Liabilities	\$ 854,661	\$ 841,883	\$ 801,025	\$ 900,817	\$ 1,759,347
Farm Net Worth (Equity)	\$ 1,406,144	\$ 1,579,970	\$ 2,357,087	\$ 2,777,477	\$ 3,444,639
Change in Net Worth	\$ 344,281	\$ 173,826	\$ 777,117	\$ 420,390	\$ 667,162

BALANCE SHEETS (Fair Market Value)

<u>ASSETS</u>	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Current	\$ 1,018,234	\$ 1,232,289	\$ 1,875,710	\$ 2,178,902	\$ 2,652,312
Non-Current	\$ 2,486,591	\$ 2,652,423	\$ 2,770,495	\$ 3,303,665	\$ 3,984,811
Total Farm Assets	\$ 3,504,825	\$ 3,884,712	\$ 4,646,205	\$ 5,482,567	\$ 6,637,123
<u>LIABILITIES</u>					
Current	\$ 493,234	\$ 463,469	\$ 543,506	\$ 676,249	\$ 913,823
Non-Current	\$ 361,427	\$ 378,414	\$ 257,519	\$ 224,568	\$ 845,524
Total Farm Liabilities	\$ 854,661	\$ 841,883	\$ 801,025	\$ 900,817	\$ 1,759,347
Farm Net Worth (Equity)	\$ 2,650,164	\$ 3,042,829	\$ 3,845,180	\$ 4,581,750	\$ 4,877,776
Change in Net Worth	\$ 650,499	\$ 392,665	\$ 802,351	\$ 736,570	\$ 296,026

INCOME STATEMENTS

	2005	2006	2007	2008	2009
Income					
Cash Income					
Crop sales	\$ 1,088,877	\$ 923,827	\$ 1,272,550	\$ 1,643,275	\$ 2,056,222
Sale of Lvst. Purch. for Resale	\$ 87,105	\$ 80,110	\$ 118,120	\$ 927,372	\$ 1,239,632
Government payments	\$ 107,124	\$ 145,295	\$ 103,840	\$ 75,184	\$ 153,669
Crop insurance proceeds	\$ -	\$ 78,716	\$ 499,303	\$ 123,485	\$ 657,269
Custom work	\$ -	\$ 156,458	\$ 159,239	\$ 64,004	\$ 61,067
Patronage refund	\$ 175,511	\$ 84,198	\$ 19,218	\$ 11,168	\$ 28,631
Total Cash Income	\$ 1,458,617	\$ 1,468,604	\$ 2,172,270	\$ 2,844,488	\$ 4,196,490
Adjustments					
Inventory change - crops	\$ 204,866	\$ (328,499)	\$ 884,501	\$ (261,603)	\$ 365,940
Inventory change - livestock	\$ 61,439	\$ 1,625	\$ 15,000	\$ 270,487	\$ 56,815
Change in accounts receivable	\$ 31,785	\$ 409,777	\$ (406,454)	\$ 429,877	\$ (61,469)
Total Adjustments	\$ 298,090	\$ 82,903	\$ 493,047	\$ 438,761	\$ 361,286
Total Income	\$ 1,756,707	\$ 1,551,507	\$ 2,665,317	\$ 3,283,249	\$ 4,557,776
Expenses					
Livestock purchased for resale	\$ 128,359	\$ 74,139	\$ 192,639	\$ 942,695	\$ 1,200,954
Seed	\$ 123,553	\$ 97,834	\$ 159,122	\$ 177,685	\$ 138,700
Fertilizer	\$ 122,742	\$ 138,837	\$ 270,251	\$ 245,160	\$ 361,378
Pesticides	\$ 79,991	\$ 61,058	\$ 117,573	\$ 65,403	\$ 158,361
Machinery Repair	\$ 75,145	\$ 95,807	\$ 117,542	\$ 145,666	\$ 197,516
Building and Fence Repair	\$ 27,028	\$ 27,048	\$ 24,588	\$ 12,207	\$ 21,867
Vet & livestock supplies	\$ 10,424	\$ 3,435	\$ 1,285	\$ 58,956	\$ 69,229
Custom hire	\$ 26,776	\$ 25,697	\$ 34,247	\$ 25,961	\$ 64,382
Rent	\$ 198,071	\$ 142,211	\$ 197,062	\$ 180,660	\$ 243,027
Labor hired	\$ 262,900	\$ 271,051	\$ 364,380	\$ 441,229	\$ 427,668
Gas/fuel/oil	\$ 57,826	\$ 76,324	\$ 98,239	\$ 122,443	\$ 200,569
Taxes	\$ 3,100	\$ 1,852	\$ 1,837	\$ 1,838	\$ 3,214
Storage	\$ 361	\$ 22,017	\$ 16,050	\$ 11,488	\$ 4,142
Insurance - farm and crop	\$ 59,174	\$ 59,013	\$ 85,494	\$ 114,326	\$ 193,406
Utilities	\$ 30,067	\$ 36,370	\$ 37,572	\$ 49,630	\$ 56,763
Miscellaneous	\$ 15,212	\$ 21,727	\$ 11,312	\$ 11,596	\$ 35,164
Total Operating Expenses	\$ 1,220,729	\$ 1,154,420	\$ 1,729,193	\$ 2,606,943	\$ 3,376,340
Cash Interest Paid	\$ 29,697	\$ 33,951	\$ 36,737	\$ 37,360	\$ 62,403
Total Cash Interest Expense	\$ 29,697	\$ 33,951	\$ 36,737	\$ 37,360	\$ 62,403
Total Cash Expenses	\$ 1,250,426	\$ 1,188,371	\$ 1,765,930	\$ 2,644,303	\$ 3,438,743
Adjustments					
Change - accounts payable	\$ (10,820)	\$ 12,739	\$ 31,179	\$ (6,800)	\$ 16,337
Change - prepaid expenses	\$ (17,691)	\$ (7,878)	\$ 139,849	\$ 4,578	\$ 17,053
Change - accrued interest	\$ -	\$ 526	\$ 16	\$ 87	\$ (525)
Depreciation	\$ 94,685	\$ 141,833	\$ 154,619	\$ 159,175	\$ 202,308
Total Adjustments	\$ 66,174	\$ 147,220	\$ 325,663	\$ 157,040	\$ 235,173
Total Expenses	\$ 1,316,600	\$ 1,335,591	\$ 2,091,593	\$ 2,801,343	\$ 3,673,916
Net Cash Income	\$ 208,191	\$ 280,233	\$ 406,340	\$ 200,185	\$ 757,747
Net Farm Income from Operations	\$ 440,107	\$ 215,916	\$ 573,724	\$ 481,906	\$ 883,860

STATEMENT OF CASH FLOWS

	2005	2006	2007	2008	2009
OPERATING ACTIVITIES					
Farm Operating Receipts	\$ 1,458,617	\$ 1,468,604	\$ 2,172,270	\$ 2,844,488	\$ 4,196,490
Plus: Net Non-Farm Income	\$ 8,044	\$ 58,720	\$ 17,872	\$ 28,530	\$ 14,519
Less: Livestock purchased	\$ 128,359	\$ 74,139	\$ 192,639	\$ 942,695	\$ 1,200,954
Less: Operating Expenses (less livestock)	\$ 1,092,370	\$ 1,080,281	\$ 1,536,554	\$ 1,664,248	\$ 2,175,386
Less: Interest Paid	\$ 29,697	\$ 33,951	\$ 36,737	\$ 37,360	\$ 62,403
Equals: Net Cash Income	\$ 216,235	\$ 338,953	\$ 424,212	\$ 228,715	\$ 772,266
Less: Family Withdrawals	\$ 63,723	\$ 93,636	\$ 93,920	\$ 149,727	\$ 194,182
Net Cash Provided by Operating Activities	\$ 152,512	\$ 245,317	\$ 330,292	\$ 78,988	\$ 578,084
INVESTING ACTIVITIES					
Sale of Machinery and Equipment	\$ 4,115	\$ 55,500	\$ 2,800	\$ 10,757	\$ 49,700
Plus: Sales of Investments	\$ -	\$ 198,181	\$ 2,500	\$ 2,502	\$ 81,292
Less: Machinery and Equipment Purch.	\$ 400,246	\$ 276,924	\$ 140,594	\$ 248,143	\$ 307,415
Less: Buildings Purchased	\$ 86,167	\$ 6,804	\$ 112,365	\$ 77,160	\$ 238,584
Less: Investments Purchased	\$ 20,034	\$ 50,000	\$ 55	\$ 15,656	\$ 809,547
Net Cash Provided by Investing Activities	\$ (502,332)	\$ (80,047)	\$ (247,714)	\$ (327,700)	\$ (1,224,554)
FINANCING ACTIVITIES					
Proceeds from Operating Loans	\$ 567,162	\$ 457,878	\$ 629,302	\$ 1,064,829	\$ 1,197,170
Plus: Proceeds from Term Debt Financing	\$ 225,596	\$ 120,681	\$ 5,472	\$ 62,779	\$ 703,913
Plus: Other Non-Taxable Receipts	\$ -	\$ -	\$ -	\$ -	\$ 14,152
Less: Principal Payments - Op. Loans	\$ 500,562	\$ 508,589	\$ 584,917	\$ 922,903	\$ 1,025,627
Less: Principal Paymts. - Sch. Term Debt	\$ 88,733	\$ 96,214	\$ 100,671	\$ 98,200	\$ 148,419
Less: Principal Paymts. - Not Sch. Term Debt	\$ -	\$ -	\$ 21,239	\$ -	\$ -
Net Cash Provided by Financing Activities	\$ 203,463	\$ (26,244)	\$ (72,053)	\$ 106,505	\$ 741,189
Net Change in Cash	\$ (146,357)	\$ 139,026	\$ 10,525	\$ (142,207)	\$ 94,719
Beginning of Year Cash Balance	\$ (7,712)	\$ (154,069)	\$ (15,043)	\$ (4,518)	\$ (146,725)
End of Year Cash Balance	\$ (154,069)	\$ (15,043)	\$ (4,518)	\$ (146,725)	\$ (52,006)
Net Change in Cash Balance	\$ (146,357)	\$ 139,026	\$ 10,525	\$ (142,207)	\$ 94,719

FINANCIAL ANALYSIS

(NOTE: Used Modified Cost Basis Balance Sheet)

	2006	2007	2008	2009
Opportunity Cost of Labor & Mgmt	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Opportunity Cost of Capital	5 %	5 %	5 %	5 %
Average Total Farm Assets	\$ 2,341,329	\$ 2,789,983	\$ 3,418,203	\$ 4,441,140
Average Total Farm Liabilities	\$ 848,272	\$ 821,454	\$ 850,921	\$ 1,330,082
Average Farm Net Worth	\$ 1,493,057	\$ 1,968,529	\$ 2,567,282	\$ 3,111,058
Withdrawals for Operator Labor	\$ 93,636	\$ 93,920	\$ 149,727	\$ 194,182
Non-Farm Income	\$ 24,220	\$ 61,550	\$ 27,312	\$ 28,671
Family Living Expenses and Taxes	\$ 124,257	\$ 137,598	\$ 148,509	\$ 208,334
Interest Paid on Term Debt	\$ 22,508	\$ 23,731	\$ 21,491	\$ 19,367
Principal Payment on Term Debt	\$ 88,733	\$ 96,214	\$ 100,671	\$ 98,200
	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Liquidity				
Current Ratio	2.66 :1	3.45 :1	3.22 :1	2.90 :1
Working Capital	\$ 768,820	\$ 1,332,204	\$ 1,502,653	\$ 1,738,489
Solvency				
Debt to Asset Ratio	0.35 :1	0.25 :1	0.24 :1	0.34 :1
Debt to Equity Ratio	0.53 :1	0.34 :1	0.32 :1	0.51 :1
Equity to Asset Ratio	0.65 :1	0.75 :1	0.76 :1	0.66 :1
Profitability				
Net Farm Income from operations	\$ 215,916	\$ 573,724	\$ 481,906	\$ 883,860
Rate of Return on Assets (ROA)	6.42 %	18.30 %	12.27 %	19.04 %
Rate of Return on Equity (ROE)	7.76 %	24.06 %	14.88 %	25.20 %
Operating Profit Margin Ratio	0.10 :1	0.19 :1	0.11 :1	0.16 :1
Repayment Capacity				
Term Debt Coverage Ratio	2.52 :1	5.64 :1	4.43 :1	7.88 :1
Capital Replacement and Term Debt Replacement Margin	\$ 168,979	\$ 556,081	\$ 419,213	\$ 808,305
Financial Efficiency Ratios				
Operating-Expense Ratio	0.75 :1	0.71 :1	0.79 :1	0.75 :1
Depreciation-Expense Ratio	0.09 :1	0.06 :1	0.05 :1	0.04 :1
Interest-Expense Ratio	0.02 :1	0.01 :1	0.01 :1	0.01 :1
NFI from Operations Ratio	0.14 :1	0.22 :1	0.15 :1	0.19 :1
Asset Turnover Ratio	0.66 :1	0.96 :1	0.96 :1	1.03 :1

CROP PRODUCTION INFORMATION

Crops		2005	2006	2007	2008	2009
Yellow Corn	Acres	1,257	1,040	1,315	1,514	1,744
	Yield (bu.)	160	54	165	100	110
Soybeans (full season)	Acres	1,543	1,762	1,384	1,507	1,969
	Yield (bu.)	52	30	48	27	29
Wheat	Acres	251	208	701	154	357
	Yield (bu.)	65	68	68	56	54
Soybeans (double-crop)	Acres	251	208	701	154	357
	Yield (bu.)	36	11	26	9	13
Corn Silage	Acres	13	16	46	135	258
	Yield (tons)	23	20	23	21	10
Grass Hay	Acres	-	45	155	396	155
	Yield (tons)	-	3	4	3	3
Burley Tobacco	Acres	63	112	119	132	146
	Yield (lbs.)	2,470	578	2,893	1,230	1,905
Size of Farm						
Total Acres		3,500	3,500	4,000	4,120	5,160
Total Tillable Acres		3,127	3,183	3,720	3,838	4,629

YELLOW CORN (Owned Land) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	20.11	\$ 2.50	\$ 50.28	
Nitrogen, Anhydrous	lbs.	140.00	\$ 0.30	\$ 42.00	
Phosphorus	lbs.	60.00	\$ 0.30	\$ 18.00	
Potassium	lbs.	60.00	\$ 0.60	\$ 36.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Crop Insurance	acre	1.00	\$ 25.00	\$ 25.00	
Drying	acre	1.00	\$ 14.64	\$ 14.64	
Hired Labor	hour	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 26.46	\$ 26.46	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	dollars	290.53	6.00%	\$ 17.43	
TOTAL VARIABLE COSTS				\$ 308.46	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.30	\$ 6.30	
Interest	acre	1.00	\$ 80.18	\$ 80.18	
Insurance	acre	1.00	\$ 7.92	\$ 7.92	
Depreciation	acre	1.00	\$ 33.00	\$ 33.00	
Taxes (real estate & personal prop.)	acre	1.00	\$ 5.18	\$ 5.18	
TOTAL FIXED COSTS				\$ 132.58	
PRODUCTION					
Corn	bu.	120.00	\$ 4.00	\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL VARIABLE COSTS				\$ 308.46	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 171.54	
TOTAL FIXED COSTS				\$ 132.58	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ 38.96	

Comments: Dryland; plant in April - May; harvest in September - November

YELLOW CORN (Cash Rent) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	20.11	\$ 2.50	\$ 50.28	
Nitrogen, Anhydrous	lbs.	140.00	\$ 0.30	\$ 42.00	
Phosphorus	lbs.	60.00	\$ 0.30	\$ 18.00	
Potassium	lbs.	60.00	\$ 0.60	\$ 36.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Crop Insurance	acre	1.00	\$ 25.00	\$ 25.00	
Drying	acre	1.00	\$ 14.64	\$ 14.64	
Hired Labor	hour	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 26.46	\$ 26.46	
Land Rent	acre	1.00	\$ 125.00	\$ 125.00	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	dollars	415.53	6.00%	\$ 24.93	
TOTAL VARIABLE COSTS				\$ 440.96	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 33.00	\$ 33.00	
TOTAL FIXED COSTS				\$ 62.11	
PRODUCTION					
Corn	bu.	120.00	\$ 4.00	\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL VARIABLE COSTS				\$ 440.96	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 39.04	
TOTAL FIXED COSTS				\$ 62.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ (23.07)	

Comments: Dryland; plant in April - May; harvest in September - November

YELLOW CORN (Crop Share) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	20.11	\$ 2.50	\$ 50.28	
Nitrogen, Anhydrous	lbs.	140.00	\$ 0.30	\$ 42.00	
Phosphorus	lbs.	60.00	\$ 0.30	\$ 18.00	
Potassium	lbs.	60.00	\$ 0.60	\$ 36.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Crop Insurance	acre	1.00	\$ 25.00	\$ 25.00	
Drying	acre	1.00	\$ 14.64	\$ 14.64	
Hired Labor	hour	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 26.46	\$ 26.46	
Land Rent (25% of production)	acre	1.00	\$ 120.00	\$ 120.00	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	dollars	410.53	6.00%	\$ 24.63	
TOTAL VARIABLE COSTS				\$ 435.66	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 33.00	\$ 33.00	
TOTAL FIXED COSTS				\$ 62.11	
PRODUCTION					
Corn	bu.	120.00	\$ 4.00	\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL VARIABLE COSTS				\$ 435.66	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 44.34	
TOTAL FIXED COSTS				\$ 62.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ (17.77)	

Comments: Dryland; plant in April - May; harvest in September - November

SOYBEAN - FULL SEASON (Owned Land) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	45.00	\$ 0.80	\$ 36.00	
Phosphorus	lbs.	40.00	\$ 0.30	\$ 12.00	
Potassium	lbs.	40.00	\$ 0.60	\$ 24.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Crop Insurance	acre	1.00	\$ 25.00	\$ 25.00	
Hired Labor	hour	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 16.70	\$ 16.70	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	acre	179.35	6.00%	\$ 10.76	
TOTAL VARIABLE COSTS				\$ 203.11	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.30	\$ 6.30	
Interest	acre	1.00	\$ 80.18	\$ 80.18	
Insurance	acre	1.00	\$ 7.92	\$ 7.92	
Depreciation	acre	1.00	\$ 23.00	\$ 23.00	
Taxes (real estate & personal prop)	acre	1.00	\$ 5.18	\$ 5.18	
TOTAL FIXED COSTS				\$ 122.58	
PRODUCTION					
Soybeans	bu.	40	\$ 8.25	\$ 330.00	
TOTAL RECEIPTS				\$ 330.00	
TOTAL RECEIPTS				\$ 330.00	
TOTAL VARIABLE COSTS				\$ 203.11	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 126.89	
TOTAL FIXED COSTS				\$ 122.58	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ 4.31	

Comments: Dryland; plant in April - May; harvest in October - November

SOYBEAN - FULL SEASON (Cash Rent) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	45.00	\$ 0.80	\$ 36.00	
Phosphorus	lbs.	40.00	\$ 0.30	\$ 12.00	
Potassium	lbs.	40.00	\$ 0.60	\$ 24.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Crop Insurance	acre	1.00	\$ 25.00	\$ 25.00	
Hired Labor	hour	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 16.70	\$ 16.70	
Land Rent	acre	1.00	\$ 125.00	\$ 125.00	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	acre	304.35	6.00%	\$ 18.26	
TOTAL VARIABLE COSTS				\$ 335.61	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 23.00	\$ 23.00	
TOTAL FIXED COSTS				\$ 52.11	
PRODUCTION					
Soybeans	bu.	40	\$ 8.25	\$ 330.00	
TOTAL RECEIPTS				\$ 330.00	
TOTAL RECEIPTS				\$ 330.00	
TOTAL VARIABLE COSTS				\$ 335.61	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ (5.61)	
TOTAL FIXED COSTS				\$ 52.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ (57.72)	

Comments: Dryland; plant in April - May; harvest in October - November

SOYBEAN - FULL SEASON (Share Crop) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	45.00	\$ 0.80	\$ 36.00	
Phosphorus	lbs.	40.00	\$ 0.30	\$ 12.00	
Potassium	lbs.	40.00	\$ 0.60	\$ 24.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Crop Insurance	acre	1.00	\$ 25.00	\$ 25.00	
Hired Labor	hour	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 16.70	\$ 16.70	
Land Rent (25% of production)	acre	1.00	\$ 82.50	\$ 82.50	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	acre	261.85	6.00%	\$ 15.71	
TOTAL VARIABLE COSTS				\$ 290.56	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 23.00	\$ 23.00	
TOTAL FIXED COSTS				\$ 52.11	
PRODUCTION					
Soybeans	bu.	40	\$ 8.25	\$ 330.00	
TOTAL RECEIPTS				\$ 330.00	
TOTAL RECEIPTS				\$ 330.00	
TOTAL VARIABLE COSTS				\$ 290.56	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 39.44	
TOTAL FIXED COSTS				\$ 52.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ (12.67)	

Comments: Dryland; plant in April - May; harvest in October - November

CORN SILAGE (Cash Rent) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	20.11	\$ 2.50	\$ 50.28	
Fertilizer	acre	1.00	\$ 96.00	\$ 96.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Crop Chemicals	acre	1.00	\$ 15.00	\$ 15.00	
Hired Labor	acre	4.00	\$ 9.00	\$ 36.00	
Fuel and Oil	acre	1.00	\$ 20.05	\$ 20.05	
Repairs and Maintenance	acre	1.00	\$ 26.46	\$ 26.46	
Land Rent	acre	1.00	\$ 125.00	\$ 125.00	
Miscellaneous	acre	1.00	\$ 1.00	\$ 1.00	
Interest on Operating Capital	acre	385.89	6.00%	\$ 23.15	
TOTAL VARIABLE COSTS				\$ 399.54	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 27.00	\$ 27.00	
TOTAL FIXED COSTS				\$ 56.11	
PRODUCTION					
Corn Silage	tons	15.00	\$ 32.00	\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL RECEIPTS				\$ 480.00	
TOTAL VARIABLE COSTS				\$ 399.54	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 80.46	
TOTAL FIXED COSTS				\$ 56.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ 24.35	

Comments: Dryland; fed to feeder steer enterprise

GRASS HAY (Crop Share) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Seed	lbs.	5.00	\$ 3.50	\$ 17.50	
Nitrogen	lbs.	10.00	\$ 0.30	\$ 3.00	
Phosphorus	lbs.	20.00	\$ 0.30	\$ 6.00	
Potassium	lbs.	35.00	\$ 0.60	\$ 21.00	
Lime (delivered and spread)	tons	0.33	\$ 20.00	\$ 6.60	
Herbicides	acre	1.00	\$ 5.00	\$ 5.00	
Harvesting	acre	1.00	\$ 15.00	\$ 15.00	
Hired Labor	hour	5.00	\$ 9.00	\$ 45.00	
Fuel and Oil	acre	1.00	\$ 10.00	\$ 10.00	
Repairs and Maintenance	acre	1.00	\$ 9.77	\$ 9.77	
Land Rent (25% of production)	acre	1.00	\$ 61.25	\$ 61.25	
Miscellaneous	acre	1.00	\$ 8.00	\$ 8.00	
Interest on Operating Capital	dollars	255.52	6.00%	\$ 15.33	
TOTAL VARIABLE COSTS				\$ 223.45	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 13.00	\$ 13.00	
TOTAL FIXED COSTS				\$ 42.11	
PRODUCTION					
Grass Hay	tons	3.50	\$ 70.00	\$ 245.00	
Grazing	aums	0.00	\$ -	\$ -	
TOTAL RECEIPTS				\$ 245.00	
TOTAL RECEIPTS				\$ 245.00	
TOTAL VARIABLE COSTS				\$ 223.45	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 21.55	
TOTAL FIXED COSTS				\$ 42.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ (20.56)	

Comments: Dryland; Seed (15 lbs.)and Lime (3 tons) applied every three years; hay will be fed to feeder steers

BURLEY TOBACCO (Owned Land) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Transplants (1000 plants)	thousand	6.50	\$ 42.00	\$ 273.00	
Nitrogen	lb.	250.00	\$ 0.30	\$ 75.00	
Phosphorus	lb.	100.00	\$ 0.30	\$ 30.00	
Potassium	lb.	250.00	\$ 0.60	\$ 150.00	
Lime	tons	1.50	\$ 22.00	\$ 33.00	
Herbicides	acre	1.00	\$ 55.00	\$ 55.00	
Insecticides	acre	1.00	\$ 70.00	\$ 70.00	
Fungicides	acre	1.00	\$ 110.00	\$ 110.00	
Sucker Control	acre	1.00	\$ 60.00	\$ 60.00	
Tillage	trips	6.00	\$ 8.50	\$ 51.00	
Planting	acre	1.00	\$ 20.00	\$ 20.00	
Spraying	trips	3.00	\$ 20.00	\$ 60.00	
Cover Crop	acre	1.00	\$ 15.00	\$ 15.00	
Materials & Supplies	acre	1.00	\$ 14.00	\$ 14.00	
Trucking	miles	25.00	\$ 3.00	\$ 75.00	
Crop Insurance	acre	1.00	\$ 100.00	\$ 100.00	
Hired Labor	hours	160.00	\$ 9.00	\$ 1,440.00	
Interest on Operating Capital	dollars	2631.00	6.00%	\$ 157.86	
TOTAL VARIABLE COSTS				\$ 2,788.86	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.30	\$ 6.30	
Interest	acre	1.00	\$ 80.18	\$ 80.18	
Insurance	acre	1.00	\$ 7.92	\$ 7.92	
Depreciation	acre	1.00	\$ 42.00	\$ 42.00	
Taxes (real estate & personal prop.)	acre	1.00	\$ 5.18	\$ 5.18	
TOTAL FIXED COSTS				\$ 141.58	
PRODUCTION					
Tobacco	pounds	2125.00	\$ 1.70	\$ 3,612.50	
TOTAL RECEIPTS				\$ 3,612.50	
TOTAL RECEIPTS				\$ 3,612.50	
TOTAL VARIABLE COSTS				\$ 2,788.86	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 823.64	
TOTAL FIXED COSTS				\$ 141.58	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ 682.06	

BURLEY TOBACCO (Cash Rent) ENTERPRISE BUDGET					Per Acre
	Units	Quantity	Price	Value	Your Value
VARIABLE COSTS					
Transplants (1000 plants)	thousand	6.50	\$ 42.00	\$ 273.00	
Nitrogen	lb.	250.00	\$ 0.30	\$ 75.00	
Phosphorus	lb.	100.00	\$ 0.30	\$ 30.00	
Potassium	lb.	250.00	\$ 0.60	\$ 150.00	
Lime	tons	1.50	\$ 22.00	\$ 33.00	
Herbicides	acre	1.00	\$ 55.00	\$ 55.00	
Insecticides	acre	1.00	\$ 70.00	\$ 70.00	
Fungicides	acre	1.00	\$ 110.00	\$ 110.00	
Sucker Control	acre	1.00	\$ 60.00	\$ 60.00	
Tillage	trips	6.00	\$ 8.50	\$ 51.00	
Planting	acre	1.00	\$ 20.00	\$ 20.00	
Spraying	trips	3.00	\$ 20.00	\$ 60.00	
Cover Crop	acre	1.00	\$ 15.00	\$ 15.00	
Materials & Supplies	acre	1.00	\$ 14.00	\$ 14.00	
Trucking	miles	25.00	\$ 3.00	\$ 75.00	
Crop Insurance	acre	1.00	\$ 100.00	\$ 100.00	
Hired Labor	hours	160.00	\$ 9.00	\$ 1,440.00	
Land Rental Cost	acre	1.00	\$ 300.00	\$ 300.00	
Interest on Operating Capital	dollars	2931.00	6.00%	\$ 175.86	
TOTAL VARIABLE COSTS				\$ 3,106.86	
FIXED COSTS					
Overhead	acre	1.00	\$ 6.31	\$ 6.31	
Interest	acre	1.00	\$ 17.88	\$ 17.88	
Insurance	acre	1.00	\$ 4.92	\$ 4.92	
Depreciation	acre	1.00	\$ 42.00	\$ 42.00	
TOTAL FIXED COSTS				\$ 71.11	
PRODUCTION					
Tobacco	pounds	2125.00	\$ 1.70	\$ 3,612.50	
TOTAL RECEIPTS				\$ 3,612.50	
TOTAL RECEIPTS				\$ 3,612.50	
TOTAL VARIABLE COSTS				\$ 3,106.86	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 505.64	
TOTAL FIXED COSTS				\$ 71.11	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ 434.53	

FEEDER STEER BACKGROUNDING ENTERPRISE BUDGET							Per Head
		Corn and Hay Ration		Corn and Silage Ration			
	Units	Price	Quantity	Value	Quantity	Value	Your Value
VARIABLE COSTS							
Steer Calves	lbs.	\$ 1.00	450	\$ 450.00	450	\$ 450.00	
Corn	bu.	\$ 4.00	44	\$ 176.00	30	\$ 120.00	
Hay	tons	\$ 70.00	0.3	\$ 21.00	0	\$ -	
Dried distillers grain	tons	\$ 60.00	0.9	\$ 54.00	0.9	\$ 54.00	
Supplement and minerals	lbs.	\$ 0.16	110	\$ 17.60	110	\$ 17.60	
Corn silage	tons	\$ 32.00	0	\$ -	1.3	\$ 41.60	
Veterinary medicine	head	\$ 10.00	1	\$ 10.00	1	\$ 10.00	
Utilities and maintenance	head	\$ 10.00	1	\$ 10.00	1	\$ 10.00	
Hired labor	hrs.	\$ 9.00	3	\$ 27.00	3	\$ 27.00	
Marketing expenses	head	\$ 7.00	1	\$ 7.00	1	\$ 7.00	
Death loss	head	\$ 9.00	1	\$ 9.00	1	\$ 9.00	
Interest on operating capital	dol.	6.00%	781.60	\$ 46.90	746.20	\$ 44.77	
TOTAL VARIABLE COSTS				\$ 828.50		\$ 790.97	
FIXED COSTS							
Overhead	head	\$ 1.59	1	\$ 1.59	1	\$ 1.59	
Insurance	head	\$ 2.50	1	\$ 2.50	1	\$ 2.50	
Interest	head	\$ 3.08	1	\$ 3.08	1	\$ 3.08	
Depreciation	head	\$ 10.81	1	\$ 10.81	1	\$ 10.81	
TOTAL FIXED COSTS				\$ 17.98		\$ 17.98	
PRODUCTION							
Yearling Steers	lbs.	\$ 0.90	950	\$ 855.00	950	\$ 855.00	
TOTAL RECEIPTS				\$ 855.00		\$ 855.00	
TOTAL RECEIPTS				\$ 855.00		\$ 855.00	
TOTAL VARIABLE COSTS				\$ 828.50		\$ 790.97	
RETURNS ABOVE TOTAL VARIABLE COSTS				\$ 26.50		\$ 64.03	
TOTAL FIXED COSTS				\$ 17.98		\$ 17.98	
RETURNS ABOVE ALL SPECIFIED COSTS				\$ 8.52		\$ 46.05	

Comments: Death loss is assumed to be 2% of steer calf purchase costs; one pound of dried distillers grain contains the energy of 0.5 pounds of corn and the protein of 0.36 pounds of soybean meal; ADG = 2.3 lbs./ day

2010 PROJECTED CASH FLOW

Boone Farm

Item	JAN	FEB	MAR	APR	MAY	JUN	Subtotals
RECEIPTS							
Crop sales	225,875	225,875	225,875	225,875	0	0	903,500
Government payments	0	0	0	0	0	0	0
Crop Insurance	165,031	165,031	165,032	0	0	0	495,094
Custom work	0	0	0	0	18,365	18,365	36,730
Patronage refunds	0	71	0	0	0	0	71
Other farm income	2,990	2,990	2,990	2,990	2,990	2,990	17,940
Operating Sales Total	393,896	393,967	393,897	228,865	21,355	21,355	1,453,335
Livestock purchased for resale	106,875	106,875	106,875	106,875	106,875	106,875	641,250
Inflow from term loans	0	0	208,000	0	0	0	208,000
Capital sales	0	0	14,570	0	0	0	14,570
Total Farm Receipts	500,771	500,842	723,342	335,740	128,230	128,230	2,317,155
Non-farm income	2,128	2,128	2,128	2,128	2,128	2,128	12,768
TOTAL CASH INFLOWS	502,899	502,970	725,470	337,868	130,358	130,358	2,329,923
EXPENSES							
Accounts payable	17,885	17,885	17,885	0	0	0	53,655
Seed	0	0	0	61,785	61,785	61,785	185,355
Fertilizer	0	0	0	122,120	122,120	122,120	366,360
Crop Chemicals	0	0	0	0	23,960	23,960	47,920
Repairs	8,449	8,449	8,449	8,449	8,449	8,449	50,694
Rent	89,750	89,750	44,875	0	0	0	224,375
Labor hired	18,206	18,206	36,413	36,413	36,413	36,413	182,064
Gas/fuel/oil	4,454	4,454	4,454	17,816	17,816	17,816	66,810
Taxes	0	0	0	0	0	0	0
Insurance- farm and crop	0	0	0	0	56,250	56,250	112,500
Utilities	500	500	500	500	500	500	3,000
Livestock expenses	13,579	13,579	13,579	13,579	13,579	13,579	81,474
Miscellaneous	429	429	429	429	429	429	2,574
Operating Expenses Total	153,252	153,252	126,584	261,091	341,301	341,301	1,376,781
Livestock purchased for resale	56,250	56,250	56,250	56,250	56,250	56,250	337,500
Capital purchases	40,000	60,000	160,000	0	0	0	260,000
Term loan principal payments	0	0	0	0	0	0	0
Term loan interest payments	0	0	0	0	0	0	0
Total Farm Expenses	249,502	269,502	342,834	317,341	397,551	397,551	1,974,281
Withdrawals	30,505	4,500	54,500	29,500	4,500	29,500	153,005
Non-farm expenses	0	0	0	0	0	0	0
TOTAL CASH OUTFLOWS	280,007	274,002	397,334	346,841	402,051	427,051	2,127,286
SUMMARY OF PROJECTED CASH FLOW							
Cash Difference for Month	222,892	228,968	328,136	(8,973)	(271,693)	(296,693)	202,637
Beginning Cash Balance	(52,006)	1,500	1,500	8,355	1,500	1,500	(52,006)
Cash Position	170,886	230,468	329,636	(618)	(270,193)	(295,193)	150,631
Money Borrowed This Period	0	0	0	2,118	271,693	296,693	570,504
Interest Payments	3,662	2,730	1,598	0	0	0	7,990
Accrued Interest	0	0	0	0	11	1,495	1,495
Principal Payments	165,724	226,238	319,683	0	0	0	711,645
Op.Loan Accumulated Borrowing	545,921	319,683	(0)	2,118	273,811	570,504	570,504
ENDING CASH BALANCE	1,500	1,500	8,355	1,500	1,500	1,500	1,500
Item	JAN	FEB	MAR	APR	MAY	JUN	TOTALS

Beginning Bank Account Balance	\$ (52,006)	Beginning Accrued Interest Due	\$ 104
Minimum Monthly Bank Balance	\$ 1,500	Interest Rate on Operating Loan	6.00%
Beginning Operating Loan Amount	\$ 711,645		

2010 PROJECTED CASH FLOW (continued)

Boone Farm

Item	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS
RECEIPTS							
Crop sales	361,250	361,250	0	0	225,875	225,875	2,077,750
Government payments	0	0	0		74,000	0	74,000
Crop insurance	0	0	0	0	0	0	495,094
Custom work	18,365	18,365	18,365	18,365	0	0	110,190
Patronage refunds	0	0	0	0	0	0	71
Other farm income	2,990	2,990	2,990	2,990	2,990	2,990	35,880
Operating Sales Total	382,605	382,605	21,355	21,355	302,865	228,865	2,792,985
Livestock purchased for resale	106,875	106,875	106,875	106,875	106,875	106,875	1,282,500
Inflow from term loans	0	0	0	104,000	0	0	312,000
Capital sales	0	0	10,000	0	0	0	24,570
Total Farm Receipts	489,480	489,480	138,230	232,230	409,740	335,740	4,412,055
Non-farm income	2,128	2,128	2,128	2,128	2,128	2,128	25,536
TOTAL CASH INFLOWS	491,608	491,608	140,358	234,358	411,868	337,868	4,437,591
EXPENSES							
Accounts Payable	0	0	0	0	0	0	53,655
Seed	0	0	0	0	0	0	185,355
Fertilizer	0	0	0	0	0	0	366,360
Crop Chemicals	23,960	23,960	23,960	0	0	0	119,800
Repairs	8,449	8,449	8,449	8,449	8,449	8,449	101,388
Rent	0	0	0	0	0	0	224,375
Labor hired	36,413	36,413	54,619	36,413	54,619	36,413	436,954
Gas/fuel/oil	17,816	17,816	17,816	17,816	17,816	4,454	160,344
Taxes	0	0	0	0	0	4,383	4,383
insurance- farm and crop	0	0	0	0	0	5,000	117,500
Utilities	500	500	500	500	500	500	6,000
Livestock expenses	13,579	13,579	13,579	13,579	13,579	13,579	162,948
Miscellaneous	429	1,179	1,179	22,219	11,469	5,429	44,478
Operating Expenses Total	101,146	101,896	120,102	98,976	106,432	78,207	1,983,540
Livestock purchased for resale	56,250	56,250	56,250	56,250	56,250	56,250	675,000
Capital purchases	0	0	0	130,000	0	0	390,000
Term loan principal payments	0	0	0	0	88,683	59,736	148,419
Term loan interest payments	0	0	0	0	10,220	49,417	59,637
Total Farm Expenses	157,396	158,146	176,352	285,226	261,585	243,610	3,256,596
Withdrawals	4,500	4,500	29,500	4,500	4,500	4,500	205,005
Non-farm expense	0	0	0	0	0	0	0
TOTAL CASH OUTFLOWS	161,896	162,646	205,852	289,726	266,085	248,110	3,461,601
SUMMARY OF PROJECTED CASH FLOW							
Cash Difference for Month	329,712	328,962	(65,494)	(55,368)	145,783	89,758	975,990
Beginning Cash Balance	1,500	1,500	83,695	18,201	1,500	108,423	(52,006)
Cash Position	331,212	330,462	18,201	(37,167)	147,283	198,181	923,984
Money Borrowed This Period	0	0	0	38,667	0	0	609,171
Interest Payments	4,348	1,627	0	0	193	0	14,158
Accrued Interest	0	0	0	0	0	0	0
Principal Payments	325,364	245,140	0	0	38,667	0	1,320,816
Op. Loan Accumulated Borrowing	245,140	0	0	38,667	0	0	0
ENDING CASH BALANCE	1,500	83,695	18,201	1,500	108,423	198,181	198,181
Item	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS

Ending Bank Account Balance
Ending Accrued Interest Due
Ending Operating Loan Amount

\$198,181
\$0
\$0

FAMILY LIVING

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>3 - year Average</u>	<u>State Average</u>
<u>Non-Farm Income</u>					
Wages	\$ 7,800	\$ 13,500	\$ 9,575	\$ 10,292	\$ 24,500
Interest	\$ 1,183	\$ 3,131	\$ 3,090	\$ 2,468	\$ 3,421
Dividends	\$ -	\$ -	\$ -	\$ -	\$ 1,020
Other	\$ -	\$ -	\$ -	\$ -	\$ 1,242
Sale of Cap. Assets	\$ 49,737	\$ 10,681	\$ 1,854	\$ 20,757	\$ 7,739
Rental Property	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Business Income	\$ -	\$ -	\$ -	\$ -	\$ 5,823
Gifts/Inheritances	\$ -	\$ -	\$ -	\$ -	\$ 546
Other Income	\$ 2,830	\$ -	\$ 14,152	\$ 5,661	\$ 13,269
Total Non-Farm Income	\$ 61,550	\$ 27,312	\$ 28,671	\$ 39,178	\$ 63,560
Farm Withdrawals	\$ 93,920	\$ 149,727	\$ 194,182	\$ 145,943	\$ 77,892
Total Income	\$ 155,470	\$ 177,039	\$ 222,853	\$ 185,121	\$ 141,452
<u>Family Living Expenses</u>					
Contributions	\$ 4,085	\$ 1,465	\$ 22,316	\$ 9,289	\$ 2,044
Medicine/Drugs	\$ 571	\$ 413	\$ 415	\$ 466	\$ 388
Drs./Dentists/Hospitals	\$ 1,310	\$ 1,057	\$ 1,585	\$ 1,317	\$ 1,282
Health Insurance	\$ 5,811	\$ 6,153	\$ 4,299	\$ 5,421	\$ 5,471
Personal Property Taxes	\$ 436	\$ 432	\$ 707	\$ 525	\$ 401
Personal Mortgage Interest	\$ -	\$ -	\$ -	\$ -	\$ 6,311
Childcare Expense	\$ -	\$ -	\$ -	\$ -	\$ 2,428
Total Tax Deductible Expenses	\$ 12,213	\$ 9,520	\$ 29,322	\$ 17,018	\$ 18,325
Life Insurance	\$ 9,483	\$ 9,483	\$ 9,483	\$ 9,483	\$ 5,397
Personal Utilities	\$ 5,001	\$ 8,729	\$ 12,166	\$ 8,632	\$ 6,592
Personal Insurance	\$ 979	\$ 1,003	\$ 1,311	\$ 1,098	\$ 931
Food	\$ 10,701	\$ 10,704	\$ 10,277	\$ 10,561	\$ 12,639
Household Operating	\$ 1,258	\$ 1,373	\$ 1,629	\$ 1,420	\$ 1,184
Household Equipment	\$ 1,945	\$ 117	\$ 865	\$ 976	\$ 582
House Repairs/Rent	\$ 2,279	\$ 2,494	\$ 1,289	\$ 2,021	\$ 2,302
Clothing	\$ 6,271	\$ 5,183	\$ 5,837	\$ 5,764	\$ 6,221
Personal Items	\$ 4,388	\$ 4,836	\$ 2,428	\$ 3,884	\$ 3,327
Entertainment/Recreation	\$ 7,546	\$ 5,717	\$ 4,972	\$ 6,078	\$ 6,645
Education	\$ 9,411	\$ 9,216	\$ 11,820	\$ 10,149	\$ 7,284
Gifts	\$ 1,250	\$ 2,243	\$ 8,705	\$ 4,066	\$ 3,921
Transportation	\$ 1,262	\$ 1,932	\$ 1,845	\$ 1,680	\$ 2,073
Personal Interest	\$ 873	\$ 92	\$ 129	\$ 365	\$ 894
Household Labor	\$ -	\$ -	\$ -	\$ -	\$ 781
Unallocated Family Living	\$ 6,958	\$ 3,664	\$ 5,002	\$ 5,208	\$ 12,383
Investments	\$ 31,589	\$ 10,000	\$ 36,285	\$ 25,958	\$ 10,000
Total Non-Deductible Family Living	\$ 101,194	\$ 76,786	\$ 114,043	\$ 97,341	\$ 83,156
Federal Income Tax	\$ 5,530	\$ 32,146	\$ 34,941	\$ 24,206	\$ 13,014
State Income Tax	\$ 8,141	\$ 12,158	\$ 12,373	\$ 10,891	\$ 8,066
FICA Tax	\$ 10,520	\$ 17,899	\$ 17,655	\$ 15,358	\$ 5,886
Total Personal Taxes	\$ 24,191	\$ 62,203	\$ 64,969	\$ 50,454	\$ 26,966
Total Family Living Expenses	\$ 137,598	\$ 148,509	\$ 208,334	\$ 164,814	\$ 128,447
Net Non-Farm Income	\$ 17,872	\$ 28,530	\$ 14,519	\$ 20,307	\$ 13,005

Financial Coefficients for the Time Value of Money

Interest Rate : 3%					
Year	Present Value of 1	Future Value of 1	Present Value/ordinary Annuity	Future Value of Ordinary Annuity	Amortization Factors
1	0.9709	1.0300	0.9709	1.0000	1.0300
2	0.9426	1.0609	1.9135	2.0300	0.5226
3	0.9151	1.0927	2.8286	3.0909	0.3535
4	0.8885	1.1255	3.7171	4.1836	0.2690
5	0.8626	1.1593	4.5797	5.3091	0.2184
6	0.8375	1.1941	5.4172	6.4684	0.1846
7	0.8131	1.2299	6.2303	7.6625	0.1605
8	0.7894	1.2668	7.0197	8.8923	0.1425
9	0.7664	1.3048	7.7861	10.1591	0.1284
10	0.7441	1.3439	8.5302	11.4639	0.1172
11	0.7224	1.3842	9.2526	12.8078	0.1081
12	0.7014	1.4258	9.9540	14.1920	0.1005
13	0.6810	1.4685	10.6350	15.6178	0.0940
14	0.6611	1.5126	11.2961	17.0863	0.0885
15	0.6419	1.5580	11.9379	18.5989	0.0838
16	0.6232	1.6047	12.5611	20.1569	0.0796
17	0.6050	1.6528	13.1661	21.7616	0.0760
18	0.5874	1.7024	13.7535	23.4144	0.0727
19	0.5703	1.7535	14.3238	25.1169	0.0698
20	0.5537	1.8061	14.8775	26.8704	0.0672
21	0.5375	1.8603	15.4150	28.6765	0.0649
22	0.5219	1.9161	15.9369	30.5368	0.0627
23	0.5067	1.9736	16.4436	32.4529	0.0608
24	0.4919	2.0328	16.9355	34.4265	0.0590
25	0.4776	2.0938	17.4131	36.4593	0.0574

Financial Coefficients for the Time Value of Money

Interest Rate = 6%					
Year	Present Value of 1	Future Value of 1	Present Value/Ordinary Annuity	Future Value of Ordinary Annuity	Amortization Factors
1	0.9434	1.0600	0.9434	1.0000	1.0600
2	0.8900	1.1236	1.8334	2.0600	0.5454
3	0.8396	1.1910	2.6730	3.1836	0.3741
4	0.7921	1.2625	3.4651	4.3746	0.2886
5	0.7473	1.3382	4.2124	5.6371	0.2374
6	0.7050	1.4185	4.9173	6.9753	0.2034
7	0.6651	1.5036	5.5824	8.3938	0.1791
8	0.6274	1.5938	6.2098	9.8975	0.1610
9	0.5919	1.6895	6.8017	11.4913	0.1470
10	0.5584	1.7908	7.3601	13.1808	0.1359
11	0.5268	1.8983	7.8869	14.9716	0.1268
12	0.4970	2.0122	8.3838	16.8699	0.1193
13	0.4688	2.1329	8.8527	18.8821	0.1130
14	0.4423	2.2609	9.2950	21.0151	0.1076
15	0.4173	2.3966	9.7122	23.2760	0.1030
16	0.3936	2.5404	10.1059	25.6725	0.0990
17	0.3714	2.6928	10.4773	28.2129	0.0954
18	0.3503	2.8543	10.8276	30.9057	0.0924
19	0.3305	3.0256	11.1581	33.7600	0.0896
20	0.3118	3.2071	11.4699	36.7856	0.0872
21	0.2942	3.3996	11.7641	39.9927	0.0850
22	0.2775	3.6035	12.0416	43.3923	0.0830
23	0.2618	3.8197	12.3034	46.9958	0.0813
24	0.2470	4.0489	12.5504	50.8156	0.0797
25	0.2330	4.2919	12.7834	54.8645	0.0782

COST AND RETURNS ANALYSIS

Input-Output Relationships (Estimating the Most Efficient use of Inputs)

The Boones have been considering leasing some more ground to produce soybeans. The Boone children are conducting a plot test on one of the farms. They have been gathering data to complete the following chart. They are using 30-inch rows that are each 100 feet long. All soil and moisture is considered constant. They hope to complete the chart by the fall of 2010.

TABLE 1: Physical Production Function

Units of Input	Total Production TPP	Average Production APP	Marginal Production MPP
0	0	0	0
1	5	5.00	5
2	16	8.00	11
3	26	8.67	10
4	35	8.75	9
5	42	8.40	7
6			
7			
8			
9			
10			

REGIONAL FARM FINANCIAL SCORECARD (2009) - All Farms			
Financial Measure	Strong	Average	Vulnerable
<i>Liquidity</i>			
Current Ratio	>2.58 : 1	< 2.58 to >1.65 :1	<1.65 :1
Working Capital	N/A	N/A	N/A
<i>Solvency</i>			
Debt to Asset Ratio	<0.35 :1	> 0.35 to < 0.60 :1	>0.60 :1
Debt to Equity Ratio	<0.55 :1	> 0.55 to < 0.92 :1	>0.92 :1
Equity to Asset Ratio	>0.65 :1	< 0.65 to > 0.40 :1	<0.40 :1
<i>Profitability</i>			
Net Farm Income from Operations	N/A	N/A	N/A
Rate of Return on Assets (ROA)	>8.00%	<8.00 to >4.00 %	<4.00%
Rate of Return on Equity (ROE)	>10.00%	<10.00 to >3.00 %	<3.00%
Operating Profit Margin Ratio	>0.26 :1	<0.26 to >0.09 :1	<0.09 :1
<i>Repayment Capacity</i>			
Term Debt Coverage Ratio	>5.05 :1	<5.05 to >1.20 :1	<1.20 :1
Capital Replacement and Term Debt Replacement Margin	N/A	N/A	N/A
<i>Financial Efficiency Ratios</i>			
Operating - Expense Ratio	<0.60 :1	>0.60 to <0.80 :1	>0.80 :1
Depreciation - Expense Ratio	<0.05 :1	>0.05 to <0.15 :1	>0.15 :1
Interest - Expense Ratio	<0.05 :1	>0.05 to <0.10 :1	>0.10 :1
Net Farm Income from Operations Ratio	>0.20 :1	<0.20 to >0.10 :1	<0.10 :1
Asset Turnover Ratio	>0.45 :1	<0.45 to >0.30 :1	<0.30 :1

Comments:

N/A = information not applicable