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# Evergreen Farms

## Sample Business Plan

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*Please note: This sample content is for illustrative purposes only. Each business plan will look different depending on the project/operation.*

## 1. Executive summary

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### **Project/business description**

#### **Who we are**

- A fourth- generation farm that has been largely expanded by the third generation who grew the farm to its current size.
- The farm has been investing in modern equipment and pursuing technology where possible.
- The farm business is currently operated as a partnership between the father and the mother, the senior partners, and the junior partner, who is actively involved in management decisions. The longer-term objective is for the junior partner to assume management responsibilities and eventually ownership.
- The farm cropping program includes canola, wheat and peas.
- The strength of the farm business has been maintaining a strong financial position and consistently strong production capabilities.

#### **Business description**

- The purpose of this business plan is to explore how the additional debt servicing requirements (approximately \$82,000 per year) would impact the whole farm business and determine if the additional debt will adversely impact the objective of maintaining a strong financial position and dealing with unexpected shocks emanating from a dynamic and changing business environment.

#### **Business opportunity**

- With the purchase of 640 acres of land, the farm would own 2245 acres of land with 2192 acres cultivated in east central Alberta.
- An additional 800 acres is cash rented, with 760 acres of cultivated land. The farm is facing the choice of either purchasing 640 acres of land (630 cultivated) that previously had been rented (purchase price of \$1,120,000) or continuing operations with reduced crop acres.
- The farm is organized to efficiently crop in the range of 3,000 cultivated acres. Forgoing the opportunity to buy the 640 acres and operating at reduced acres could adversely impact the efficiency of the farm operations and possibly limit the ability of the farm business to pass ownership and management from one generation to the next.

- The financing terms available to the junior partner to make this purchase would be \$1,120,000 at 3.5% over 20 years with semi-annual payments (blended) of \$39,168.74 providing the father offers additional land (320 acres) as security for the loan.
- In the longer term, the business objective is for the junior partner to take over all management activities and farm business ownership.

### **Timeline and revenue targets**

The steps to facilitate the junior partner assuming a management role in the business include the following:

- Both senior and junior partners will invest time and energy in assessing the industry, the market and the competition for resources that will shape their farm business' future environment. This will enable them to consider the farm business' role in the future industry.
- The senior partner will co-sign to support the junior partner in gaining the financing of \$1,120,000 to purchase 640 acres by providing an additional 320 acres of land as security for the loan.
- The senior partner will take steps to transition the relationships with lenders and other stakeholders to the junior partner.
- The junior partner will take steps to monitor cost per unit of production, gain insights on key cost drivers and continuously make improvements to reduce costs per unit of production.

### **Products/services we currently offer**

The farm has a complete line of modern cropping equipment, including a GPS navigation system that supports auto steer and precision placement technologies.

- The farm has a modern home, grain storage, fertilizer storage and machinery storage.
- The farm continually strives for increased gross margin through analysis.
  - A yearly plan is developed with quarterly check-ins to evaluate.
  - Junior partner is working to enhance financial analysis and set identifiable benchmarks with the family accountant.

## Current financial position

Financial position and projection on short- and long-term assets

<b>Net Worth Statement</b>		<b>January 1, 2014</b>
<b>Current Assets:</b>		
Cash in Bank - C/A		\$10,095
Accounts Receivable		\$0
Crops For Sale		\$860,438
Feed & Supplies		\$244,000
Market Livestock		\$0
<b>Total Current Assets:</b>		<b>\$1,114,533</b>
<b>Intermediate Assets:</b>		
Machinery & Equipment		\$870,300
Other Intermediate Assets		\$75,897
<b>Total Intermediate Assets:</b>		<b>\$946,197</b>
<b>Long-Term Assets:</b>		
Land		\$2,720,000
Lease Land		\$0
Buildings		\$557,640
Other Long-Term Assets		\$0
<b>Total Long-Term Assets:</b>		<b>\$3,277,640</b>
<b>Total Term Assets:</b>		<b>\$4,223,837</b>
<b>Total Assets:</b>		<b>\$5,338,369</b>
<b>Current Debt</b>		
Operating Loan		\$55,000
Accounts Payable		\$34,000
Accrued Interest		\$2,268
Current Portion Term Debt		\$137,051
<b>Total Current Debt:</b>		<b>\$228,319</b>
<b>Intermediate Debt</b>		
Machinery Loan #1		\$27,086
Machinery Loan #2		\$100,903
Machinery Loan #3		\$151,667
Machinery Loan #4		\$18,055
<b>Total Intermediate Debt:</b>		<b>\$297,710</b>
<b>Long Term Debt</b>		
Land Loan #1		\$558,531
Land Loan #2		\$0
<b>Total Long-Term Debt:</b>		<b>\$558,531</b>
<b>Total Term Debt:</b>		<b>\$856,241</b>
<b>Total Debt:</b>		<b>\$1,084,560</b>
<b>Net Worth or Equity:</b>		<b>\$4,253,810</b>

## **Financial position and projection**

- Based on our 2014 Net Worth of \$4,253,810, we expect to see a small decrease in our current assets and an increase in our equity to \$4,402,264 with an additional land purchase.

## **Key people and experience**

- This farm has over 35 years of progressive management experience in its sector and geographic area. The skillsets of all partners are complementary and should sustain continued growth.
- This farm actively works with a dedicated team of advisors to enhance business capabilities.
- Section 4 of this business plan addresses farm skillsets and key advisors.

## **SWOT analysis**

- The farm has evaluated its strengths, weaknesses, opportunities and threats in this plan (listed in detail in section 7) and compiled a detailed risk analysis to mitigate or prepare for opportunities. Upon completion of the plan, we are confident this expansion will increase the farm's Net Worth and financial performance over time.

## 2. Goals and objectives

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### **Nature of the project**

The future vision for the farm is to be a viable and sustainable business managed by the next generation.

- The business will focus on maintaining a strong financial position to be prepared for multiple outcomes. Specific actions include the following:
  - The farm will maintain its focus on crop production and continuously pursue above-average crop production performance.
  - The farm will take steps to gain detailed knowledge of cost drivers and cost control procedures that can contribute to low-cost production.
  - The farm will continuously identify and realize opportunities to provide commodities with enhancing features that lower transaction costs for buyers.
  - The farm will continuously monitor financial performance to ensure a strong working capital and overall financial position.

### **Mission**

Our mission is to be recognized by our associates, partners and neighbours as top producers and strong community members. We seek to grow our people and gross margin and improve our land for future generations.

### **Vision**

- We'll focus on profitable and sustainable cereals, oilseeds and pulses production.
- We'll seek opportunities for continuous learning and innovation to provide superior quality and value.

### **Goals**

- The current farm business has achieved strong solvency and liquidity positions through the cumulative effect of recent years of good crops and prices combined with reasonable levels of debt and modest withdrawals of capital from the business.
- The farm has been able to upgrade the field equipment to take advantage of modern technological advances, including GPS navigation systems, auto steer and precision fertilizer placement.

- Critical activities:
  - Focus on maintaining financial strength, having the capacity to finance land purchases and ensuring sufficient resiliency to deal with unexpected shocks and stresses.
  - Monitoring the financial performance of the farm business and ensuring it sustains a strong financial position that deals with variability in the short term and future ownership changes overall.
  - Investing in crop production technologies that contribute to achieving acceptable returns to total farm assets at acceptable levels of risk.
  - Leverage marketing knowledge and resources to identify price and delivery opportunities and provide crops with enhancing features, such as delivering large lots that lower transaction costs.

### **Strategic objectives**

- The farm business strategy is to utilize and develop marketing knowledge to achieve the multiple objectives of acceptable financial returns at acceptable levels of risk while passing management and ownership to the junior partner.
- Critical activities for the farm business will be:
  - Continually identifying and assessing opportunities to achieve superior crop performance, emphasizing low-cost production.
  - Continuously gaining market knowledge that allows the farm to provide crops of superior quality and value that improve the well-being of the customers in specific market segments.
  - Continuously identifying, assessing and managing risk events that, if they were to occur, could have an impact (either positive or negative) on the goals and objectives of the farm business.
  - Continuously gathering feedback on management performance and whole farm performance to understand why various outcomes occurred.



## Financial objectives

- Financial success for the whole farm business will be maintaining a strong financial position by ensuring the farm has the financial capacity to remain viable and sustainable while dealing with the year-to-year variability in prices and costs, as well as the shocks emanating from social, economic, political and environmental forces.
- Key financial activities and objectives will be:
  - Ensuring the farm business has sufficient capacity to finance the land purchase and maintain liquidity and solvency measures sufficient to recover from significant shortfalls in production or market prices and deal with unexpected shocks emanating from social, economic, political and environmental forces.
  - Achieving efficient use of resources that contribute to long-term net worth growth.
  - Achieving profitability and cash flow performance, ensuring a strong working capital position.

## *3. Family background and history*

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### Location and years in operation

This is a fourth-generation farm that has been largely expanded by the third generation, who has grown the farm to its current size. With the purchase of 640 acres of land, the farm would own 2245 acres of land with 2192 acres cultivated in east central Alberta.

### Major initiatives and success factors

The farm business will implement marketing strategies to identify and realize pricing and delivery opportunities for the grain, oilseed and pulse crops.

- This strategy would have the following elements:
  - Continue working with a market advisor to leverage strong knowledge of price patterns, local basis levels and patterns, marketing tools and sources of market information to capture pricing and delivery opportunities.
  - Continue using production costs to determine break-even prices and establish target prices for crops and livestock.
  - Take time to learn from past marketing decisions to understand why they were ineffective.

- The farm business has developed the following resource base:
  - With the purchase of the additional 640 acres, the farm would consist of 2245 acres of owned land, of which 2192 are cultivated. An additional 800 acres are cash rented with 760 acres of cultivated land.
  - The land is located where rainfall is considered the main limitation.
  - Appendix A presents detailed information on the farm resources.
  
- The key objectives and action plans for the operations component of the farm business are as follows:
  - The crop production system is a zero-tillage rotation with inputs applied to achieve economic returns.
  - Senior and junior partners will use their agronomist to assess the net benefits of adopting new technologies. Technologies with a reasonable likelihood of contributing positively to %ROA at acceptable risk and fit with the organization and operations of the farm business will be adopted and implemented.
  - The junior partner will continue to assess the key cost drivers in crop production to identify opportunities to reduce the cost of production.
  
- Key objectives and action plans for the organization component of the farm business are as follows:
  - A transition plan will be further developed to address labour, management and ownership for both generations.
  - The junior partner is currently an employee of the farm business but can pursue off-farm work during the winter season.
  - The senior partner anticipates a reduced farm workload in the next 10 years.
    - There may be a need for additional hired help during seeding and harvest. The junior partner recognizes the need to develop the leadership qualities required to organize operations and effectively manage hired employees.
  - The farm has a strong network of advisors, including a bookkeeper, accountant, agronomist and market advisor.
  - The junior partner has made decisions over the past two years. The senior and junior partner will continue to work together in planning and decision-making activities, with the junior partner taking over all decision-making in 8 to 10 years.

## Changes that could impact the operation

- The farm business is part of an increasingly complex system with many inter-connected and interdependent components, including social, economic, political and environmental elements.
- Key drivers shaping the external environment include:
  - The commodity cereals, oilseed and pulse crop markets tend to be dominated by large multinational firms in which the primary producer is a price taker.
  - Technology will continue to advance and generate opportunities for increased productivity and provide attributes that can enable the farm to provide customers with a superior value/cost equation.
  - A growing population will continue to drive food production. However, there will be increased variability in market prices.
  - Society's environmental concerns will contribute to greater consumer and regulatory forces shaping resource use and the impact production practices have on natural resources and the environment.
  - There will be increased competition for the key resources of land, capital and energy.
  - Further increases in interest rates may limit growth potential.

## 4. Ownership, management and human resources (HR)

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### Farm Skillsets and Experience

#### President:

Father, 35 years of progressive management and operations of a family grain farm. Logistics, marketing and equipment maintenance.

#### VicePresident:

Mother, 30 years of farm management, book/record keeping and assistance in planning. 25 years full-time teacher. Some equipment and logistics.

#### Operations Lead:

Junior Partner has worked on the farm for the past 12 years during school (agriculture degree) while also working for a farm retail outlet. Has been full-time for the past 4 years, leading agronomy decisions and planning and supporting the father in other areas.

### Operations Support:

Non-farming daughter lives nearby with her husband and supports the farm during busy seasons. Equipment labour and running errands during busy seasons.

Neighbour: Retired friend of the father who has been helping during busy seeding and harvest times. Driving truck, equipment – mostly operating.

### Key Advisors:

- Relationship Manager: Les
- Accountant: Rob
- Lawyer: Tracy
- Marketing Advisor: Wendy

## *5. Products, services and target market*

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### **Primary farm product or service**

The farm business will implement marketing strategies to identify and realize pricing and delivery opportunities for the grain, oilseed and pulse crops.

- Markets will be evaluated yearly depending on pre-determined crop rotation to drive profitability.

### **Target market**

The farm managers will continue developing a competitive edge through knowledge and learning, enabling the farm business to take the right action at the right time.

These knowledge advantages include the following:

- Gaining knowledge of price and delivery opportunities enables the farm business to capture target prices.
- Gaining knowledge of customer needs enables the farm to be a preferred supplier by providing customers with superior quality and value.
- Gaining a detailed understanding of cost drivers enables the farm to consistently achieve low-cost crop production.

### **Pricing strategy**

- Continuously monitoring financial performance of the farm business to ensure it maintains a strong financial position and can deal with year-to-year variability and unplanned shocks.
  - This will allow the farm to make marketing decisions without the pressure of immediate cashflow requirements.
- Continuously identifying, assessing and managing risk events so the farm managers can take the right action at the right time.

## *6. Sales and marketing*

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### **Key customers and suppliers and marketing plan**

The farm business will focus on identifying and realizing pricing and delivery opportunities for grain, oilseed and pulse crops.

- This strategy would have the following elements:
  - Continue working with a market advisor to leverage strong knowledge of price patterns, local basis levels and patterns, marketing tools and sources of market information to capture pricing and delivery opportunities.
  - Continue using production costs to determine break-even prices and establish target prices for crops and livestock.
  - Take time to learn from past marketing decisions to understand why they were ineffective.

### **Key competitors/Industry trends, changes and opportunities**

- Competition for land – both owned and rented – is high in this area, and the demand is expected to continue. The farm will maintain close landlord relationships and include both generations in discussions.
- Societal interest in agriculture sustainability and its environmental impact is expected to continue to increase. There may be more regulatory measures implemented, which could have an impact on production practices.
- There are many geopolitical concerns. We are committed to an aggressive marketing plan to manage volatility. There is a global increase in demand for oilseeds, which is forecasted to strengthen.
- Managing equipment and liquidity costs to build equity remains a good strategy.

- The farm is located within relative proximity to multiple buyers. The farm will continually seek information on price availability through line companies and end users.
- The farm will work with marketing coaches to enhance a structured sales program and create more peace of mind.
- The farm will evaluate buying opportunities for inputs and remain in discussions with retail outlets to be aware of pricing forecasts.

## 7. SWOT analysis

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Strengths	Weaknesses
<b>What strengths will keep you competitive over time?</b>	<b>What areas could be improved? Avoided? What little changes might have big impacts?</b>
<ol style="list-style-type: none"> <li>1. Knowledge and experience in the farm area</li> <li>2. Strong relationships with landlords: Manage like our own</li> <li>3. Investment in technology and data to improve analysis</li> <li>4. Nearby options for grain marketing and input purchases</li> </ol>	<ol style="list-style-type: none"> <li>1. Lack of clarity on transition plan for all parties</li> <li>2. Working capital risk through transition and future expansion</li> <li>3. Current additional labour help tied to the senior generation</li> </ol>
Opportunities	Threats
<b>What other trends present an opportunity for your farm to take advantage of?</b>	<b>What other obstacles can you discuss as a family, and how will you overcome them?</b>
<ol style="list-style-type: none"> <li>1. Transitioning business and land from senior generation</li> <li>2. Next generation bringing enhanced production skillset</li> <li>3. Renewed enthusiasm to grow farm</li> <li>4. Decision-making will continue to balance the multiple objectives of achieving economic returns, managing financial risk</li> </ol>	<ol style="list-style-type: none"> <li>1. Difficult weather patterns of the past few years</li> <li>2. Increased financial pressure – Rising input and equipment costs</li> <li>3. Competitive environment</li> <li>4. Some risk with the amount of joint ownership</li> </ol>

## 8. Industry Analysis

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### State of the industry or market

#### Industry Overview

Wheat (all wheat, including durum) and canola are the two largest crops grown in Canada. Given Canada's vast amount of arable land and small population, the sector depends on exports, with over 80% of annual grains, oilseeds and pulses production exported. Canada is one of the top exporters of wheat. The top export destinations for Canadian grains, oilseeds and pulses production are, in descending order: China, Japan, U.S., Mexico and United Arab Emirates.

Given the importance of trade for the health of this sector, market access is essential. Free trade deals, such as the Canada-United States-Mexico Agreement (CUSMA), facilitate increased trade flows and reduced transaction costs, improving the sector's competitiveness in the export market.

The future for Canadian grains, oilseeds and pulses remains strong, with demand for plant-based food products and biofuels supporting new investment across Canada.

Each crop requires a different mix of nutrients from the soil, so farmers will often develop a crop rotation. The purpose is to maximize nutrient use and return it to the soil, which benefits the soil's overall health. Certain insects and diseases also target specific crops and can overwinter in the soil.

Most crops are planted during the spring and harvested during the fall. Depending on the variety, wheat can be planted in spring or fall and harvested during summer or fall. After harvest, crops are stored on the farm in large grain bins or other temporary storage such as grain elevators, feed mills or another off-farm facility, or sold. Grain elevators or in-land terminals buy crops from many farmers to export or resell to large customers such as food processing companies.

#### Key End Uses

<b>Wheat</b> <ul style="list-style-type: none"><li>- Baking flour</li><li>- Breakfast cereal</li><li>- Noodles and pasta</li><li>- Livestock and poultry corn feed</li></ul>
<b>Barley</b> <ul style="list-style-type: none"><li>- Ingredients for breakfast cereals</li><li>- Beer</li><li>- Soup mixes</li><li>- Livestock and poultry feed</li></ul>
<b>Oats</b> <ul style="list-style-type: none"><li>- Baking ingredients</li><li>- Breakfast cereal</li><li>- Limited livestock and poultry feed</li></ul>

<b>Canola</b> - Cooking oil - Biofuel and biodiesel
<b>Dry peas (field peas)</b> - Human consumption - Livestock feed

### Industry Information/Areas of Focus:

For farmers to grow crops, they must plan and purchase the proper inputs. For conventional crop production, the following are required:

#### Soil testing

Knowledge of productiveness/fertility potential of the soil is essential. Soil tests are used to determine the productiveness of the soil, as well as to establish fertilization program(s). Note: Crop issues such as herbicide damage, disease and nutrient deficiency can look similar, so farmers need to do soil and foliage tests to determine whether there's a nutrient deficiency.

#### Seed

Farmers must buy seed every year for different reasons. For example, GMO crops must come from certified seed. Although it's common practice, using grain harvested the previous season is not recommended as the germination rates are unknown, and seeds can carry disease. Weed control is also an issue when using harvested seed.

#### Fertilizer

The "big three" when it comes to nutrients are nitrogen (N), phosphorus (P) and potassium (K). Other notable nutrients may sometimes be required, such as sulphur, but the NPK nutrients are generally the most important for improving yield. The fertilizer is applied in liquid or granular form.

#### Pesticides

Herbicides can be used during the early growing phase, especially if a farmer notices a particularly large stand count of weeds. Weeds must be dealt with early because they become harder to kill as they grow. Pesticides can also be used during the growing stage. Farmers will use counts and an economic threshold to determine if pesticide use is necessary.

Cereals, oilseeds and pulses can be affected by various insect pests.

#### Production and Market Risk

**Tillage practices** are an important factor that affect how a farmer can run their operation. Tillage practices directly impact soil temperature, soil moisture, and weed and pest management. In addition, tillage practices affect the soil's future health and the erosion potential and microbial life.

**Crop rotations** are also vital to tillage practices, as certain cover crops must be used to break up soil compaction when a farmer has elected not to use tillage for the same purpose. Crop rotations also have implications for purchasing crop inputs and pest management, as different crops have different fertilizer needs and suffer from different pests.



**Market Risk:** Crop producers have little control over the price they receive, so it's critically important for their operation to develop a marketing strategy that best fits their risk tolerance. There are several strategies that an operation can implement as part of its marketing strategy, including:

- Sell crop off the combine
- Build on- or off-farm storage
- Use forward contracting production with buyers
- Use a futures contract

### **Technology Advancements**

Precision technology is becoming increasingly important for crop farming. Producers are beginning to leverage more data to make decisions than has historically been the case. This focus on data has resulted in more efficient use of resources and higher yields. Things such as drones and targeted fertilizer applications are becoming increasingly popular as the industry continues to look for increasingly efficient ways to grow crops. This use of targeted application is also considered for pesticide application.

## *9. Risk identification and evaluation*

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### **Biggest risks**

- Risk management is key in preparing for various outcomes when the farm business has taken on the new debt.
- A key source of uncertainty will be variability in crop yields and market prices. Production risk in crops will be managed through the full use of crop insurance.

### **Tools to manage risks**

- The management team has used financial tools to consider the impact that variability in yields and crop prices might have on the financial performance of the farm business.
- Specific elements of note in this assessment are:
  - A crop enterprise assessment reflecting yield and price variability impacts the farm business.
  - The assessment provided by the tool considers the coverage levels provided by purchasing crop insurance.
  - The assessment recognizes the correlations between yields and prices.

### Risks that could impact cash flow

Potential farm risk events	Risk strategy	Responsibility
Reduced working capital	Manage debt levels and ongoing monitoring of financial performance, including budgeted versus actual. Evaluation and analysis of cost of production to assess the likelihood of achieving required levels of financial performance.	Senior and Junior partners working with the accountant's office
Crop price variability (managing volatility)	Forward contracting and enhanced training on the utilization of options and brokerage services.	Senior partner with support from Junior partner
Changing technological environments	Evaluate new technologies and utilize partial budget tools to evaluate new purchases. Farm will utilize crop insurance to prevent production risk.	Junior partner
Enhanced geopolitical or policy risk	Keep current on world events and opportunities/challenges in the environment. Assess the likelihood of impact. Become more active in commodity groups to keep current on issues.	Both Senior and Junior partners will evaluate formally bi-weekly.
Unclear transition expectations	The farm will engage in formal transition discussions to meet short- and long-term expectations.	All family members / Senior partners to lead the process.

## 10. Financial position and projections

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### Financial plan and statements

The business model for making money will be based on the following key assumptions:

**Assumptions:** The expected values for crop prices for the 2014 crop year are:

Canola Price Probability			HRS Wheat Price Probability			Peas Price Probability		
\$/bu	chance	weighted value	\$/bu	chance	weighted value	\$/bu	chance	weighted value
\$9.50	15%	\$1.43	\$5.50	20%	\$1.10	\$6.50	15%	\$0.98
\$10.00	20%	\$2.00	\$5.75	20%	\$1.15	\$6.75	25%	\$1.69
\$10.50	25%	\$2.63	\$6.00	25%	\$1.50	\$7.00	25%	\$1.75
\$11.00	25%	\$2.75	\$6.25	25%	\$1.56	\$7.25	20%	\$1.45
\$11.25	15%	\$1.69	\$6.50	10%	\$0.65	\$7.50	15%	\$1.13
Weighted Price	\$10.49	/bu	Weighted Price	\$5.96	/bu	Weighted Price	\$6.99	/bu

Canola Price Probability			HRS Wheat Price Probability			Peas Price Probability		
\$/bu	chance	weighted value	\$/bu	chance	weighted value	\$/bu	chance	weighted value
\$10.00	15%	\$1.50	\$5.75	15%	\$0.86	\$7.00	15%	\$1.05
\$10.50	20%	\$2.10	\$6.00	20%	\$1.20	\$7.25	25%	\$1.81
\$11.00	25%	\$2.75	\$6.50	20%	\$1.30	\$7.50	25%	\$1.88
\$11.50	25%	\$2.88	\$7.00	25%	\$1.75	\$7.75	20%	\$1.55
\$12.00	15%	\$1.80	\$7.50	15%	\$1.13	\$8.00	15%	\$1.20
Weighted Price	\$11.03	/bu	Weighted Price	\$6.24	/bu	Weighted Price	\$7.49	/bu

**Income and Expense Summary:**

<b>Income and Expense Summary</b>			<b>December 31, 2014</b>	<b>December 31, 2015</b>
<b>For the Year Ending</b>				
<b>Income</b>				
	Cropping		\$1,159,343	\$1,069,378
Rebates			\$550	\$550
Patronage Dividends			\$1,500	\$1,500
Gas, Oil, Seismic Leases			\$7,098	\$7,500
<b>Total Cash Farm Income</b>			\$1,168,491	\$1,078,928
Livestock Inventory Adjustment			\$0	\$0
Grown For Sale Crop Inventory Adjustment			-\$11,063	\$76,539
<b>Total Accrued Farm Income</b>			\$1,157,428	\$1,155,467
<b>Operating Expenses</b>				
	Cropping		\$816,400	\$805,400
<b>Overhead Expenses:</b>				
Property Taxes			\$5,000	\$5,000
License, Insurance			\$16,000	\$16,000
Misc. Supplies, Hardware			\$2,500	\$2,500
Accounting, Legal, Office			\$5,500	\$5,500
Telephone			\$2,000	\$2,000
Fees, Dues, memberships			\$2,500	\$2,500
Operating Interest			\$0	\$0
Term Interest			\$41,534	\$58,194
Total Cash Expenses:			\$891,434	\$897,094
Depreciation			\$99,956	\$92,959
Feed and Supplies Adjustment			-\$39,000	
Accrued Interest Adjustment			\$1,428	-\$346
<b>Total Accrued Expenses</b>			\$953,817	\$989,707
<b>Accrued Net Farm Income:</b>			\$203,610	\$165,759

## Cash Flow Summary

<b>Cash Flow Summary</b>		
<b>For the Year Ending</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>
	<b>Actual</b>	<b>Projected</b>
Beginning Cash	\$10,095	\$65,482
<b>Operating Activities</b>		
Inflows Farm Operating Activities	\$1,168,441	\$1,078,928
Outflows Farm Operating Activities	-\$849,900	-\$838,900
Net Inflows from Operations	\$318,541	\$240,028
	\$0	
<b>Personal Activities</b>		
Inflows from Personal Off-Farm Activities:		\$0
Off-Farm Activities:	-\$55,000	-\$55,000
Net Inflows from Personal	-\$55,000	-\$55,000
<b>Financing Activities</b>		
Operating Advances Repaid:	-\$34,000	-\$79,000
Operating Loan Repaid	-\$55,000	\$0
Total Term Loan Payments:	-\$198,153	-\$225,703
Operating Loan Interest:	\$0	\$0
New Term Loans	\$1,120,000	\$0
Operating Advances	\$79,000	\$119,000
Net Inflows from Financing	\$911,847	-\$185,703
<b>Capital Activities</b>		
Capital Purchases	-\$1,120,000	\$0
Capital Sales	\$0	\$0
Net Inflows from Capital	-\$1,120,000	\$0
Ending Cash Balance	\$65,482	\$64,807

**Net Worth Statement (Label the years to indicate the current/actual and projected versions)**

<b>Net Worth Statement</b>	<b>January 1, 2014</b>	<b>January 1, 2015</b>	<b>January 1, 2016</b>
<b>Current Assets:</b>			
Cash in Bank - C/A	\$10,095	\$65,482	\$64,807
Accounts Receivable	\$0	\$0	\$0
Crops For Sale	\$860,438	\$849,375	\$925,914
Feed & Supplies	\$244,000	\$283,000	\$283,000
Market Livestock	\$0	\$0	
<b>Total Current Assets:</b>	<b>\$1,114,533</b>	<b>\$1,197,857</b>	<b>\$1,273,721</b>
<b>Intermediate Assets:</b>			
Machinery & Equipment	\$870,300	\$809,379	\$752,722
Other Intermediate Assets	\$75,897	\$75,897	\$75,897
<b>Total Intermediate Assets:</b>	<b>\$946,197</b>	<b>\$885,276</b>	<b>\$828,619</b>
<b>Long-Term Assets:</b>			
Land	\$2,720,000	\$3,840,000	\$3,840,000
Lease Land	\$0		
Buildings	\$557,640	\$518,605	\$482,303
Other Long-Term Assets	\$0		
<b>Total Long-Term Assets:</b>	<b>\$3,277,640</b>	<b>\$4,358,605</b>	<b>\$4,322,303</b>
<b>Total Term Assets:</b>	<b>\$4,223,837</b>	<b>\$5,243,881</b>	<b>\$5,150,922</b>
<b>Total Assets:</b>	<b>\$5,338,369</b>	<b>\$6,441,738</b>	<b>\$6,424,643</b>
<b>Current Debt</b>			
Operating Loan	\$55,000	\$0	\$0
Accounts Payable	\$34,000	\$79,000	\$119,000
Accrued Interest	\$2,268	\$3,801	\$3,455
Current Portion Term Debt	\$137,051	\$167,509	\$151,892
<b>Total Current Debt:</b>	<b>\$228,319</b>	<b>\$250,310</b>	<b>\$274,347</b>
<b>Intermediate Debt</b>			
Machinery Loan #1	\$27,086	\$13,544	\$2
Machinery Loan #2	\$100,903	\$59,321	\$17,738
Machinery Loan #3	\$151,667	\$126,389	\$101,111
Machinery Loan #4	\$18,055		
<b>Total Intermediate Debt:</b>	<b>\$297,710</b>	<b>\$199,254</b>	<b>\$118,852</b>
<b>Long Term Debt</b>			
Land Loan #1	\$558,531	\$529,650	\$499,750
Land Loan #2	\$0	\$1,060,260	\$1,018,671
<b>Total Long-Term Debt:</b>	<b>\$558,531</b>	<b>\$1,589,911</b>	<b>\$1,518,421</b>
<b>Total Term Debt:</b>	<b>\$856,241</b>	<b>\$1,789,164</b>	<b>\$1,637,273</b>
<b>Total Debt:</b>	<b>\$1,084,560</b>	<b>\$2,039,474</b>	<b>\$1,911,620</b>
<b>Net Worth or Equity:</b>	<b>\$4,253,810</b>	<b>\$4,402,264</b>	<b>\$4,513,023</b>