



Release of an Updated FAST Tool: Balance Sheet & Historical Financial Statements Program

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An updated balance sheet & historical financial statements program is available from farmdoc. This tool allows users to generate financial statements for a one-year (simple balance sheet) or two-year period (beginning and ending year). Financial statements include: beginning and ending balance sheets, income statement, statement of cash flows, and a report of the user's financial ratios, as well as deferred tax calculation. This tool can be downloaded from the [FAST section of farmdoc](#).

Like other FAST tools, input items appear in blue text.

The data entry begins with information about the user on the "Farm Information" sheet. A screen shot of this sheet is provided below. There are five items that need to be completed:

1. User's name
2. Beginning of the year balance sheet date
3. Determine whether you would like to complete beginning and ending balance sheets, or just a single balance sheet
4. Determine whether you would like the program to calculate deferred taxes
5. If you would like to calculate deferred taxes, you need to enter the federal and state income tax rate

General Information Screen

[Main Menu](#)

Name

Month Day Year

Beginning of Year Balance Sheet Date

Do you want to complete beginning and ending balance sheets?
 *If "no", user will be able to assemble a beginning balance sheet only.

Do you want the program to calculate deferred taxes?

Estimated federal and state income tax rate

Next, the user assembles the beginning balance sheet by completing the individual schedules and cash flow information. Some items may be entered directly on the balance sheet (where the text appears in blue). Other items require that you select the box for the appropriate schedule. For example, select the box for schedule 1 to enter information about inventories.

Return to Main Menu Print This Page		BALANCE SHEET for Me			
ASSETS		2009	LIABILITIES AND OWNER EQUITY		2009
CURRENT ASSETS					
Cash on Hand	Enter in Cash Flow	\$ 17,200	Accounts payable (Sch. 6)	Sch. 6	\$ 22,000
Cash in Savings and CD's		6,000	Notes payable within one year (Sch. 7)	Sch. 7	51,999
Marketable securities (at market)		-	Current portion of all term debt (Sch. 7)	Sch. 7	14,978
Accounts receivable		200	Accrued interest (Sch. 7)	Sch. 7	8,127
Inventories: (Sch. 1)	Sch. 1	-	Accrued expenses:		
Livestock		-	Income and social security taxes	15,606	
Crops		207,000	Accrued rents	-	
Feed		-	Other accrued items	1,190	
Supplies and other		1,106	Current portion-deferred taxes	-	
Cash investment in growing crops		-	Other current liabilities - farm	-	
Prepaid expenses (Sch. 2)	Sch. 2	14,000	Other current liabilities - personal	-	
Other current assets - farm		30,500			
Other current assets - personal		-			
TOTAL CURRENT ASSETS		\$ 276,006	TOTAL CURRENT LIABILITIES		\$113,900
NONCURRENT ASSETS					
Breeding livestock (at market) (Sch. 3)	Sch. 3	-	Noncurrent portion of term farm debt (Sch. 7):	Sch. 7	-
Machinery and equipment (at market) (Sch. 4)	Sch. 4	412,998	Nonreal estate farm debt:		
Investments in capital leased assets		-	Notes with original maturity less than or equal to 10 years	58,037	
Investments in cooperatives		-	Notes with original maturity greater than 10 years	-	
Investments in other entities		-	Farm real estate debt:		
Retirement accounts		12,000	Notes with original maturity less than or equal to 10 years	-	
Cash value life insurance		-	Notes with original maturity greater than 10 years	108,775	
Long-term financial assets and nonmarketable securities		-	Noncurrent portion-deferred taxes	-	
Farm real estate (at market) (Sch. 5):			Other noncurrent liabilities-farm	-	
Land	Sch. 5	1,486,000	Other noncurrent liabilities-personal	-	
Buildings and improvements		58,700			
Other noncurrent assets-farm (at market)		-	TOTAL NONCURRENT LIABILITIES		\$166,812
Other noncurrent assets-personal (at market)		-			
TOTAL NONCURRENT ASSETS		\$1,969,698	TOTAL LIABILITIES		\$280,712
OWNER EQUITY					
TOTAL ASSETS		\$2,245,704	Contributed capital	-	
			Retained earnings	1,050,369	
			Valuation/personal asset equity	914,623	
			TOTAL OWNER EQUITY	\$ 1,964,992	
			TOTAL LIABILITIES and OWNER EQUITY	\$ 2,245,704	
Cost values					
Marketable securities	Sch. 3	-			
Breeding livestock	Sch. 3	-			
Machinery and equipment	Sch. 4	355,940			
Real estate - land	Sch. 5	646,000			
Real estate - buildings & improvements	Sch. 5	41,235			
Other noncurrent assets - personal	Sch. 5	-			

Finally, the user will repeat the steps in assembling the balance sheet for the ending balance sheet.

Once the data is entered, the user may view and print the reports. Reports include: a balance sheet summary, an income statement, a statement of cash flows, a cash flow budget, a statement of owner's equity, financial ratio analysis, and a calculation of deferred taxes for the beginning and ending year.

BALANCE SHEET

for
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As of December 31, 2010

ASSETS		2009	2010	LIABILITIES AND OWNER EQUITY		2009	2010
CURRENT ASSETS				CURRENT LIABILITIES			
Cash		17,200	2,500	Accounts payable (Sch. 6)		22,000	15,200
Savings and short-term time deposits		6,000	6,000	Notes payable within one year (Sch. 7)		51,999	71,640
Marketable securities (at market)		0	0	Current portion of all term debt (Sch. 7)		14,978	24,585
Accounts receivable		200	0	Accrued interest (Sch. 7)		8,127	5,708
Inventories (Sch. 1)		0	0	Accrued expenses		0	0
Livestock		0	0	Income and social security taxes		15,606	17,266
Crops		207,000	381,450	Accrued rents		0	0
Feed		0	0	Other accrued items		1,190	1,250
Supplies and other		1,106	1,126	Current portion-deferred taxes		0	0
Cash investment in growing crops		0	0	Other current liabilities - farm		0	0
Prepaid expenses (Sch. 2)		14,000	15,500	Other current liabilities - personal		0	0
Other current assets - farm		30,500	30,500				
Other current assets - personal		0	0				
TOTAL CURRENT ASSETS		276,006	437,076	TOTAL CURRENT LIABILITIES		113,900	135,649
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Breeding livestock (at market) (Sch. 3)		0	0	Noncurrent portion of term farm debt (Sch. 7) :			
Machinery and equipment (at market) (Sch. 4)		412,998	473,500	Nonreal estate farm debt:			
Investments in capital leased assets		0	0	Notes with original maturity less than or equal to 10 years		58,037	98,667
Investments in cooperatives		0	0	Notes with original maturity greater than 10 years		0	0
Investments in other entities		0	0	Farm real estate debt:			
Retirement accounts		12,000	12,000	Notes with original maturity less than or equal to 10 years		0	0
Cash value life insurance		0	0	Notes with original maturity greater than 10 years		108,775	105,915
Long-term financial assets and nonmarketable securities		0	0	Noncurrent portion-deferred taxes		0	0
Farm real estate (at market) (Sch. 5)		0	0	Other noncurrent liabilities-farm		0	0
Land		1,486,000	1,486,000	Other noncurrent liabilities-personal		0	0
Buildings and improvements		58,700	54,654				
Other noncurrent assets-farm (at market)		0	0	TOTAL NONCURRENT LIABILITIES		166,812	204,582
Other noncurrent assets personal (at market)		0	0				
TOTAL NONCURRENT ASSETS		1,969,698	2,026,154	TOTAL LIABILITIES		280,712	340,231
TOTAL ASSETS				OWNER EQUITY			
Cost values				Reconciliation errors			0
Marketable securities		0	0	Contributed capital and retained earnings		1,050,369	1,189,148
Breeding livestock		0	0	Valuation/personal asset equity		914,623	933,859
Machinery and equipment		355,840	395,060	TOTAL OWNER EQUITY		1,964,992	2,122,999
Real estate - land		646,000	646,000	TOTAL LIABILITIES and OWNER EQUITY		2,245,704	2,463,238
Real estate - buildings & improvements		41,235	39,235				

Return to Main Menu		Summary of Key Ratio Calculations and Benchmarks				
Repayment Analysis		Green	Yellow	Red	My Farm	Calculation
Term Debt and Lease Coverage Ratio	>1.50	1.10 to 1.50	<1.10	5.27	$(\text{NFI}^* + \text{Gross Non-Farm Revenue} + \text{Depreciation Expense} + \text{Interest on Term Debts and Capital Leases}) - \text{Income Tax Expense} - \text{Family Living Withdrawals} / \text{Scheduled Annual Principal and Interest Payments on Term Debt and Capital Leases}$	
Debt Payment / Income Ratio	<0.25	0.25 to 0.50	>0.50	0.13	$\text{Scheduled Annual Principal and Interest Payments on Term Debt and Capital Leases} / (\text{NFI}^* + \text{Gross Non-Farm Revenue} + \text{Depreciation Expense} + \text{Interest on Term Debts and Capital Leases})$	
Liquidity Analysis						
Current Ratio	> 1.50	1.00 to 1.50	< 1.00	3.22	Total Current Farm Assets / Total Current Farm Liabilities	
Working Capital	compare to business expenses, absolute amount depends on scope of operation			\$301,427	Total Current Farm Assets - Total Current Farm Liabilities	
Working Capital/VFP	> 0.30	0.10 to 0.30	<0.10	0.61	Working Capital / Value of Farm Production	
Solvency Analysis						
Debt / Asset Ratio (mostly owned)	<20%	20% to 60%	>60%	13.9%	Total Farm Liabilities / Total Farm Assets	
Debt / Asset Ratio (mostly rented/leased)	<20%	30% to 70%	>70%	13.9%	Total Farm Liabilities / Total Farm Assets	
Equity / Asset Ratio (mostly owned)	>80%	40% to 80%	<40%	86.1%	Total Farm Equity / Total Farm Assets	
Equity / Asset Ratio (mostly rented/leased)	>70%	30% to 70%	<30%	86.1%	Total Farm Equity / Total Farm Assets	
Debt / Equity Ratio (mostly owned)	<25%	25% to 150%	>150%	16.1%	Total Farm Liabilities / Total Farm Equity	
Debt / Equity Ratio (mostly rented/leased)	<42%	42% to 230%	>230%	16.1%	Total Farm Liabilities / Total Farm Equity	
Profitability Analysis						
Rate of Return on Farm Assets (ROA) (mostly owned)	>5%	1% to 5%	<1%	6.4%	$(\text{NFI}^* + \text{Farm Interest Expense} - \text{Operator Management Fee}) / \text{Average Total Farm Assets}$	
Rate of Return on Farm Assets (ROA) (mostly rented / leased)	>11%	3% to 11%	<3%	6.4%	$(\text{NFI}^* + \text{Farm Interest Expense} - \text{Operator Management Fee}) / \text{Average Total Farm Assets}$	
Rate of Return on Farm Equity (ROE)	look at trends and compare to other farm and non-farm investments			6.6%	$(\text{NFI}^* - \text{Operator Management Fee}) / \text{Average Total Farm Equity}$	
Operating Profit Margin Ratio	>25%	10% to 25%	<10%	20.4%	$(\text{NFI}^* + \text{Farm Interest Expense} - \text{Operator Management Fee}) / \text{VFP}$	
Financial Efficiency						
Asset Turnover Ratio	depends heavily on type of operation and whether it is owned / leased			0.31	VFP / Average Total Farm Assets	
Operating Expense / VFP Ratio (mostly owned)	<55%	55% to 65%	>65%	65.0%	Operating Expenses [excluding interest and depreciation] / VFP	
Operating Expense / VFP Ratio (mostly rented / leased)	<65%	65% to 75%	>75%	65.0%	Operating Expenses [excluding interest and depreciation] / VFP	
Depreciation Expense Ratio	compare to capital replacement and term debt repayment margin			6.2%	Depreciation Expense / VFP	
Interest Expense Ratio	<10%	10% to 20%	>20%	2.1%	Interest Expense / VFP	
Net Farm Income From Operations Ratio	look at trends, varies due to cyclical nature of agricultural prices and incomes			26.8%	NFI [*] / VFP	
<small> Modified from David Kohl * NFI = Net Farm Income From Operations excluding gains or losses from the disposal of farm capital assets These are general benchmarks. You should use Financial Characteristics of Iowa Farms for more detailed peer groups and the respective financial ratios (www.farmdoc.uiuc.edu/finance/). Value of Farm Production (VFP) = Gross Revenue - Purchased Feed - Purchased Market Livestock </small>						

We hope to soon complete a version of this tool that allows the user to database information for multiple years and multiple users.