

2023

Brown Family Farm Case Study



EXECUTIVE FARM
MANAGEMENT

NC STATE
EXTENSION

 **COOPERATIVE EXTENSION**
College of Agriculture, Forestry and Life Sciences

 **ECU**
COLLEGE OF BUSINESS

 **UNIVERSITY OF GEORGIA**
EXTENSION

Scenario: January 2023

John Brown sat at his kitchen table, surrounded by papers. It was early in 2023 – time to think about closing the books and paying the taxes on the year just closed. He sighed and looked out the bay window over part of the Brown Family Farm – beautiful, fertile farmland in central South Carolina. They farm 4,500 acres, spread over parts of two counties. Like most farms in the southeastern US, the Brown Family Farm grows a variety of crops: corn, soybeans, sweet potatoes, a variety of produce, and – of course – tobacco.

Tobacco. Long the lifeblood of the South's farm economy, the crop's best days were long behind it. Regulations in the US regarding the sale of tobacco products and on where they could be enjoyed; higher taxes and hence, much higher consumer prices; a sharp drop in smoking among younger people; increased awareness of health-related issues (and a corresponding increase in people looking to lead healthy lifestyles) are all contributors to the sharp decline in tobacco demand, and hence a decline in overall acreage planted to tobacco. Further, a trade war with China had caused a severe reduction in tobacco contracts in 2019 and 2020 as China halted all purchases of U.S. tobacco. China started buying U.S. tobacco again in 2021 but future purchases by China are uncertain. What used to be a dependable source of high income and high profits is now an uncertain part of the future agricultural landscape in these parts.

John thought about the “big picture” of the farm. He made a list of what they were growing:

Irrigated Crops

- Corn (1605 acres)
- Cucumbers, pickling (200 acres)
- Squash, summer (150 acres)

Non-irrigated crops

- Soybeans (500 acres)
- Tobacco, flue cured (295 acres)
- Sweet potatoes (550 acres)
- Cotton (800 acres)
- Peanuts (400 acres)

The past year was very good. Strong commodity prices and decent weather meant the farm made the most money since 2013. The immediate challenge is escalating input prices and even the availability of some inputs for the 2023 crop. For example, fertilizer prices are up 80% since last spring. Should he buy inputs now if they are available; even at the hugely inflated prices? Or should he just sit out some crops if he can't pencil in a profit at the current input prices?

They own 500 acres of land which is valued at \$3,500 per acre. The owned tract has 300 acres of good farm land, 100 acres of managed timber with the remainder in woods and buildings. 3,400 acres of crop land are rented. The farm owns equipment with a current market value of about \$3.4 million. [A list of equipment precedes this narrative.]

As a result of the trade war with China the Browns had no contracted pounds with China Tobacco for 2018, 2019 and 2020. Their tobacco acres fell to 221 acres. But in 2021 China Tobacco re-entered the U.S. market. In 2021 they had 295 acres of tobacco. Even with China back in the market their tobacco acreage is down from 5 years ago which is a real concern since tobacco is still the most profitable crop they grow. Sweet potatoes have been good and they've grown their acreage from 300 to 550 acres in the last couple of years which has offset the loss of tobacco pounds. They've put down 3 center pivots on owned land and are considering another. The farms they rent have 4 center pivots. They'd like to figure out a way to get another center pivot on one of their rented farms. John recalls walking the field where the center pivot was located and seeing puddles in some spots, and dry land in others. "Strange," he remembers thinking.

Getting water to the crops is a big concern. It seems like half the time the region is threatened by drought, and the other half is storms like Hurricanes Floyd, Matthew, and in 2018, Florence and Michael. But on the other extreme, drought was so severe in the mid-2000's that the aquifer under the southeastern US was starting to be contaminated with brackish water from the ocean – a deadly threat.

John sighed again. "Climate change," he thought. "People tell me it isn't real, but I've seen the changes since I was a kid. Winters are way more severe than they used to be. We have more tornadoes, floods, and severe weather than we ever have. At the same time, we are in moderate to severe drought conditions a lot of the time. I'd like to ignore it, but the future of the farm may be at stake."

He thought about the history of the farm. It is owned as a simple partnership by John Brown and his parents, Kent and Vicky. Kent and Vicky own another 500 acres that they rent to the farm. Kent and Vicky deeply love the farm, having built it from scratch, starting it when they were in their 20's with the dream of creating a self-sustainable farm that would support the family for generations. They have always tried to be leaders in the industry however John wishes they could explore more innovative practices so they can be more proactive as they look to the future.

They've lived through three significant economic recessions and a head spinning amount of change in 35+ years running the farm. Kent and Vicky are nearing their 60's and just had the stark realization that they have virtually nothing put away for retirement. All their efforts and most of the farm profits have been plowed back into growing the farm to its current size and putting it on sound financial footing.

John knows that his parents love the farm and would really like his younger sister Anne to join full time, and help John take it to the next level over the course of another generation. Anne graduated from NCSU in May with a degree in Ag Business Management and has been helping out in a “jack of all trades” capacity. John’s brother Robert is a banker and not really interested in farming. (Of course, they want to treat Robert equitably also.) The big question facing John is this: *what will farming look like over the next generation?*

They have 5 full time employees and use H2-A labor for the tobacco and sweet potatoes. Last year they had a crew of 55 H2-A workers for 26 weeks. Their average wage rate was \$12 per hour and it cost them \$700 per worker to get them here. They have good housing in place for the H2-A workers. However, 2023 rates are rumored to increase by 10% (some rumors even say 14%). John hopes a more moderate increase prevails but he must plan for a painful labor increase at this point.

Kent is 59 and Vicky is 57. They started the farm shortly after they got married in the early 1980s. They started with 25 acres of tobacco and have grown over the years to eight crops on 4,500 acres. Tobacco acreage had grown to over 600 acres a few years ago but has shrunk by half over the last five years. In 2010, Kent added a packing facility for sweet potatoes.

In fall 2018, Kent had a serious bout with cancer requiring a long convalescence, and serious limitations on his ability to play an active role in the operations. Decisions need to be made on retirement (which, as we’ve seen, they are unprepared for), the operation of the core farming business, and what to do about the operation of the subsidiaries. The weight of running all this – while it has been mostly John’s job for some time – is now entirely on his shoulders. And to be honest, Kent and Vicky’s contributions have been declining for some time, they still take the same draw as they have the last few years. It’s causing some tension.

The complexity of these operations and the scale of the business is overwhelming the largely manual way the businesses are run.

As we’ve seen, John, 32 years old, has been shouldering the majority of the farm operations, with Kent and Vicky playing a decreasing role – Kent obviously because of his injury, Vicky because the new accounting software, SAGE, which at \$1500 a month, is expensive and difficult (for her) to use and she’s feeling marginalized as a result. Katie is a recent part-time hire as an assistant to Vicky in the office and is a natural with technology as a member of the “born on the Internet” generation. Katie won everyone over with her energy and outgoing personality, but Vicky is getting to the point where she just wants to strangle her.

On the other hand, John and Anne are relying on Katie and have been talking about bringing her on full time and giving her more responsibility.

Nobody – not Kent, not Vicky, and not John – has ever really thought strategically about the farm as a business. John thinks it is high time to start doing so, and start with some fundamental questions: Who are my customers? Why do they buy what I grow? And why do they buy it from me? (The general answers to these questions are: the target market, the value proposition(s) of the business, and the business' source of competitive advantage.)

John realized that he doesn't know the answers. He's a "price taker" not a "price maker". He doesn't like it but doesn't know how to break out of the pattern.

He doesn't know much about who his customers are or what they want, or (perhaps more importantly) what their customers want. He assumes that they want high quality produce at low prices, so he finds the right seeds at the right price and tries to run a very cost-effective operation. But he doesn't know for sure that's what they want.

Or what he wants. Does he want to market his produce directly to grocery stores like Whole Foods or Food Lion? Or does he want to keep selling to packers and brokers? Should they consider other retail venues or even restaurants? Does the packaging matter? Does it go straight from the farm to the store in the same packaging, or does it get transferred one or more times? Does he pay more for higher grade cultivars, or focus on cost? (This is deciding between the two "generic strategies": being a low-cost supplier or being a differentiated supplier.)

As do many farmers, the Brown's have often adopted the latest production technologies to keep pushing down the cost of production. But it seems like a never ending treadmill. For the field crops, moving up the value chain and escaping the price taker role seems very difficult. Should they change their crop mix? They added peanuts to the farm after the end of the peanut quota program in 2003. But their equipment is older four row equipment. The peanuts rotate well with the corn and cotton, but if they are to continue growing peanuts they must replace and upgrade equipment. This would probably mean an expansion in peanut acres. Or should they just drop the peanuts? This might not impact corn acres but dropping peanut acres might mean dropping cotton too.

John thought about his second cousin, Richard, a recent Clemson MBA graduate with a computer science degree from Georgia Tech before that. He also has five years' work experience at Oracle on the west coast. He has a passion for cloud computing and applied technology. John invited Richard to come look at the farm operations and see what he thought could be improved through technology. Richard grew up on a farm one state over, so was familiar with the challenges and opportunities.

He's seen some changes in labor productivity but isn't sure why. Maybe it is time for a discussion about hiring a key non-family member, but the current manager has grown sales. John recognizes that this is a matter of cash flow versus profitability of the company; is it

appropriate to invest in new equipment while profitability is flat?

Even though the packing operation has been declining, there does appear to be new opportunities for custom packs of sweet potatoes for specialized markets, perhaps even export to Japan or Moldova. They are Global Gap certified and export to the EU through a broker. They've thought about going directly to customers in Europe as do some of their competitors. But this necessitates a person dedicated to marketing the crop. With all John has had to juggle, there just hasn't been time to give this the attention it needs.

The packing entity produced \$5.9M in revenue last year but is seeing a decline year after year. The operation purchases all the sweet potatoes from the farm entity as well as contract purchases; so there are a lot of variables for revenues and costs. A financial analysis may help narrow down some major problem areas. Maybe it is time to look at how the packing operation is managed and set it up with a top-notch entrepreneur with full financial responsibility. Perhaps they could even sell it, too, with guaranteed long-term contracts to process the entire production of the Brown Family Farm.

The real question, John realized, was that these ancillary operations aren't just ways to make (and use) money. They should add value to the whole business.

The packing operation is facing challenges today such in the labor area. Local manufacturing wages have risen by \$5 per hour. One of their long term packing employees (non-H2A) has gone to work for the local Amazon Distributor and has recruited a couple of former employees over because they can make more money, earn overtime and the benefits are excellent..

The questions aren't just about the past and present. They are about the future: How can these side businesses add value to the business and its customers? How can they provide a source of competitive advantage?

John had no idea how to answer. Up until this point, he didn't even know to ask these questions, but they now seem so fundamental, so foundational, that he feels an urgent need to find out. "Marketing," he said to himself.

Marketing isn't just about promotion and advertising, it is a way of understanding deep customer needs and wants. Walk a mile in their shoes and observe how your products fit into their operations. An experienced marketing person can gain insights that can lead to ways to create value.

The Brown Family Farm needs to grow revenue. The farm also experiences unwanted product waste and has determined if the market distribution network can be increased, waste is reduced, sales will increase, and profit will be increased. The first line of offense to increase revenues is to sell what is currently produced, thereby decreasing waste. No new production,

equipment or major investment is required.

Problem: no one person is focused on the distribution network. Kent established the current contracts and fortunately these contracts have remained steadily in place over the last 4 years. This “complacency approach” to sales has kept most of the product moving but there is still some to be sold, and honestly, there may be more margin that could be obtained with a focused sales and marketing effort, especially with a skilled negotiator on behalf of the farm. No one has explored how to move or use the less desirable blemished product with any consistency or urgency - another opportunity.

John was looking at the farm’s income statement and saw line items for revenue by crop. It suddenly occurred to him that he didn’t know what it cost him to produce each crop, or even if they were all profitable. Fortunately, his extension agent knew someone at Clemson who could produce a report on his unit costs of production.

COST OF PRODUCTION SUMMARY

Crop	Total Expenses	Less Govt & Other Income	With Labor & Mgt	Machinery Cost / Acre
Cotton	0.78 /lb.	0.70 /lb.	0.70 /lb.	137.04
Corn, Irr.	4.61 /bu.	4.55 /bu.	4.55 /bu.	23.04
Soybeans	11.63 /bu.	11.27 /bu.	11.27 /bu.	23.04
Tobacco, Flue Cured	1.99 /lb.	1.98 /lb.	1.98 /lb.	554.64
Sweet Potatoes	12.11 /ton	12.08 /ton	12.08 /ton	1,347.50
Peanuts	0.02 /lb.	0.02 /lb.	0.02 /lb.	-
Cucumbers, Pickling, Irr.	20.74 /cwt.	20.64 /cwt.	20.64 /cwt.	432.93
Squash, Summer, Irr.	14.85 /bu.	14.81 /bu.	14.81 /bu.	495.85

John and Anne have been having regular weekly meetings to talk about the future of the farm and how to prepare for their parents’ retirement. They both recognize that they need to answer some of these questions sooner rather than later. The future of the farm is at stake. They also have some significant investments and improvements that they must plan for. Just this past week, they were discussing their future labor needs, thankful that they were able to fill their positions this year, but uncertain of how they would continue to meet those needs in the future. Anne was also pretty adamant about their need for additional food safety training for employees. Kent has been adamant that what they have been doing with their workforce has been working, so “why change it and spend money?” if it’s working. John agreed at the time, but now is wishing he had taken Anne’s concerns more seriously.

Little did he know what was about to happen.

The Characters

John: John Brown is 32 years old and a crop science graduate from NCSU. He's married with a toddler. His wife is a school teacher and is not involved in the farm. He worked five years in sales for Crop Production Services, Inc. before returning to the farm two years ago. John was extremely successful in the relationship building and selling process. He didn't love the structure and the extensive time away from his family and found that he struggled to meet his documentation deadlines. He and his father and mother are equal partners in the Brown Family Farm. John is outgoing and has never met a stranger. He loves to talk, socialize and has always been considered the life of the party. He has a great vision for the farm and how to grow and expand, but hasn't been able to settle on any one solution.

Kent: Father of John, husband to Vicky. Kent has worked hard to build this farm. He is dedicated, driven and works from sun up to sun down. He has seen the farm be sustainable over the years and it has supported his family. Technology, consolidation, pressure about retirement are all things on his mind. He has always spoken his mind and it has worked well. His kids used to call him the drill sergeant, but in his farming world, sometimes you had to bark orders in order to get work done. Farming is dangerous, hard work, but he loves it and wouldn't trade it for the world. He has ideas about how to grow his retirement and sustain the farm, but that is going to mean a few changes around the business. He anticipates some difficult conversations in the days ahead.

Vicky: Wife of Kent and farm office manager. She is the backbone and everyone knows it. She handles all the reporting, payroll, and record keeping. You name it and she can put her fingers on it and do it. It's a big job that requires detail and patience. She is known around the place for asking lots of questions and keeping track of all the details. The kids know her for her "to do" lists; her long hours in the farm office; and her ability to run their household like a champ. No one seems to understand how she gets everything done, but she manages it. However, it's time for someone else to begin learning the operational/reporting side of the business as she is not getting younger, and there are only so many hours in a day. Further, the operations (farming and packing) are all becoming much more complex, and that demands some level of technology be introduced to improve efficiency. She has many questions about what is going to happen in the future. She is looking to her husband to help her family set the direction for the future.

Robert: He is a banker. Like John, he is at times outgoing, but not nearly as much. He likes the role of the banker. He is constantly finding solutions and bringing people together to solve

problems. It seems like that is the role he has played during his entire life. He has been bridging the gap in his family forever. They come to him to talk through family issues and dynamics and he gets pulled back into family decisions to help them work through disagreements and challenges. He likes that role but doesn't see himself involved in the daily operations of the farm – it's not in his blood the way it is for the others.

Anne: She graduated in May and is a ball of fire. She does have the passion of farming in her blood and has since she was a little girl. She isn't afraid to speak her mind and often stands up to the other family members. She has been studying farm management and is intrigued with the work her mom does in the office as she loves technology, numbers and the facets that make the business work, yet she is thinking about how to take the family farm to the next level in order to support the growing family. She is direct and passionate when she speaks, but not the outgoing personality of her older brothers. John and Kent are excited to have her join the farm but would really prefer she work away from the farm to gain valuable experience that she can return to the business. Anne isn't yet convinced and is chomping at the bit to use her school knowledge immediately to help the business.

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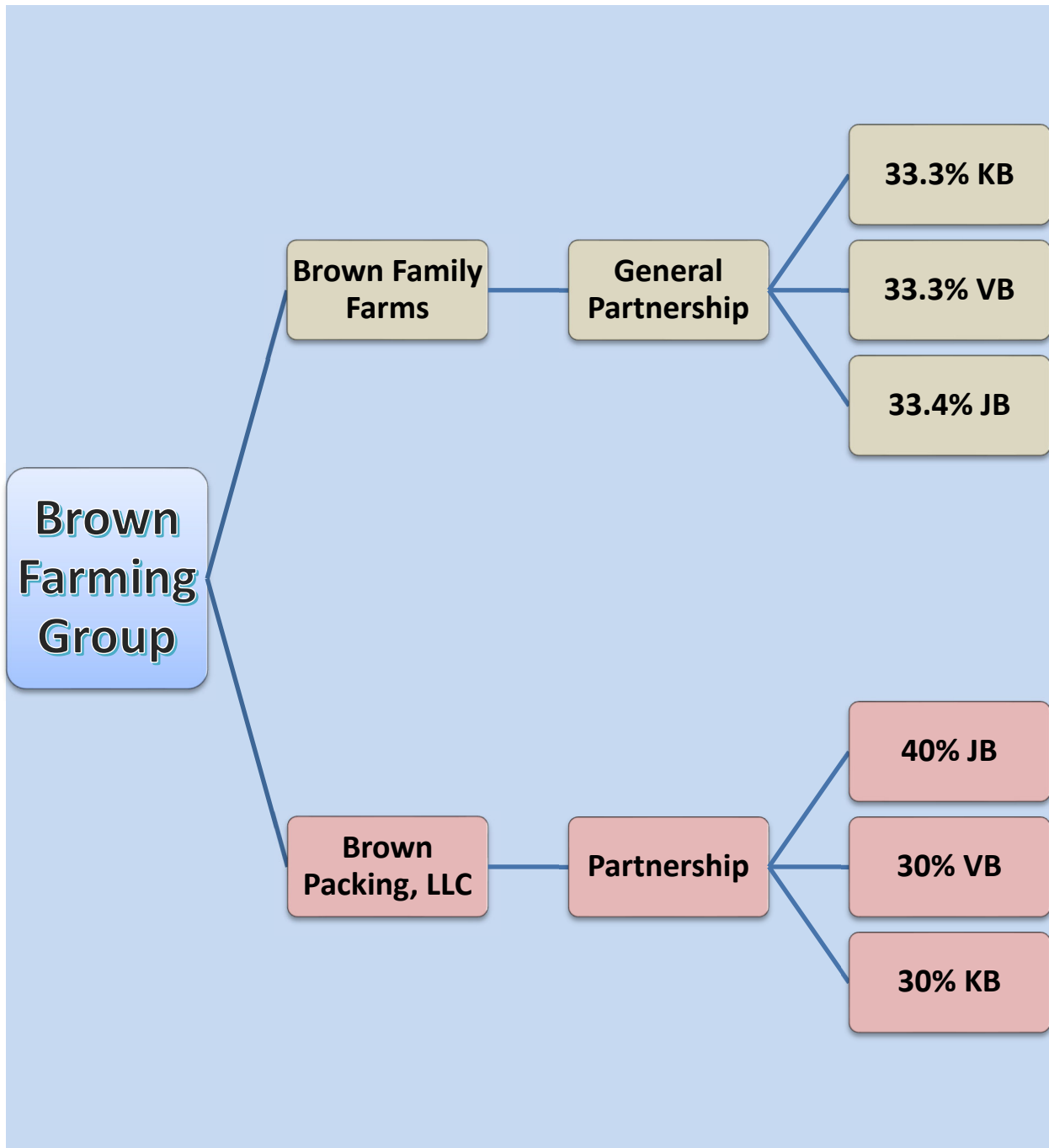
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Brown Farming Group – Entity Ownership



Side by Side Analysis

Brown Family Farms - Oper

Financial:						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023P</u>
EBITDA SUPPLY & DEMAND						
Revenue	8,220,445	8,359,627	7,989,006	9,261,336	8,307,087	-
- Operating Expenses	7,704,912	7,671,546	6,430,092	7,094,939	7,335,950	-
= EBITDA (Supply)	515,533	688,081	1,558,914	2,166,397	971,137	-
EBITDA Uses:						
Family Living & taxes	260,000	287,450	312,500	325,000	350,000	-
+ Interest expense	187,836	194,915	303,629	283,719	243,267	-
+ term Debt due (BOY)	346,704	364,462	363,779	263,434	245,790	-
= EBITDA Uses (Demand)	794,540	846,827	979,908	872,153	839,057	-
= Available for Asset GROWTH	(279,007)	(158,746)	579,006	1,294,244	132,080	-
BALANCE SHEET						
	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023P</u>
Total Current Assets	2,849,602	2,062,400	3,201,922	4,211,071	3,616,839	-
Total Assets	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414	-
Total Current Liabilities	3,120,247	2,588,007	3,098,806	3,002,223	2,271,696	-
Total Liabilities	3,726,495	3,210,476	3,732,213	3,756,184	3,059,081	-
Owner Equity	4,308,757	4,193,824	4,937,273	6,041,125	6,238,333	-
OTHER INFORMATION						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023P</u>
Crop Govt Payments	1,500	191,352	601,902	119,424	5,000	-
Crop Insurance Income	38,000	73,000	157,500	-	287,470	-
Change in LOC Balance	391,725	(390,371)	606,614	(104,747)	(104,747)	-
Operating Interest	117,099	141,936	201,194	245,888	204,478	-
Term Debt Payments (P&I)	417,441	417,441	466,214	301,265	284,579	-
Depreciation	350,800	234,000	349,285	646,875	330,540	-
Cash On Hand	248,352	378,367	212,045	401,008	359,452	-

Do not include Interest or Depreciation in Operating Expenses

KEY FINANCIAL RATIOS	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023P</u>	Formulas
Current Equity (Working Capital)	(270,645)	(525,607)	103,116	1,208,848	1,345,143		Current Assets – Current Liabilities
Net Farm Income	(23,103)	259,166	906,000	1,235,803	397,330		Government Payment/EBITDA
Government Payment/EBITDA	0.3%	27.8%	38.6%	5.5%	0.5%		Current Equity / Operating Expenses
Working Capital Sufficiency	-3.5%	-6.9%	1.6%	17.0%	18.3%		Cash / Current Assets
Cash to Current Assets	9%	18%	7%	10%	10%		Current Equity / Term Debt Payments
WC Burn Rate: Debt Service	(0.6)	(1.3)	0.2	4.0	4.7		Owner Equity / Total Assets
Equity to Asset Ratio:	54%	57%	57%	62%	67%		Non Current Liabilities / EBITDA
Debt Efficiency	1.18	0.90	0.41	0.35	0.81		EBITDA / Revenue
EBITDA Efficiency	6%	8%	20%	23%	12%		Revenue / Total Assets
Asset Turnover	102%	113%	92%	95%	89%		(EBITDA - FL - Deprec) / Total Assets
Rate of Return on Assets	-1%	2%	10%	12%	3%		Family Living / EBITDA
Family Living Withdrawals	50%	42%	20%	15%	36%		(EBITDA-FL-Op Int) / Term Debt Payment (P&I)
Term Debt Coverage Ratio	33%	62%	224%	530%	146%		

2023P--P rojected results for year ending 12/31/23

Side by Side Analysis

Financial Dashboard

Brown Family Farms - Oper

Practice:	Vulnerable	Resilient	Agile	2018	2019	2020	2021	2022	2023 Projected
1 Working Capital Sufficiency	< 10 %	10 – 25 %	> 25 %	-3.5%	-6.9%	1.6%	17.0%	18.3%	
Formula: (Current Assets – Current Liabilities) / Operating Expenses									
2 Cash to Current Assets	< 5 %	5 – 15 %	> 15 %	8.7%	18.3%	6.6%	9.5%	9.9%	
Formula: Cash / Total Current Assets									
3 WC Burn Rate: Debt Service	< 1:1	1:1 – 5:1	> 5:1	(0.6)	(1.3)	0.2	4.0	4.7	
Formula: Working Capital / Term Debt Payments									
4 Equity to Asset Ratio:	< 40 %	40 – 70 %	> 70 %	54%	57%	57%	62%	67%	
Formula: Total Equity / Total Assets									
5 Core Equity Burn Rate	< 3:1	3:1 – 7:1	> 7:1						
Formula: Excess Reserves / (EBITDA - FL - Interest - Debt payments)									
Assume loss of									-\$200,000
	<u>Assets</u>	<u>12/31/2022 Market Value</u>	<u>Loan Max</u>	<u>Borrowing Capacity</u>	<u>RE Liability 12/31/2022</u>	<u>Excess Reserve</u>			<u>Burn Rate</u>
	Real Estate & Buildings	-	70%	-	-	-			
	Real Estate & Buildings (20% Drop)	-	70%	-	-	-			
* Real estate is primary core asset in todays economy.									
6 Debt Efficiency	> 6:1	3:1 – 6:1	< 3:1	1.18	0.90	0.41	0.35	0.81	
Formula: Term Debt / EBITDA									
7 EBITDA Efficiency	< 15 %	15 – 30 %	> 30 %	6%	8%	20%	23%	12%	
Formula: EBITDA / Revenue									
8 Asset Turnover	< 30 %	30 – 70 %	> 70 %	102%	113%	92%	95%	89%	
Formula: Revenue / Total Assets									
9 Rate of Return on Assets	< 2 %	2 – 8 %	> 8 %	-1%	2%	10%	12%	3%	
Formula: (EBITDA - FL- Deprec) / Total Assets									
10 Family Living Withdrawals	> 25 %	15 – 25 %	< 15 %	50%	42%	20%	15%	36%	
Formula: FL / EBITDA									
11 Term Debt Coverage Ratio	< 110 %	110 – 125 %	> 125 %	33%	62%	224%	530%	146%	
Formula: (EBITDA-FL-Op Int) / Term Debt Payment (P&I)									

Developed by: Dr. David Kohl & Scott Mickey

Action Plans

Brown Family Farms - Oper

EBITDA Improvement Plan

Metric:	Vulnerable	Resilient	Agile
EBITDA Efficiency	< 15 %	15 – 30 %	> 30 %

Revenue Strategies:

	2022	% of Revenue
Revenue	8,307,087	100%
- Operating	7,335,950	88%
= EBITDA	971,137	12%
2023 EBITDA Goal >	1,386,491	17%

EBITDA CHANGE Needed:

415,354

Expense Strategies:

Working Capital Improvement Plan

Metric:	Vulnerable	Resilient	Agile
Working Capital Sufficiency	< 10 %	10 – 25 %	> 25 %

Family Living Strategies:

	2022	
Current Assets	3,616,839	
- Current Liabilities	2,271,696	
= Working Capital	1,345,143	
/ Operating Expenses	7,335,950	18%
2023 WC Goal is	1,467,190	20%

WORKING CAPITAL CHANGE:

122,047

WC Burn Rate: Debt Service	< 1:1	1:1 – 5: 1	> 5:1
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Liability Strategies:

Working Capital	1,345,143	
/ Term Debt Payments	284,579	4.73
2023 WC Goal is	1,422,895	5.00

WORKING CAPITAL CHANGE:

77,752

FINPACK

Historic Report: Market Balance Sheets, Ag

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/7/2023

	<i>Dec 31, 2017</i>	<i>Dec 31, 2018</i>	<i>Dec 31, 2019</i>	<i>Dec 31, 2020</i>	<i>Dec 31, 2021</i>	<i>Dec 31, 2022</i>
	<i>Operating</i>	<i>Operating</i>	<i>Operating</i>	<i>Operating</i>	<i>Operating</i>	<i>Operating</i>
Current Assets						
Cash and checking	466,000	248,352	378,367	212,045	401,008	359,452
Prepaid expenses and supplies	56,000	56,000	30,545	31,590	68,053	160,315
Accounts receivable	98,000	238,600	234,250	173,384	63,177	2,680
Hedging accounts	10,000	10,000	67,500	33,221	68,950	88,750
Crop inventory	2,150,000	2,296,650	1,351,738	2,751,681	3,609,883	3,005,642
Total current assets	2,780,000	2,849,602	2,062,400	3,201,922	4,211,071	3,616,839
Intermediate Assets						
Machinery and equipment	3,333,500	3,000,150	3,150,500	3,293,614	3,412,288	3,516,675
Other intermediate assets	2,000	2,000	2,500	2,500	2,500	2,500
Total intermediate assets	3,335,500	3,002,150	3,153,000	3,296,114	3,414,788	3,519,175
Long Term Assets						
Land	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Buildings and improvements	349,000	349,000	349,000	331,550	331,550	321,500
Other long term assets	84,500	84,500	89,900	89,900	89,900	89,900
Total long term assets	2,183,500	2,183,500	2,188,900	2,171,450	2,171,450	2,161,400
Total farm assets	8,299,000	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414
Total personal assets	0	0	0	0	0	0
Total assets	8,299,000	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414
Current Liabilities						
Accounts payable and other accrued exp.	126,000	126,000	96,000	103,000	125,750	56,000
Principal due within 12 months on term loans	346,704	364,462	363,779	263,434	245,790	205,272
Current loans	2,100,000	2,491,725	2,101,354	2,707,968	2,603,221	1,978,654
Total current liabilities	2,809,734	3,120,247	2,588,007	3,098,806	3,002,223	2,271,696
Intermediate & Long Term Liabilities						
Intermediate loans	0	0	0	0	0	0
Long term loans	914,855	606,248	622,469	633,407	753,961	787,385
Total farm liabilities	3,724,589	3,726,495	3,210,476	3,732,213	3,756,184	3,059,081
Personal liabilities	0	0	0	0	0	0
Deferred liabilities	585,291	701,157	468,348	858,742	1,097,055	950,885
Total Liabilities (including deferreds)	4,309,880	4,427,652	3,678,824	4,590,955	4,853,240	4,009,966
Annual Noncurrent Debt Payments						
Farm P & I payments	417,441	417,441	466,214	301,265	284,579	244,908
Equity						
Net worth	3,989,120	3,607,600	3,725,476	4,078,531	4,944,069	5,287,448
Net worth change	0	-381,520	117,876	353,055	865,539	343,378

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Historic Report: Farm Income Statement Detail

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/7/2023

	2018	2019	2020	2021	2022
Source	FINAN	FINAN	FINAN	FINAN	FINAN
Cash Farm Income					
Corn	941,000	764,880	1,176,588	1,857,938	1,979,909
Cotton	-	420,000	441,500	663,271	913,522
Cucumbers, Pickling	309,780	428,541	430,650	397,500	435,146
Peanuts	-	295,313	324,368	436,800	528,190
Soybeans	650,890	592,650	248,900	278,460	234,192
Squash, Summer	656,250	612,470	817,000	685,688	719,397
Sweet Potatoes	969,000	2,530,600	1,701,000	2,675,844	2,428,088
Tobacco, Flue Cured	1,015,200	1,234,875	753,300	1,331,187	1,288,287
Tomatoes	1,093,750	-	-	-	-
Watermelon	825,000	816,333	-	-	-
Sweet Corn, Direct	689,700	605,250	-	-	-
Cantaloupe	708,125	708,125	-	-	-
Crop government payments	1,500	191,352	601,902	119,424	5,000
Other government payments	-	-	-	-	18,900
Custom work income	30,000	30,000	25,000	25,000	37,500
Patronage dividends, cash	5,000	5,000	6,500	6,500	8,925
Crop insurance income	38,000	73,000	157,500	-	287,470
Gross farm income (cash)	7,933,195	9,308,389	6,684,208	8,477,612	8,884,526
Cash Farm Expense					
Seed and plants	560,000	603,156	502,354	532,045	551,846
Fertilizer	720,079	845,141	846,623	893,820	1,258,268
Crop chemicals	890,000	804,525	685,007	511,507	756,778
Crop insurance	91,000	94,000	86,075	93,475	78,950
Drying expense	310,000	396,090	400,334	473,987	407,124
Storage	-	-	25,000	25,000	75,000
Irrigation energy	123,000	129,266	125,126	111,270	144,850
Crop Supplies	114,500	-	-	-	-
Crop Custom hire	68,000	307,829	171,066	168,108	139,347
Crop Hauling and trucking	125,000	135,292	155,654	171,366	191,177
Crop Marketing	1,157,209	754,117	226,026	174,310	173,216
Crop Consultants	50,000	54,350	57,500	57,500	37,500
Interest	286,807	306,100	306,100	280,660	238,959
Supplies	-	145,250	129,344	272,338	181,556
Fuel & oil	89,015	99,843	105,749	216,787	289,335
Repairs	179,634	219,872	243,267	349,883	327,544
Hired labor	2,762,500	2,538,840	2,100,380	2,418,162	2,213,970
Land rent	252,000	252,000	252,000	252,000	263,580
Personal property taxes	50,600	50,455	51,647	75,599	78,384
Farm insurance	83,250	84,335	87,335	113,500	123,114
Utilities	79,125	86,729	88,924	113,000	106,775
Dues & professional fees	-	75,000	84,726	84,995	99,648
Total cash farm expense	7,991,719	7,982,191	6,730,237	7,389,312	7,736,921
Net cash farm income	-58,524	1,326,198	-46,029	1,088,300	1,147,605
Inventory Changes					
Prepays expenses and supplies	-	-25,455	1,045	36,463	92,262
Accounts receivable	140,600	-4,350	-60,866	-110,207	-60,497
Gain or loss on hedging activities	-	500	-34,279	35,729	87,300

	2018	2019	2020	2021	2022
Crops and feed	146,650	-944,912	1,399,943	858,202	-604,241
Accounts payable	-	30,000	-7,000	-22,750	69,750
Accrued interest	98,971	111,185	2,471	-3,059	-4,308
Total inventory change	386,221	-833,031	1,301,314	794,378	-419,734
Net operating profit	327,697	493,167	1,255,285	1,882,678	727,871
<i>Depreciation</i>					
Machinery & equipment	-350,800	-234,000	-349,285	-646,875	-330,540
Total depreciation	-350,800	-234,000	-349,285	-646,875	-330,540
Net farm income from operations	-23,103	259,167	906,000	1,235,803	397,331
Gain or loss on capital sales	-	-	12,500	-	-
Net farm income	-23,103	259,167	918,500	1,235,803	397,331

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: 12/31/2022 - Operating Balance Sheet

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/7/2023



Brown Family Farm
12/31/2022 - Operating Balance Sheet

Current Assets			Value	Current Liabilities					Balance		
Cash and checking (Schd A)			359,452	Accrued interest					31,770		
Prepaid exp. & suppl. (Schd B)			160,315	Payables & accr exp (Schd T)					56,000		
Growing crops			-								
Accounts receivable (Schd D)			2,680		Int	P & I		Principal			
Hedging accounts (Schd E)			88,750	Current loans (Schd U)					Balance		
Other current assets			-		Rate	Due					
				AgFirst-Hedge Line					3,565		
					7.50	-					
				AgFirst-Operating					1,811,089		
					7.75	3,000,000					
				JDF-FarmPlan					164,000		
					5.50	174,500					
				Principal due within 12 months on term liabilities					205,272		
Total Current Assets			3,616,839	Total Current Liabilities					2,271,696		
Intermediate Assets					Intermediate Liabilities						
		Cost	Market		Int	Principal	P & I	Principal	Intermed		
		Value	Value		Rate	Balance	Due	Due	Balance		
Breeding livestock			-	Loan					-		
Machinery (Schd J)			582,500	3,516,675							
Titled vehicles			-								
Other intermed. (Schd L)			2,500	2,500							
Total Intermediate Assets			585,000	3,519,175	Total Intermediate Liabilities					-	
Long Term Assets					Long Term Liabilities (Schd W)						
		Cost	Market		Int	Principal	P & I	Principal	Lg Term		
	Acres	Value	Value		Rate	Balance	Due	Due	Balance		
Land (Schd M)				Loan							
HomePlace			235	470,000	2.99	125,178	59,231	55,462	69,716		
Neighbors Place			140	350,000	2.99	208,893	54,091	47,268	161,625		
Next Door			125	600,000	1.99	70,478	18,043	16,526	53,952		
					3.99	206,250	46,388	37,677	168,573		
Bldgs & improve. (Schd N)			-	321,500	0.99	30,778	10,257	9,969	20,809		
Other long term (Schd O)			57,900	89,900	4.49	7,428	8,125	7,428	-		
Total Long Term Assets			1,477,900	2,161,400	Total Long Term Liabilities						787,385
Total Farm Assets				5,679,739	9,297,414	Total Farm Liabilities					3,059,081
								Cost	Market		
					Deferred Liabilities (c)					950,885	
					Total Liabilities (d)(e)					3,059,081	
					Retained Earnings/Contributed Capital					[a-d] 2,620,658	
					Market valuation equity					[b-a-c] 2,666,790	
Total Assets (a)(b)				5,679,739	9,297,414	Net Worth					[b-e] 5,287,448

I certify that my statements on this balance sheet are true, complete, and correct to the best of my knowledge and belief.

Signature(s) _____ Date _____

Schedule A: Cash and checking

	Value
FCB Checking	53,113
Marketable Securities	-
American Funds ST Inves	306,339
Total cash and checking	359,452

Schedule B: Prepaid expenses and supplies

	Expense Category	Value Per		
		Quantity	Unit	Value
Gas	Fuel & oil	3,259	3.05	9,940
Diesel	Fuel & oil	12,500	4.75	59,375
Lime	Fertilizer	500	80.00	40,000
Chem Inventory	Chemicals	750	68.00	51,000
Total prepaid expenses and supplies				160,315

Schedule D: Accounts receivable

	Value Per		
	Quantity	Unit	Value
ARC- Corn	-	-	-
PLC - Soybeans	-	-	-
PLC - Wheat	-	-	-
PLC - Cottonseed	-	-	-
PLC - Phut	268	10.00	2,680
Total accounts receivable			2,680

Schedule E: Hedging accounts

	Value Per		
	Quantity	Unit	Value
RJ O'Brien Cash	-	-	88,750
Total hedging accounts			88,750

Schedule G: Crop inventory

Crop	Description	Value Per		
		Quantity	Unit	Value
Corn	Delivery 3/15	167,855 bu.	7.39	1,240,448
Swt Potatoes	Delivery 5/15	214,150 ton	6.25	1,338,438
Cotton	Delivery 1/15	402,600 lb.	1.06	426,756
Total crop inventory				3,005,642

Schedule J: Machinery and equipment

Make/Model	Model	Serial No./VIN	Year	Purchase	Pct.	Cost	Market
	Year		Purchased	Price	Ownership	Value	Value
Original Cost	-		-	-	100.00 %	6,066,500	-
Accum Depreciation	-		-	-	100.00 %	-5,428,460	-
CY Depreciation	-		-	-	100.00 %	-330,540	-
CY Purchases	-		-	-	100.00 %	275,000	-
Tractors	-		-	-	100.00 %	-	700,830
Planting Equip	-		-	-	100.00 %	-	154,449
Harvest Equip	-		-	-	100.00 %	-	577,125
Tillage Equip	-		-	-	100.00 %	-	53,438
Irrigation Equip	-		-	-	100.00 %	-	480,103
Peanut	-		-	-	100.00 %	-	66,797
Swt Potato	-		-	-	100.00 %	-	407,253
Tobacco Eq	-		-	-	100.00 %	-	408,296
Trucks/Trailers	-		-	-	100.00 %	-	288,317
Misc	-		-	-	100.00 %	-	380,067
Total machinery and equipment						582,500	3,516,675

Schedule L: Other intermediate assets

	Quantity	Year Purchased	Purchase Price	Mkt Value Per Unit	Cost Value	Market Value
EE loans	-	-	-	-	2,500	2,500
Total other intermediate assets					2,500	2,500

Schedule M: Land

	Acres	Year Purchased	Purchase Price	Mkt Value Per Acre	Cost Value	Market Value
Home Place	235	2002	470,000	3,500	470,000	822,500
Neighbors Place	140	2010	350,000	3,500	350,000	490,000
Next Door	125	2015	600,000	3,500	600,000	437,500
Total land	500				1,420,000	1,750,000

Schedule N: Buildings and improvements

	Year Purchased	Purchase Price	Cost Value	Market Value
Grain Bins	2007	450,000	-	225,000
Shop	2012	175,000	-	96,500
Total buildings and improvements			-	321,500

Schedule O: Other long term assets

	Quantity	Year Purchased	Purchase Price	Mkt Value Per Unit	Cost Value	Market Value
Investment in Cooperative	-	-	-	-	-	-
Southern States	1	-	-	1,500	1,500	1,500
Farm Credit Patronage	1	-	-	6,400	6,400	6,400
Investment in Other Entit	-	-	-	-	-	-
Tri County Packing	0.1	-	-	820,000	50,000	82,000
Total other long term assets					57,900	89,900

Schedule T: Accounts payable and other accrued expenses

	Expense Category	Balance
LP Gas	Drying fuel	12,000
Jones Farm	Land rent	44,000
Total accounts payable and other accrued expen		56,000

Schedule U: Current loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Balance
AgFirst-Hedge Line	7.50 %	3,565	22	-	-	7	3,565
AgFirst-Operating	7.75 %	1,811,089	11,536	3,000,000	-	5	1,811,089
JDF-Farm Plan	5.50 %	164,000	564	174,500	-	2	164,000
Total current loans		1,978,654	12,123	3,174,500	-		1,978,654

Schedule W: Long term loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Lg Term Balance
Eq Dealer-Sprayer 2020	2.99 %	125,178	2,820	59,231	-	3	2024	55,462	69,716
Eq Dealer-Combine 2021	2.99 %	208,893	2,601	54,091	-	8	2026	47,268	161,625
Eq Dealer-Planter 2021	1.99 %	70,478	1,280	18,043	-	2	2026	16,526	53,952
Eq Dealer-Tractor 2022	3.99 %	206,250	5,930	46,388	-	4	2027	37,677	168,573
ALLY-2020 PU	0.99 %	30,778	25	10,257	-	monthly	2025	9,969	20,809
FCB-Equip Refi	4.49 %	7,428	195	8,125	-	6	2022	7,428	-
AgFirst-Tater House	4.75 %	343,652	6,798	48,773	-	8	2029	30,942	312,710
Total long term loans		992,657	19,648	244,908	-			205,272	787,385

Schedule Y: Deferred liabilities

Deferred Taxes On Current Inventories

Market value of current inventories	3,257,387
Accounts payable and accrued expenses	(-) 87,770
Purchase cost of feeder livestock	(-) -
Government crop loans already taxed	(-) -
Tax loss (NOL) carryforwards	(-) -
Taxable current inventory value	(=) 3,169,617
Estimated marginal tax rate (%)	(*) 30
Deferred taxes on current liabilities	950,885
Deferred liabilities on capital assets	(=) -
Total deferred liabilities	950,885

Schedule Z: Ratio analysis

	Cost	Market
Current ratio	1.59	1.59
Current ratio (business and personal)	1.59	1.59
Working capital	1,345,143	1,345,143
Working capital (business and personal)	1,345,143	1,345,143
Current percent in debt	63 %	63 %
Intermediate percent in debt	- %	- %
Long term percent in debt	53 %	36 %
Personal percent in debt	- %	- %
Total debt to asset ratio	54 %	43 %
Total equity to asset ratio	46 %	57 %
Total debt to equity ratio	1.17	0.76
Excluding deferred liabilities:		
Total debt to asset ratio	54 %	33 %
Total equity to asset ratio	46 %	67 %
Total debt to equity ratio	1.17	0.49

Brown Family Farm - Equipment List

Row Labels	FMV 2018	FMV 2019	FMV 2020	FMV 2021	FMV 2022
Harvest					
Combine (2)	450,000	425,000	398,438	180,000	171,000
Combine (2021)				427,500	406,125
Harvest Total	450,000	425,000	398,438	607,500	577,125
Planting					
no till drill	20,000	20,000	18,750	17,578	16,699
no-till planter	70,000	65,000	60,938		0
no-till planter (2021)				145,000	137,750
Planting Total	90,000	85,000	79,688	162,578	154,449
Tillage					
2 discs	46,000	40,000	37,500	35,156	33,398
cultivator (2)	14,000	14,000	13,125	12,305	11,689
Ripper Bedder	10,000	10,000	9,375	8,789	8,350
Tillage Total	70,000	64,000	60,000	56,250	53,438
Tobacco					
2 Tobacco Bedder	10,000	10,000	9,375	8,789	8,350
Stripper	75,000	45,000	42,188	39,551	37,573
Tob/potato plows (3)	40,000	34,000	31,875	29,883	28,389
tobacco baler (2)	20,000	15,000	14,063	13,184	12,524
Tobacco Barns (30)	385,000	300,000	281,250	263,672	250,488
Tobacco loading System (including live bottom trailers (6) and conveyors(2))	95,000	85,000	79,688	74,707	70,972
Tobacco Total	625,000	489,000	458,438	429,785	408,296
Tractor					
100hp Tractor (2)	90,000	85,000	79,688	74,707	70,972
150hp Tractor (2)	140,000	125,000	117,188	109,863	104,370
200hp Tractor (2)	280,000	260,000	243,750	228,516	217,090
50hp Tractor (2)	40,000	40,000	37,500	35,156	33,398
250hp Tractor					275,000
Tractor Total	550,000	510,000	478,125	448,242	700,830
Trucks					
1 ton Truck (2)	70,000	55,000	51,563	48,340	45,923
2 ton Truck	35,000	25,000	23,438	21,973	20,874
Buses/ Sweet potatoe haulers	18,000	15,000	14,063	13,184	12,524
Fertilizer spreader (2)	30,000	30,000	28,800	27,648	26,266
Fumigation Rig	10,000	8,500	7,969	7,471	7,097
Pickup Truck	64,500	54,000	113,125	106,055	100,752
trailers	15,500	15,500	14,880	14,285	13,571
Transport Bus	6,000	5,000	4,688	4,395	4,175
Transport Van	21,000	16,000	15,000	14,063	13,359
Semi trucks (3)	60,000	50,000	48,000	46,080	43,776
Trucks Total	330,000	274,000	321,524	303,491	288,317
Irrig					
Irrigation Systems (7)	600,000	575,000	539,063	505,371	480,103
Irrig Total	600,000	575,000	539,063	505,371	480,103
Peanut	95,000	80,000	75,000	70,313	66,797
Misc					
2 hiboy	70,000	60,000	54,000	48,600	46,170
2 transplanters	55,000	45,000	40,500	36,450	34,628
bush hog	5,000	5,000	4,500	4,050	3,848
hooded sprayer	12,150	10,000	9,000	8,100	7,695
Nitrogen Applicator (2)	20,000	17,500	15,750	14,175	13,466
Nurse Tanks (3)	30,000	25,000	23,438	21,973	20,874
potato flip plow	8,000	7,000	6,300	5,670	5,387
stalk chopper	5,000	4,000	3,600	3,240	3,078
Sprayer (2020)			275,000	257,813	244,922
Misc Total	205,150	173,500	432,088	400,070	380,067
Swt Potato					
Tater House		250,000	237,500	225,625	214,344
Bin Boxes		225,000	213,750	203,063	192,909
Swt Potato Total		475,000	451,250	428,688	407,253
Grand Total	3,015,150	3,150,500	3,293,611	3,412,288	3,516,674

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Financial Analysis: Oper 22

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/7/2023

2022 Financial Analysis Executive Summary

Income Statement			Financial Standards Measures		
Crop sales	8,526,731		Liquidity	Beg	End
Crop inventory change	-604,241		Current ratio	1.40	1.59
Gross crop income		7,922,489	Working capital to gross revenues	14.6 %	16.2 %
Livestock sales	-		Working capital to operating expense	16.5 %	18.3 %
Livestock inventory change	-				
Gross livestock income		-	Solvency (market)	Beg	End
Market channel sales		-	Debt to asset ratio	50 %	43 %
Government payments		23,900	Debt to equity ratio	0.98	0.76
Other cash farm income		333,895			
Change in accounts receivable		-60,497	Profitability	Cost	Market
Gain or loss on hedging accts		87,300	Rate of return on assets	3.0 %	5.0 %
Change in other assets		-	Rate of return on equity	-2.5 %	4.5 %
Gain or loss on breeding lvst		-	Operating profit margin	2.1 %	5.7 %
Gross farm income		8,307,087	Asset turnover rate	138.3 %	87.0 %
Cash operating expense	7,497,962		Repayment Capacity		
Change in prepaid exp and supplies	-92,262		Debt coverage ratio		1.27
Change in growing crops	-		Term debt coverage (farm+personal)		1.46
Change in accounts payable	-69,750		Replacement coverage ratio		0.75
Depreciation	330,540				
Total operating expense		7,666,489	Efficiency		
Interest paid	238,959		Operating expense ratio		88.3 %
Change in accrued interest	4,308		Depreciation expense ratio		4.0 %
Total interest expense		243,267	Interest expense ratio		2.9 %
Total expenses		7,909,756	Net farm income ratio		4.8 %
Net farm income		397,331	Other		
			Term debt to EBITDA		0.78
Other Measures			Information Accuracy		
Total crop acres		4,500	Cash discrepancy		0
Change in earned net worth	47,331	2 %	Liability discrepancy		0
Change in market value net worth	343,378	7 %	Cash discrepancy to gross revenue		0 %

Income Statement

Income	Quantity	Price	Amount	Expense	Amount
Corn, OC	143,655 bu.	6.10/bu.	876,295	Seed and plants	551,846
Corn, NC	147,345 bu.	7.49/bu.	1,103,614	Fertilizer	1,258,268
Cotton, OC	500,000 lb.	0.95/lb.	475,000	Crop chemicals	756,778
Cotton, NC	413,700 lb.	1.06/lb.	438,522	Crop insurance	78,950
PkIq Cucmbrs, NC	23,975 cwt.	18.15/cwt.	435,146	Drying expense	407,124
Peanuts, NC	2,031,500 lb.	0.26/lb.	528,190	Storage	75,000
Soybeans, NC	16,400 bu.	14.28/bu.	234,192	Irrigation energy	144,850
Summr Squash, NC	39,900 bu.	18.03/bu.	719,397	Crop Custom hire	139,347
Swt Potatoes, OC	231,650 ton	9.00/ton	2,084,850	Crop Hauling and trucking	191,177
Swt Potatoes, NC	50,850 ton	6.75/ton	343,238	Crop Consultants	37,500
FICr Tobacco, NC	650,650 lb.	1.98/lb.	1,288,287	Crop Marketing	173,216
Crop government payments			5,000	Interest	238,959
Other government payments			18,900	Supplies	181,556
Custom work income			37,500	Fuel & oil	289,335
Patronage dividends, cash			8,925	Repairs	327,544
Crop insurance income			287,470	Hired labor	2,213,970
				Land rent	263,580
				Personal property taxes	78,384
				Farm insurance	123,114
				Utilities	106,775
				Dues & professional fees	99,648
Gross cash income			8,884,526	Total cash expense	7,736,921
				Net cash income	1,147,605

Inventory Changes	Beginning Inventory	Purchases/Deposits	Sales/Withdrawals	Ending Inventory	Inventory Change
Prepays and supplies	68,053			160,315	92,262
Accounts receivable	63,177			2,680	-60,497
Hedging gains or losses	68,950	-	67,500	88,750	87,300
Crops and feed	3,609,883			3,005,642	-604,241
Other assets	60,400	-	-	60,400	-
Accounts payable	125,750			56,000	69,750
Accrued interest	27,462			31,770	-4,308
Total inventory change					-419,734
Net operating profit					727,871

Depreciation	Beginning Inventory	Purchases	Sales	Ending Inventory	Depreciation
Machinery and equipment	638,040	275,000	-	582,500	-330,540
Titled vehicles	-	-	-	-	-
Buildings and improvement	-	-	-	-	-
Total depreciation					-330,540

Net farm income**397,331**

Profitability Measures			Cost	Market	Statement of Owner's Equity		
(A)	Net farm income from operations		397,331	693,378	(a)	Beginning net worth	4,944,069
	Rate of return on assets	(E/F)	3.0 %	5.0 %		Net farm income	397,331
	Rate of return on equity	(G/H)	-2.5 %	4.5 %		Personal income	(+) -
	Operating profit margin	(E/I)	2.1 %	5.7 %		Owner withdrawals	(-) 350,000
	Asset turnover rate	(I/F)	138.3 %	87.0 %		Income taxes accrued	(-) -
	EBITDA		971,138	1,267,185		Change in personal assets	(+) -
(B)	Change in market valuation		-	296,047		Change in nonfarm accounts payable	(+) -
(C)	Interest expense		243,267	243,267	(b)	Total change in retained earnings	(=) 47,331
(D)	Value of unpaid oper labor & mgmt		462,092	462,092		Change in market value of capital assets	149,877
(E)	Return on farm assets	(A+C-D)	178,506	474,553		Change in deferred liabilities	(-) -146,170
(F)	Average farm assets		6,004,625	9,547,361	(d)	Total change in market valuation	= 296,047
(G)	Return on farm equity	(A-D)	-64,761	231,286	(e)	Total change in net worth	(b+d) 343,378
(H)	Average farm net worth		2,596,992	5,115,759		Ending net worth	5,287,448
(I)	Value of farm production		8,307,087	8,307,087			
Liquidity Measures			Begin	End	Statement of Cash Flows		
(J)	Current assets		4,211,071	3,616,839	(f)	Beginning cash balance (farm & personal)	401,008
(K)	Current liabilities		3,002,223	2,271,696		Gross cash farm income	8,884,526
	Current ratio	(J/K)	1.40	1.59		Cash farm expenses	(-) 7,736,921
	Working capital	(J-K)	1,208,848	1,345,143		Net cash from hedging transactions	(+) 67,500
	Change in working capital		136,295		(g)	Cash provided by operating activities	(=) 1,215,105
	Working capital to gross revenues		14.6 %	16.2 %		Sale of capital assets	-
	Working capital to operating expense		16.5 %	18.3 %		Purchase of machinery and equipment	(-) 275,000
Solvency Measures (Market)			Begin	End	(h)	Cash provided by investing activities	(=) -275,000
(L)	Total assets		9,797,309	9,297,414		Money borrowed	4,390,750
(M)	Total liabilities		4,853,240	4,009,966		Principal payments	(-) 5,022,411
	Net worth	(L-M)	4,944,069	5,287,448		Personal income	(+) -
	Net worth change		343,378			Owner withdrawals	(-) 350,000
	Current debt to assets	(K/J)	71 %	63 %	(i)	Cash provided by financing activities	(=) -981,661
	Intermediate debt to assets		- %	- %		Net change in cash	(g+h+i) -41,556
	Long term debt to assets		35 %	36 %		Ending cash balance (farm and personal)	359,452
	Total debt to assets ratio	(M/L)	50 %	43 %			
Repayment Capacity			Total Debt	Term Debt			
	Net farm income from operations		397,331	397,331			
	Depreciation	(+)	330,540	330,540			
	Personal income	(+)	-	-			
	Owner withdrawals	(-)	350,000	350,000			
	Income taxes accrued	(-)	-	-			
	Interest	(+)	243,267	38,789			
(N)	Debt repayment capacity	(=)	621,138	416,660			
(O)	Debt payments		489,057	284,579			
(P)	Debt repayment margin	(N-O)	132,081	132,081			
(Q)	Cash replacement allowance		341,229	341,229			
	Replacement margin	(P-Q)	-209,148	-209,148			
	Debt coverage ratio	(N/O)	1.27	1.46			
	Replacement coverage ratio	(N/O+Q)	0.75	0.67			

Crop Summary

Total acres owned	500
Total crop acres	4,500
Crop acres owned	-
Crop acres cash rented	4,500
Crop acres share rented	-
Irrigated crop acres	1,925
Dryland crop acres	2,575
Percent crop acres owned	- %
Machinery investment/crop acre (cost)	136
Machinery investment/crop acre (market)	770

Crop Yields

	Acres	Yield
Corn, Irrigated	1,600.0	197.0 bu.
Soybeans, Dryland	400.0	41.0 bu.
Tobacco, Flue Cured, Dryland	275.0	2,366.0 lb.
Sweet Potatoes, Dryland	500.0	530.0 ton
Pkg Cucmbrs, Irrigated	175.0	137.0 cwt.
Summr Squash, Irrigated	150.0	266.0 bu.
Cotton, Dryland	900.0	907.0 lb.
Peanuts, Dryland	500.0	4,063.0 lb.

Labor Summary

Total unpaid labor hours	6,000
Total hired labor hours	220,357
Total farm labor hours	226,357
Value of farm production per hour	36.70
Net farm income per unpaid hour	66.22
Average hourly hired labor wage	10.05

Cash Accuracy Check

Beginning cash balance	401,008	Ending cash balance	359,452
Gross cash farm income	8,884,526	Total cash farm expense	7,736,921
Personal income	-	Owner withdrawals	350,000
Hedging account withdrawals	67,500	Hedging account deposits	-
Capital sales	-	Capital purchases	275,000
Money borrowed	4,390,750	Principal payments	5,022,411
Gifts and inheritances	-	Gifts given	-
Beginning personal savings	-	Ending personal savings	-
		Income taxes	-
Total inflows	13,743,784	Total outflows	13,743,784
		Discrepancy (inflows - outflows)	0

Liabilities Check

Beginning liabilities	4,853,240
Money borrowed	(+) 4,390,750
Principal payments	(-) 5,022,411
Change in accounts payable	(+) -65,442
Change in deferred liabilities	(+) -146,170
Ending liabilities calculated	(=) 4,009,966
Ending liabilities reported	(-) 4,009,966
Discrepancy	(=) 0

Crop & Feed Check

Crop	Corn	Swt Potatoes	Cotton	Soybeans	FICr Tobacco	Pkg Cucumbrs	Summr Squash
Beginning inventory	143,655	231,650	500,000	-	-	-	-
Produced	315,200	265,000	816,300	16,400	650,650	23,975	39,900
Purchased	-	-	-	-	-	-	-
Total sources	458,855	496,650	1,316,300	16,400	650,650	23,975	39,900
Sold	291,000	282,500	913,700	16,400	650,650	23,975	39,900
Ending inventory	167,855	214,150	402,600	-	-	-	-
Total uses	458,855	496,650	1,316,300	16,400	650,650	23,975	39,900
Difference (Fed)	0	0	0	0	0	0	0

Crop & Feed Check (continued)

Crop	Peanuts
Beginning inventory	-
Produced	2,031,500
Purchased	-
Total sources	2,031,500
Sold	2,031,500
Ending inventory	-
Total uses	2,031,500
Difference (Fed)	0

Notes

Marketing Cost Includes:

- Containers
- Grading/Packing
- Marketing fees

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: 12/31/2022 - Ann Brown - Personal Balance Sheet

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/8/2023

Schedule P: Personal assets

	Quantity	Year Purchased	Purchase Price	Mkt Value Per Unit	Cost Value	Market Value
Savings and checking						
Checking					1,350	1,350
Stocks and bonds						
Community Bank	1,000	-	-	185	-	185,000
Other personal current assets					-	-
Furnishings and appliances					-	-
Personal vehicles					-	16,400
Cash value of life insurance					-	-
Retirement accounts					-	-
Personal business investment					-	-
Other intermediate assets					-	-
Personal real estate					-	-
Other long term assets					-	-
Total personal assets					1,350	202,750

Schedule X: Personal loans

Accrued interest										-
Personal accounts payable										-
Personal income taxes payable										-
Principal due within 12 months on term loans										8,886
	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Balance	
Current Loans										
VISA-Visa	15.00 %	15,315	-	6,000	-	monthly			15,315	
Intermediate										
Individual-Student Loan	3.50 %	89,000	-	10,728	-	7	2031	8,886	80,114	
Long Term										
Total personal loans		104,315	-	16,728	-			12,824	95,429	

Schedule Z: Ratio analysis

	Cost	Market
Current ratio	n/a	n/a
Current ratio (business and personal)	0.06	7.70
Working capital	-	-
Working capital (business and personal)	-22,851	162,149
Current percent in debt	- %	- %
Intermediate percent in debt	- %	- %
Long term percent in debt	- %	- %
Personal percent in debt	7,727 %	51 %
Total debt to asset ratio	7,727 %	51 %
Total equity to asset ratio	-7,627 %	49 %
Total debt to equity ratio	-1.01	1.06

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: 12/31/2022 - John Brown - Personal Balance Sheet

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/8/2023



Brown Family Farm
12/31/2022 - John Brown - Personal Balance Sheet

Current Assets	Value		Current Liabilities				Balance
Cash and checking	-		Accrued interest				-
Prepaid expenses and supplies	-		Accounts payable and other accrued expenses				-
Growing crops	-						
Accounts receivable	-			Int	P & I	Principal	
Hedging accounts	-		Current loans (Schd U)	Rate	Due	Balance	
Other current assets	-						
Crop inventory	-		Principal due within 12 months on term liabilities				-
Livestock held for sale	-						
Total Current Assets	-		Total Current Liabilities				-
Intermediate Assets							
	Cost	Market		Int	Principal	P & I	Principal
	Value	Value	Loan	Rate	Balance	Due	Due
Breeding livestock	-	-					Intermed
Machinery and equipment	-	-					Balance
Titled vehicles	-	-					
Other intermediate assets	-	-					
Total Intermediate Assets	-	-	Total Intermediate Liabilities				-
Long Term Assets							
	Cost	Market		Int	Principal	P & I	Principal
	Value	Value	Loan	Rate	Balance	Due	Due
Land	-	-					Lg Term
Buildings and improvements	-	-					Balance
Other long term assets	-	-					
Total Long Term Assets	-	-	Total Long Term Liabilities				-
Total Farm Assets							
Personal Assets (Schd P)	111,024	3,061,679	Total Farm Liabilities				-
			Personal Liabilities (Schd X)				207,052
Total Assets (a)(b)							
	111,024	3,061,679					
Total Liabilities (d)(e)							
						Cost	Market
						207,052	207,052
			Retained Earnings/Contributed Capital		[a-d]	-96,028	
			Market valuation equity		[b-a]		2,950,655
Total Assets (a)(b)	111,024	3,061,679	Net Worth		[b-e]		2,854,627

I certify that my statements on this balance sheet are true, complete, and correct to the best of my knowledge and belief.

Signature(s) _____ Date _____

Schedule P: Personal assets

	Quantity	Year Purchased	Purchase Price	Mkt Value Per Unit	Cost Value	Market Value
Savings and checking						
Checking					5,000	5,000
ML CMA					83,524	83,524
Stocks and bonds						
Community Bank	1,000	-	-	185	-	185,000
Other personal current assets						
Furnishings and appliances					-	15,000
Personal vehicles					-	27,500
Cash value of life insurance						
Retirement accounts						
CPS Retirement	-	-	-	-	-	81,647
State Retirement-Spouse	-	-	-	-	-	43,000
Personal business investment						
Other intermediate assets						
Personal real estate						
Residence	-	-	-	-	-	305,000
House lot	10	-	-	3,000	22,500	30,000
Other long term assets						
BFF Operations	0.334	-	-	5,287,448	-	1,766,008
Brown Packing	0.4	-	-	1,300,000	-	520,000
Total personal assets					111,024	3,061,679

Schedule X: Personal loans

Accrued interest										-
Personal accounts payable										-
Personal income taxes payable										-
Principal due within 12 months on term loans										9,170
	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Balance	
Current Loans										
VISA-Visa	15.00 %	7,932	-	6,000	-	monthly			7,932	
Intermediate										
ALLY-Spouse Car	1.99 %	18,500	-	6,000	-	monthly	-	5,679	12,821	
Long Term										
AgFirst-Mortgage	5.50 %	180,620	-	13,563	-	-	2046	3,491	177,129	
Total personal loans		207,052	-	25,563	-			14,312	197,882	

Schedule Z: Ratio analysis

	Cost	Market
Current ratio	n/a	n/a
Current ratio (business and personal)	5.18	15.99
Working capital	-	-
Working capital (business and personal)	71,422	256,422
Current percent in debt	- %	- %
Intermediate percent in debt	- %	- %
Long term percent in debt	- %	- %
Personal percent in debt	186 %	7 %
Total debt to asset ratio	186 %	7 %
Total equity to asset ratio	-86 %	93 %
Total debt to equity ratio	-2.16	0.07

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: 12/31/2022 - Kent & Vikki Brown - Pers Balance Sheet

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/8/2023



Brown Family Farm
12/31/2022 - Kent & Vikki Brown - Pers Balance Sheet

Current Assets	Value		Current Liabilities				Balance	
Cash and checking	-		Accrued interest				-	
Prepaid expenses and supplies	-		Accounts payable and other accrued expenses				-	
Growing crops	-							
Accounts receivable	-			Int	P & I	Principal		
Hedging accounts	-		Current loans (Schd U)	Rate	Due	Balance		
Other current assets	-							
Crop inventory	-		Principal due within 12 months on term liabilities				-	
Livestock held for sale	-							
Total Current Assets	-		Total Current Liabilities				-	
<hr/>								
Intermediate Assets	Cost	Market	Intermediate Liabilities	Int	Principal	P & I	Principal	Intermed
	Value	Value	Loan	Rate	Balance	Due	Due	Balance
Breeding livestock	-	-						
Machinery and equipment	-	-						
Titled vehicles	-	-						
Other intermediate assets	-	-						
Total Intermediate Assets	-	-	Total Intermediate Liabilities					-
<hr/>								
Long Term Assets	Cost	Market	Long Term Liabilities	Int	Principal	P & I	Principal	Lg Term
	Value	Value	Loan	Rate	Balance	Due	Due	Balance
Land	-	-						
Buildings and improvements	-	-						
Other long term assets	-	-						
Total Long Term Assets	-	-	Total Long Term Liabilities					-
<hr/>								
Total Farm Assets	-	-	Total Farm Liabilities					-
Personal Assets (Schd P)	442,500	8,221,460	Personal Liabilities (Schd X)					228,025
<hr/>								
							Cost	Market
			Total Liabilities (d)(e)				228,025	228,025
			Retained Earnings/Contributed Capital			[a-d]	214,475	
			Market valuation equity			[b-a]		7,778,960
Total Assets (a)(b)	442,500	8,221,460	Net Worth			[b-e]		7,993,435

I certify that my statements on this balance sheet are true, complete, and correct to the best of my knowledge and belief.

Signature(s) _____ Date _____

Schedule P: Personal assets

	Quantity	Year Purchased	Purchase Price	Mkt Value Per Unit	Cost Value	Market Value
Savings and checking						
Checking					5,000	5,000
Stocks and bonds						
WMP Advisor MANaged	-	-	-	-	-	338,590
Other personal current assets					-	-
Furnishings and appliances					-	490,000
Personal vehicles					-	-
Cash value of life insurance					-	317,142
Retirement accounts						
VB IRA	-	-	-	-	-	2,177
VB Simple IRA	-	-	-	-	-	287,085
KB BFF 401k	-	-	-	-	-	520,617
Personal business investment					-	-
Other intermediate assets					-	-
Personal real estate						
Residence	-	-	-	-	-	465,000
House lot	5	-	-	3,250	62,500	16,250
Beach House	-	-	-	-	-	415,659
Beach Lots	-	-	-	-	-	187,500
Farmland	250	-	-	3,500	375,000	875,000
Other long term assets						
BFF Operations	0.666	-	-	5,287,448	-	3,521,440
Brown Packing	0.6	-	-	1,300,000	-	780,000
Total personal assets					442,500	8,221,460

Schedule X: Personal loans

Accrued interest										271
Personal accounts payable										-
Personal income taxes payable										-
Principal due within 12 months on term loans										48,151
	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Balance	
Current Loans										
VISA-Visa	15.00 %	2,932	-	3,000	-	monthly			2,932	
Intermediate										
Long Term										
AgFirst-Mortgage	3.375 %	113,126	136	35,820	-	monthly	-	32,315	80,811	
AMS-Beach Mortg	2.75 %	111,696	135	18,886	-	monthly	-	15,836	95,860	
Total personal loans		227,754	271	57,706	-			50,891	179,603	

Schedule Z: Ratio analysis

	Cost	Market
Current ratio	n/a	n/a
Current ratio (business and personal)	0.10	6.69
Working capital	-	-
Working capital (business and personal)	-46,354	292,236
Current percent in debt	- %	- %
Intermediate percent in debt	- %	- %
Long term percent in debt	- %	- %
Personal percent in debt	52 %	3 %
Total debt to asset ratio	52 %	3 %
Total equity to asset ratio	48 %	97 %
Total debt to equity ratio	1.06	0.03

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Cash Flow Plan: Oper 23 Base Proj

Brown Family Farm

Sumter, SC

File: Brown Family Farm

Prepared by: SMICKEY@CLEMSON.EDU
Clemson Agribusiness

Prepared on: 1/8/2023

Monthly Cash Flow Plan Executive Summary

Projected Cash Flow Summary

Total operating inflow		9,571,517
Total operating outflow	(-)	7,680,969
Capital purchases	(-)	-
Capital sales	(+)	-
New credit	(+)	520,000
Loan payments	(-)	809,010
Net cash flow	(=)	1,601,538
Beginning cash balance	(+)	359,452
Operating loan borrowings	(+)	2,038,063
Operating loan principal payments	(-)	3,649,052
Ending cash balance	(=)	350,000

Beginning operating loan balance		1,811,089
Peak operating loan balance (May)		3,244,727
Ending operating loan balance		200,099

Projected Change in Working Capital

Beginning working capital		1,345,143
Change in cash		-9,452
Change in current inventories	(+)	-1,371,111
Change in operating loan balance	(-)	-1,610,990
Change in other current loans	(-)	149,281
Change in princ due on term loans	(-)	1,792
Estimated change in working capital	(=)	79,353
Ending working capital		1,424,496

Projected Income Statement

Gross cash farm income		9,571,517
Inventory change - income items	(+)	-1,219,572
Gross farm income	(=)	8,351,945
Cash farm operating expense		7,305,969
Interest expense	(+)	232,752
Depreciation	(+)	367,743
Inventory change - expense items	(+)	151,540
Total farm expense	(=)	8,058,004
Net farm income		293,941

Projected Earned Net Worth Change

Net farm income		293,941
Owner withdrawals	(-)	375,000
Income taxes accrued	(-)	-
Earned net worth change	(=)	-81,059

Debt Coverage

	Total Debt	Term Debt
Net farm income from operations	293,941	293,941
Depreciation	(+) 367,743	367,743
Personal income	(+) -	-
Owner withdrawals (incl personal int)	(-) 375,000	375,000
Income taxes accrued	(-) -	-
Interest	(+) 223,977	32,885
Debt repayment capacity	(=) 510,661	319,569
Debt payments	438,292	244,572
Debt repayment margin	72,369	74,997
Debt coverage ratio	1.17	1.31

Financial Standards Measures

	Beginning	Ending
Liquidity		
Current ratio	1.6	2.8
Working capital to gross revenues	16.1 %	17.1 %
Working capital to operating expense	18.0 %	19.1 %

Solvency (market)

Debt to asset ratio	32.9 %	18.3 %
Debt to equity ratio	0.5	0.2

Profitability (market)

Rate of return on assets		6.2 %
Rate of return on equity		4.7 %
Operating profit margin		6.2 %
Asset turnover rate		99.2

Repayment Capacity

Debt coverage ratio		1.17
Term debt coverage (farm+personal)		1.31
Replacement coverage ratio		0.54

Efficiency

Operating expense ratio		89.4 %
Depreciation ratio		4.4 %
Interest expense ratio		2.7 %
Net farm income ratio		3.5 %

Other

Term debt to EBITDA		0.89
Burn rate net worth (years)		76.0

Shocks to Debt Coverage Ratio

10% decrease in gross income		-0.74
10% increase in operating expenses		-0.54
3% increase in interest rates		0.96

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Total</i>
CASH INFLOWS													
Beg cash bal	359452	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	359452
Corn	294800	295600	295600	353648	-	-	-	-	607500	101250	607500	-	2555898
Cotton	320756	-	31800	-	-	31800	-	-	42400	-	80000	224000	730756
Pkkg Cucmbrs	-	-	-	-	-	195000	195000	360750	-	-	-	-	750750
Peanuts	-	-	-	-	-	-	-	-	-	250000	260000	-	510000
Soybeans	-	-	-	-	-	-	-	-	-	-	106400	319200	425600
Summr Squash	-	-	-	-	-	450000	665625	-	-	-	-	-	1115625
Swt Potatoes	-	312500	312500	218750	218750	218750	57188	-	-	375000	375000	-	2088438
FICr Tobacco	-	-	-	-	-	-	-	247500	693000	366300	-	-	1306800
Misc. crop	-	-	-	-	-	-	-	-	-	17324	7076	-	24400
Crop gov pay	-	-	-	-	-	-	-	-	-	-	5000	-	5000
Custom work	-	-	-	6071	6071	6071	6071	6071	6071	6071	-	-	42500
Pat dividend	-	-	-	15750	-	-	-	-	-	-	-	-	15750
Total inflow	975008	958100	989900	944220	574821	1251621	1273884	964321	1698971	1465945	1790976	893200	9930969
CASH OUTFLOWS													
Seed	21978	21978	204628	124172	138400	-	-	-	-	-	-	-	511156
Fertilizer	-	25185	695202	463606	18285	20871	-	-	-	-	-	-	1223150
C. Chemicals	-	-	210231	312395	117417	99489	17949	17949	-	-	-	-	775430
Crop insur.	-	33000	-	-	-	-	-	-	-	-	29199	-	62199
Drying fuel	-	-	-	-	-	-	36264	63665	128083	150306	-	-	378316
Irrig energy	-	-	-	-	21465	81711	60246	17280	-	-	-	-	180703
C. Supplies	68	274	2366	482	692	3855	202	332	332	202	450	-	9256
C. Cust hire	-	-	-	-	-	-	2500	3416	16916	33716	24800	-	81347
C. Labor	-	-	184642	1003	463460	125334	170080	228770	118332	518907	669	-	1811197
C. Hauling	681	3214	41921	5939	3141	6532	8789	7736	56241	5941	15300	-	155433
C. Marketing	-	-	81581	13349	20271	143242	468	818	-	-	17303	-	277031
Fertilizer,N	-	-	-	-	-	-	-	-	-	-	-	-	-
lime	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage	28333	-	-	-	28333	28333	-	-	-	-	-	-	85000
Supplies	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	14583	175000
Fuel & oil	22917	22917	22917	22917	22917	22917	22917	22917	22917	22917	22917	22917	275000
Repairs	10714	10714	10714	21429	32143	32143	32143	42857	42857	21429	21429	21429	300000
Labor	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
Land rent	-	88917	-	-	-	-	-	-	-	177833	-	-	266750
Pers prop tx	-	-	-	-	-	-	-	-	-	-	-	80000	80000
Farm insur.	-	-	31000	-	-	31000	-	-	31000	-	-	31000	124000
Utilities	10000	10000	10000	10000	5000	5000	5000	5000	10000	10000	10000	10000	100000
Dues & fees	7917	7917	7917	7917	7917	7917	7917	7917	7917	7917	7917	7917	95000
Consultants	3333	3333	3333	3333	3333	3333	3333	3333	3333	3333	3333	3333	40000
Living/Draw	31250	31250	31250	31250	31250	31250	31250	31250	31250	31250	31250	31250	375000
Min end bal	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000
Tot. outflow	526774	648282	1927286	1407375	1303607	1032512	788639	842823	858760	1373333	574149	597429	8030969
Opr. surplus	448234	309818	-937386	-463155	-728786	219110	485244	121499	840211	92612	1216827	295771	1900000

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Total</i>
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NEW CREDIT

JDF-Farm P..	20313	20313	40625	40625	40625	20313	20313	20313	40625	20313	20313	20313	325000
AgFir-Hedg..	-	-	20000	-	-	-	-	-	-	-	-	-	20000
Rabo-Synge..	-	-	25000	25000	50000	50000	25000	-	-	-	-	-	175000
Tot new cred	20313	20313	85625	65625	90625	70313	45313	20313	40625	20313	20313	20313	520000

LOAN PAYMENTS

JDF-Farm P..	-	174500	-	-	-	-	-	-	-	-	-	-	174500
AgFir-Hedg..	-	-	-	-	-	-	24368	-	-	-	-	-	24368
ALLY-2020 PU	855	855	855	855	855	855	855	855	855	855	855	855	10257
EqDe-Comb..	-	-	-	-	-	-	-	54091	-	-	-	-	54091
FCB-Equip..	-	-	-	-	-	7789	-	-	-	-	-	-	7789
EqDe-Plan..	-	18043	-	-	-	-	-	-	-	-	-	-	18043
EqDe-Spra..	-	-	59231	-	-	-	-	-	-	-	-	-	59231
AgFir-Tate..	-	-	-	-	-	-	-	48773	-	-	-	-	48773
EqDe-Trac..	-	-	-	46388	-	-	-	-	-	-	-	-	46388
Rabo-Synge..	-	-	-	-	-	-	-	-	-	-	-	176467	176467
Tot loan pay	855	193397	60085	47243	855	8644	25223	103719	855	855	855	177322	619907

Surp. or def	467691	136733	-911846	-444773	-639016	280778	505334	38092	879981	112070	1236285	138762	1800093
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ANNUAL OPERATING LOAN TRANSACTIONS & BALANCES

Beg AO bal	1811089	1343398	1206665	2160939	2605712	3244727	3024034	2518700	2480608	1660802	1548732	312447	1811089
AO borrowing	-	-	954274	444773	639016	-	-	-	-	-	-	-	2038063
AO int. pay	-	-	42428	-	-	60085	-	-	60175	-	-	26415	189103
AO prin. pay	467691	136733	-	-	-	220693	505334	38092	819806	112070	1236285	112347	3649052
End AO bal.	1343398	1206665	2160939	2605712	3244727	3024034	2518700	2480608	1660802	1548732	312447	200099	200099
Accrued int.	24365	33881	-	16207	35750	-	22680	41571	-	12456	24071	-	-
End cash bal	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000

CROP & LIVESTOCK PRODUCTION

Enterprise	Units	Production Per Unit	Share	Operator Production
Cotton, 102	400.0 Acres	950.0 lb.	100	380,000 lb.
Corn, 111, Irr.	1600.0 Acres	200.0 bu.	100	320,000 bu.
Soybeans, 116	800.0 Acres	38.0 bu.	100	30,400 bu.
Tobacco, Flue Cured, 125	275.0 Acres	2400.0 lb.	100	660,000 lb.
Sweet Potatoes, 145	400.0 Acres	565.0 ton	100	226,000 ton
Peanuts, 121	500.0 Acres	4000.0 lb.	100	2,000,000 lb.
Cucumbers, Pickling, 136, Irr.	275.0 Acres	140.0 cwt.	100	38,500 cwt.
Squash, Summer, 147, Irr.	250.0 Acres	250.0 bu.	100	62,500 bu.
Total crops	4500 Acres			

CROP & LIVESTOCK SUMMARY

		Beg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corn															
Produced	bu.	-	-	-	-	-	-	-	-	160000	160000	-	-	-	320000
Sold	bu.	40000	40000	40000	47855	-	-	-	-	90000	15000	90000	-	-	362855
Price	\$/bu.	7.37	7.39	7.39	7.39	-	-	-	-	6.75	6.75	6.75	-	-	7.04
Inventory	bu.	167855	127855	87855	47855	-	-	-	-	160000	230000	215000	125000	125000	125000
Cotton															
Produced	lb.	-	-	-	-	-	-	-	-	-	269800	110200	-	-	380000
Sold	lb.	302600	-	30000	-	-	30000	-	-	40000	-	100000	280000	782600	782600
Price	\$/lb.	1.06	-	1.06	-	-	1.06	-	-	1.06	-	0.80	0.80	0.93	0.93
Inventory	lb.	402600	100000	100000	70000	70000	70000	40000	40000	40000	-	269800	280000	-	-
Cucumbers, Pickling															
Produced	cwt.	-	-	-	-	-	23100	15400	-	-	-	-	-	-	38500
Sold	cwt.	-	-	-	-	-	10000	10000	18500	-	-	-	-	-	38500
Price	\$/cwt.	-	-	-	-	-	19.50	19.50	19.50	-	-	-	-	-	19.50
Inventory	cwt.	-	-	-	-	-	13100	18500	-	-	-	-	-	-	-
Peanuts															
Produced	lb.	-	-	-	-	-	-	1000000	1000000	-	-	-	-	-	2000000
Sold	lb.	-	-	-	-	-	-	-	-	-	1000000	1000000	-	-	2000000
Price	\$/lb.	-	-	-	-	-	-	-	-	-	0.25	0.26	-	-	0.26
Inventory	lb.	-	-	-	-	-	-	1000000	2000000	2000000	1000000	-	-	-	-
Soybeans															
Produced	bu.	-	-	-	-	-	-	-	-	-	-	15200	15200	-	30400
Sold	bu.	-	-	-	-	-	-	-	-	-	-	-	7600	22800	30400
Price	\$/bu.	-	-	-	-	-	-	-	-	-	-	-	14.00	14.00	14.00
Inventory	bu.	-	-	-	-	-	-	-	-	-	-	15200	22800	-	-
Squash, Summer															
Produced	bu.	-	-	-	-	-	62500	-	-	-	-	-	-	-	62500
Sold	bu.	-	-	-	-	-	25000	37500	-	-	-	-	-	-	62500
Price	\$/bu.	-	-	-	-	-	18.00	17.75	-	-	-	-	-	-	17.85
Inventory	bu.	-	-	-	-	-	37500	-	-	-	-	-	-	-	-
Sweet Potatoes															
Produced	ton	-	-	-	-	-	-	-	-	-	-	113000	113000	-	226000
Sold	ton	-	50000	50000	35000	35000	35000	9150	-	-	-	50000	50000	-	314150
Price	\$/ton	-	6.25	6.25	6.25	6.25	6.25	6.25	6.25	-	-	7.50	7.50	-	6.65
Inventory	ton	214150	214150	164150	114150	79150	44150	9150	-	-	-	63000	126000	126000	126000

CROP & LIVESTOCK SUMMARY (cont.)

		<i>Beg</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Total</i>
Tobacco, Flue Cured															
Produced	lb.		-	-	-	-	-	-	112200	217800	217800	112200	-	-	660000
Sold	lb.		-	-	-	-	-	-	-	125000	350000	185000	-	-	660000
Price	\$/lb.		-	-	-	-	-	-	-	1.98	1.98	1.98	-	-	1.98
Inventory	lb.	-	-	-	-	-	-	-	112200	205000	72800	-	-	-	

PROJECTED INVENTORY CHANGE

Commodity	Begin Inventor	\$/Unit	Begin Value	Ending Inventory	\$/Unit	Ending Value	Change
Corn	167,855	7.39	1,240,448	125,000	6.75	843,750	-396,698
Cotton	402,600	1.06	426,756	0	0.00	0	-426,756
Sweet Potatoes	214,150	6.25	1,338,438	126,000	7.50	945,000	-393,438
Accounts receivable			2,680			0	-2,680
Hedging accounts			88,750			88,750	0
Other current assets			0			0	0
Total income items			3,097,072			1,877,500	-1,219,572
Prepaid expenses & supplies			160,315			0	-160,315
Growing crops			0			0	0
Accounts payable		(End)	56,000		(Beg)	56,000	0
Accrued interest		(End)	22,995		(Beg)	31,770	8,775
Total expense items			239,310			87,770	-151,540
Total inventories			3,336,382			1,965,270	-1,371,111

BALANCE SHEETS

	12/31/2022	Projected 1/1/2024
ASSETS		
Current Assets		
Cash and checking	359,452	350,000
Prepaid exp. & suppl.	160,315	-
Accounts receivable	2,680	-
Hedging accounts	88,750	88,750
Crops	3,005,642	1,788,750
Total current assets	3,616,839	2,227,500
Intermediate Assets		
Machinery	3,516,675	3,165,008
Other intermed.	2,500	2,500
Total intermediate assets	3,519,175	3,167,508
Long Term Assets		
Land	1,750,000	1,750,000
Bldgs & improve.	321,500	305,425
Other long term	89,900	89,900
Total long term assets	2,161,400	2,145,325
Total farm assets	9,297,414	7,540,333
Personal assets	-	-
Total assets	9,297,414	7,540,333
LIABILITIES		
Current Liabilities		
Accrued interest	31,770	22,995
Prin due on term loans	205,272	207,064
Rabo-Syngenta/Bay	-	-
Operating loan(s)	1,811,089	200,099
Payables & accr exp	56,000	56,000
AgFirst-Hedge Line	3,565	-
JDF-Farm Plan	164,000	316,847
Total current liabilities	2,271,696	803,004
Intermediate Liabilities		
Total inter. liabilities	-	-
Long Term Liabilities		
Eq Dealer-Sprayer 2020	69,716	12,557
Eq Dealer-Combine 2021	161,625	112,306
Eq Dealer-Planter 2021	53,952	36,979
Eq Dealer-Tractor 2022	168,573	128,870
ALLY-2020 PU	20,809	10,709
AgFirst-Tater House	312,710	278,633
Total long term liab.	787,385	580,054

BALANCE SHEETS (cont.)

	12/31/2022	Projected 1/1/2024
Total farm liabilities	3,059,081	1,383,058
Personal liabilities	-	-
Total liabilities	3,059,081	1,383,058
Net worth	6,238,333	6,157,274
Net worth change		-81,059
Total debt to asset ratio	32 %	18 %

Financial Trends

	2018	2019	2020	2021	2022	2023
Source	FINAN	FINAN	FINAN	FINAN	FINAN	Proj.

Income Statement

Gross cash farm income	7,933,195	9,308,389	6,684,208	8,477,612	8,884,526	9,571,517
+ Inventory change (income items)	287,250	-948,762	1,304,798	783,724	-577,438	-1,219,572
= Gross farm income (accrual)	8,220,445	8,359,627	7,989,006	9,261,336	8,307,087	8,351,945
Total cash farm expense	7,991,719	7,982,191	6,730,237	7,389,312	7,736,921	7,538,722
+ Depreciation	350,800	234,000	349,285	646,875	330,540	367,743
+ Inventory change (expense items)	-98,971	-115,731	3,484	-10,654	-157,704	151,540
= Total farm expense (accrual)	8,243,548	8,100,460	7,083,006	8,025,533	7,909,756	8,058,004
Net farm income from operations	-23,103	259,167	906,000	1,235,803	397,331	293,941
Gain or loss from capital sales	-	-	12,500	-	-	-
Net farm income	-23,103	259,167	918,500	1,235,803	397,331	293,941

Profitability (market)

Rate of return on assets	-4.8 %	1.8 %	6.2 %	11.0 %	5.0 %	6.2 %
Rate of return on equity	-15.4 %	-1.5 %	4.9 %	16.1 %	4.5 %	4.7 %
Operating profit margin	-4.8 %	1.7 %	6.2 %	10.9 %	5.7 %	6.2 %
Asset turnover rate	100.7 %	108.3 %	99.4 %	100.3 %	87.0 %	99.2 %

Liquidity & Repayment

Current ratio (farm only)	0.91	0.80	1.03	1.40	1.59	2.77
Working capital (farm only)	-270,645	-525,607	103,116	1,208,848	1,345,143	1,424,496
Working capital to gross revenue	-3.3 %	-6.3 %	1.3 %	13.1 %	16.2 %	17.1 %
Working capital to operating expense	-3.2 %	-6.5 %	1.4 %	14.4 %	18.3 %	19.1 %
Debt coverage ratio	-	-	-	-	1.27	1.17
Replacement coverage ratio	0.18	0.36	1.34	2.53	0.67	0.54

Efficiency Measures

Operating expense ratio	93.7 %	91.8 %	80.5 %	76.6 %	88.3 %	89.4 %
Depreciation expense ratio	4.3 %	2.8 %	4.4 %	7.0 %	4.0 %	4.4 %
Interest expense ratio	2.3 %	2.3 %	3.8 %	3.1 %	2.9 %	2.7 %

Solvency (market, exclude def liab)

Farm assets	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414	7,540,333
Farm liabilities	3,726,495	3,210,476	3,732,213	3,756,184	3,059,081	1,383,058
Total assets	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414	7,540,333
Total liabilities	3,726,495	3,210,476	3,732,213	3,756,184	3,059,081	1,383,058
Net worth	4,308,757	4,193,824	4,937,273	6,041,125	6,238,333	6,157,274
Net worth change	-265,653	-114,933	743,449	1,103,852	197,208	-81,059
Net worth change (%)	-10 %	3 %	9 %	21 %	7 %	-1 %
Farm debt to asset ratio	46 %	43 %	43 %	38 %	33 %	18 %
Total debt to asset ratio	46 %	43 %	43 %	38 %	33 %	18 %

Other Information

Family living expense	260,000	287,450	312,500	325,000	350,000	375,000
Capital purchases	-	476,900	337,500	572,500	275,000	-
Capital sales	-	-	12,500	-	-	-

CROP ENTERPRISES

	Cotton	Corn	Soybeans	Tobacco	Swt Potatoe
		Irr.		Flue Cured	
Acres	400.00	1600.00	800.00	275.00	400.00
Yield per acre	950.00 lb	200.00 bu	38.00 bu	2400.00 lb	565.00 bu
Share of production	1.00	1.00	1.00	1.00	1.00
Operating Expenses/Acre					
Seed	99.18	104.00	50.00	240.00	246.00
Fertilizer	260.89	393.52	108.82	221.64	343.00
C. Chemicals	154.73	95.52	113.26	635.03	224.00
Crop insur.	12.49	8.63	6.63	120.00	-
Drying fuel	-	44.73	1.49	622.75	300.00
Irrig energy	-	54.00	-	-	-
C. Supplies	-	-	-	7.50	-
C. Cust hire	124.00	10.00	10.00	10.00	-
C. Labor	8.36	6.08	7.15	1422.80	2303.00
C. Hauling	-	73.50	12.25	75.00	-
C. Marketing	-	-	-	-	-
Storage	-	9.71	4.86	97.14	97.14
Supplies	8.89	8.89	4.45	177.89	222.36
Fuel & oil	8.31	8.31	8.31	261.61	415.25
Repairs	25.88	32.35	32.35	168.19	258.76
Labor	42.70	42.70	42.70	170.82	170.82
Land rent	59.28	59.28	59.28	59.28	59.28
Pers prop tx	11.39	11.39	11.39	45.55	45.55
Farm insur.	17.65	17.65	17.65	70.60	70.60
Utilities	13.70	13.70	13.70	68.49	54.79
Consultants	10.81	10.81	-	10.81	10.81
Dues & fees	23.17	23.17	11.59	23.17	23.17
Total operating expenses	881.43	1,027.94	515.88	4,508.27	4,844.53
Per Unit	\$ 0.93	\$ 5.14	\$ 13.58	\$ 1.88	\$ 8.57

CROP ENTERPRISES

	Peanuts		Cucumbers		Squash	
			Irr.		Irr.	
Acres	500.00		275.00		250.00	
Yield per acre	4000.00	lb	140.00	cwt	250.00	bu
Share of production	1.00		1.00		1.00	
Operating Expenses/Acre						
Seed	130.50		70.00		65.00	
Fertilizer	70.21		304.00		341.00	
C. Chemicals	257.38		147.00		147.00	
Crop insur.	6.73		-		-	
Drying fuel	28.60		-		-	
Irrig energy	-		186.81		171.72	
C. Supplies	-		-		30.00	
C. Cust hire	10.00		-		-	
C. Labor	17.67		804.00		1000.00	
C. Hauling	12.00		-		-	
C. Marketing	-		8.50		1145.00	
Storage	-		-		-	
Supplies	17.79		8.89		17.79	
Fuel & oil	16.61		8.31		12.46	
Repairs	77.63		32.35		58.22	
Labor	85.41		42.70		42.70	
Land rent	59.28		59.28		59.28	
Pers prop tx	22.78		11.39		11.39	
Farm insur.	35.30		17.65		17.65	
Utilities	27.40		13.70		13.70	
Consultants	10.81		10.81		10.81	
Dues & fees	23.17		23.17		23.17	
Total operating expenses	909.27		1,748.56		3,166.89	
Per Unit	\$ 0.23	\$	12.49	\$	12.67	

Comparative Trend

	2018	2019	2020	2021	2022
Profitability					
Gross farm income (accrual)	8,220,445	8,359,627	7,989,006	9,261,336	8,307,087
Total farm expense (accrual)	8,243,548	8,100,460	7,083,006	8,025,533	7,909,756
Net farm income from oper.	-23,103	259,167	906,000	1,235,803	397,331
Rate of return on assets	-6.0 %	-0.2 %	15.5 %	18.0 %	3.0 %
Rate of return on equity	-39.6 %	-19.0 %	32.7 %	36.5 %	-2.5 %
Operating profit margin	-3.6 %	-0.1 %	9.4 %	11.4 %	2.1 %
Asset turnover rate	166.0 %	184.2 %	165.4 %	158.0 %	138.3 %

Liquidity

Current ratio	0.91	0.80	1.03	1.40	1.59
Working capital	-270,645	-525,607	103,116	1,208,848	1,345,143
Working cap. to gross rev.	-3.3 %	-6.3 %	1.3 %	13.1 %	16.2 %
Working cap. to oper. exp.	-3.2 %	-6.5 %	1.4 %	14.4 %	18.3 %

Solvency (market)

Total assets	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414
Total liabilities	4,427,652	3,678,824	4,590,955	4,853,240	4,009,966
Net worth	3,607,600	3,725,476	4,078,531	4,944,069	5,287,448
Debt to asset ratio	55 %	50 %	53 %	50 %	43 %

Repayment Capacity

Debt coverage ratio	-	-	-	-	1.27
Replacement coverage ratio	0.18	0.36	1.34	2.53	0.67

Efficiency

Operating expense ratio	93.7 %	91.8 %	80.5 %	76.6 %	88.3 %
Interest expense ratio	2.3 %	2.3 %	3.8 %	3.1 %	2.9 %

Other Cash Flows

Owner draws/Adj. family living	260,000	287,450	312,500	325,000	350,000
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Crop and Livestock Summary

Total crop acres	4,500	4,500	4,500	4,500	4,500
Crop acres cash rented	4,500	4,500	4,500	4,500	4,500

Cantaloupe Irrigated

Acres	125	125	-	-	-
Yield (cwt.) / acre	5,500.0	5,500.0	-	-	-
Price / cwt.	1.03	1.03	-	-	-

Corn Irrigated

Acres	1,000	1,200	1,625	1,605	1,600
Yield (bu.) / acre	175.0	171.0	190.0	211.0	197.0
Price / bu.	4.49	4.37	4.35	5.48	6.80

Cotton Dryland

Acres	-	1,000	850	800	900
Yield (lb.) / acre	-	837.5	950.0	1,125.0	907.0
Price / lb.	-	0.70	0.69	0.82	1.00

Comparative Trend

	2018	2019	2020	2021	2022
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Cucumbers, Pickling Irrigated

Acres	150	200	225	200	175
Yield (cwt.) / acre	120.0	133.2	120.0	125.0	137.0
Price / cwt.	17.21	16.09	15.95	15.90	18.15

Peanuts Dryland

Acres	-	350	400	400	500
Yield (lb.) / acre	-	3,750.0	3,800.0	4,200.0	4,063.0
Price / lb.	-	0.23	0.21	0.26	0.26

Soybeans Dryland

Acres	2,000	500	500	500	400
Yield (bu.) / acre	32.0	31.0	35.0	42.0	41.0
Price / bu.	10.17	9.26	9.96	13.26	14.28

Squash, Summer Irrigated

Acres	150	150	200	150	150
Yield (bu.) / acre	250.0	243.3	250.0	265.0	266.0
Price / bu.	17.50	16.78	16.34	17.25	18.03

Sweet Corn, Direct Irrigated

Acres	150	150	-	-	-
Yield (doz.) / acre	1,900.0	1,793.3	-	-	-
Price / doz.	2.42	2.25	-	-	-

Sweet Potatoes Dryland

Acres	400	400	475	550	500
Yield (ton) / acre	423.8	405.0	565.0	603.0	530.0
Price / ton	6.46	9.39	10.50	9.97	8.60

Tobacco, Flue Cured Dryland

Acres	300	300	225	295	275
Yield (lb.) / acre	1,800.0	2,225.0	1,800.0	2,375.0	2,366.0
Price / lb.	1.88	1.85	1.86	1.90	1.98

Tomatoes Irrigated

Acres	100	-	-	-	-
Yield (crtn.) / acre	1,250.0	-	-	-	-
Price / crtn.	8.75	-	-	-	-

Watermelon Irrigated

Acres	125	125	-	-	-
Yield (ton) / acre	400.0	392.0	-	-	-
Price / ton	16.50	16.66	-	-	-

INSTRUCTIONS: Printed values are from OPER 2023 PROJECTION. Enter new values in spaces provided.

IF budget changes are made, Indicate the crop and ATTACH budget changes on the attached sheets.

<u>Crop</u>	<u>Operating Cost</u>	<u>Current Yield</u>	<u>Our Yield</u>	<u>Current Acres</u>	<u>Our Acres</u>	<u>Budget Changes (Y/N)</u>
Cotton	\$ 831	950		400		
Corn, Irr.	\$1,028	200		1600		
Soybeans	\$ 516	38		800		
Tobacco	\$4,508	2400		275		
Swt Potatoes	\$4,844	565		400		
Peanuts	\$ 909	4000		500		
Cukes, Irr.	\$1,749	140		275		
Squash,Irr.	\$3,167	250		250		

CAPITAL SALES & PURCHASES: List any assets CHANGES below.

<u>Asset Sold:</u>	<u>Sales Price</u>

<u>Asset Purchased</u>	<u>Cost</u>

NEW FINANCING:

<u>LENDER:</u>	<u>INTEREST RATE</u>	<u>AMOUNT BORROWED</u>

<u>YEARS FINANCED</u>

<u>PURPOSE:</u>

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Asset Sold:	Sales Price	Asset Purchased	Cost

NEW FINANCING:

LENDER:	INTEREST RATE	AMOUNT BORROWED	YEARS FINANCED	PURPOSE:

Side by Side Analysis

Brown Family Farms - Oper

Financial:						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023P</u>
EBITDA SUPPLY & DEMAND						
Revenue	8,220,445	8,359,627	7,989,006	9,261,336	8,307,087	8,351,945
- Operating Expenses	7,704,912	7,671,546	6,430,092	7,094,939	7,335,950	7,466,284
= EBITDA (Supply)	515,533	688,081	1,558,914	2,166,397	971,137	885,661
EBITDA Uses:						
Family Living & taxes	260,000	287,450	312,500	325,000	350,000	375,000
+ Interest expense	187,836	194,915	303,629	283,719	243,267	223,977
+ term Debt due (BOY)	346,704	364,462	363,779	263,434	245,790	211,687
= EBITDA Uses (Demand)	794,540	846,827	979,908	872,153	839,057	810,664
= Available for Asset GROWTH	(279,007)	(158,746)	579,006	1,294,244	132,080	74,997
BALANCE SHEET						
	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023P</u>
Total Current Assets	2,849,602	2,062,400	3,201,922	4,211,071	3,616,839	2,227,500
Total Assets	8,035,252	7,404,300	8,669,486	9,797,309	9,297,414	7,540,333
Total Current Liabilities	3,120,247	2,588,007	3,098,806	3,002,223	2,271,696	803,004
Total Liabilities	3,726,495	3,210,476	3,732,213	3,756,184	3,059,081	1,383,058
Owner Equity	4,308,757	4,193,824	4,937,273	6,041,125	6,238,333	6,157,275
OTHER INFORMATION						
Crop Govt Payments	1,500	191,352	601,902	119,424	5,000	5,000
Crop Insurance Income	38,000	73,000	157,500	-	287,470	-
Change in LOC Balance	391,725	(390,371)	606,614	(104,747)	(624,567)	(1,610,990)
Operating Interest	117,099	141,936	201,194	245,888	204,478	191,092
Term Debt Payments (P&I)	417,441	417,441	466,214	301,265	284,579	244,572
Depreciation	350,800	234,000	349,285	646,875	330,540	367,743
Cash On Hand	248,352	378,367	212,045	401,008	359,452	350,000

Do not include Interest or Depreciation in Operating Expenses

KEY FINANCIAL RATIOS	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023P</u>	Formulas
Current Equity (Working Capital)	(270,645)	(525,607)	103,116	1,208,848	1,345,143	1,424,496	Current Assets – Current Liabilities
Net Farm Income	(23,103)	259,166	906,000	1,235,803	397,330	293,941	
Government Payment/EBITDA	0.3%	27.8%	38.6%	5.5%	0.5%	0.6%	Government Payment/EBITDA
Working Capital Sufficiency	-3.5%	-6.9%	1.6%	17.0%	18.3%	19.1%	Current Equity / Operating Expenses
Cash to Current Assets	9%	18%	7%	10%	10%	16%	Cash / Current Assets
WC Burn Rate: Debt Service	(0.6)	(1.3)	0.2	4.0	4.7	5.8	Current Equity / Term Debt Payments
Equity to Asset Ratio:	54%	57%	57%	62%	67%	82%	Owner Equity / Total Assets
Debt Efficiency	1.18	0.90	0.41	0.35	0.81	0.65	Non Current Liabilities / EBITDA
EBITDA Efficiency	6%	8%	20%	23%	12%	11%	EBITDA / Revenue
Asset Turnover	102%	113%	92%	95%	89%	111%	Revenue / Total Assets
Rate of Return on Assets	-1%	2%	10%	12%	3%	2%	(EBITDA - FL - Deprec) / Total Assets
Family Living Withdrawals	50%	42%	20%	15%	36%	42%	Family Living / EBITDA
Term Debt Coverage Ratio	33%	62%	224%	530%	146%	131%	(EBITDA-FL-Op Int) / Term Debt Payment (P&I)

2023P--P rojected results for year ending 12/31/23

Practice:	Vulnerable	Resilient	Agile	2018	2019	2020	2021	2022	2023 Projected	
1 Working Capital Sufficiency	< 10 %	10 – 25 %	> 25 %	-3.5%	-6.9%	1.6%	17.0%	18.3%		
Formula: (Current Assets – Current Liabilities) / Operating Expenses									19.1%	
2 Cash to Current Assets	< 5 %	5 – 15 %	> 15 %	8.7%	18.3%	6.6%	9.5%	9.9%		
Formula: Cash / Total Current Assets									15.7%	
3 WC Burn Rate: Debt Service	< 1:1	1:1 – 5:1	> 5:1	(0.6)	(1.3)	0.2	4.0	4.7		
Formula: Working Capital / Term Debt Payments									5.8	
4 Equity to Asset Ratio:	< 40 %	40 – 70 %	> 70 %	54%	57%	57%	62%	67%		
Formula: Total Equity / Total Assets									81.7%	
5 Core Equity Burn Rate	< 3:1	3:1 – 7:1	> 7:1							
Formula: Excess Reserves / (EBITDA - FL - Interest - Debt payments)				Assume loss of						-\$200,000
	<u>Assets</u>	<u>12/31/2022 Market Value</u>	<u>Loan Max</u>	<u>Borrowing Capacity</u>	<u>RE Liability 12/31/2022</u>	<u>Excess Reserve</u>			<u>Burn Rate</u>	
	Real Estate & Buildings	1,750,000	70%	1,225,000	-	1,225,000			6.1 years	
	Real Estate & Buildings (20% Drop)	1,400,000	70%	980,000	-	980,000			4.9 years	
<i>* Real estate is primary core asset in todays economy.</i>										
6 Debt Efficiency	> 6:1	3:1 – 6:1	< 3:1	1.18	0.90	0.41	0.35	0.81		
Formula: Term Debt / EBITDA									0.65	
7 EBITDA Efficiency	< 15 %	15 – 30 %	> 30 %	6%	8%	20%	23%	12%		
Formula: EBITDA / Revenue									10.6%	
8 Asset Turnover	< 30 %	30 – 70 %	> 70 %	102%	113%	92%	95%	89%		
Formula: Revenue / Total Assets									110.8%	
9 Rate of Return on Assets	< 2 %	2 – 8 %	> 8 %	-1%	2%	10%	12%	3%		
Formula: (EBITDA - FL- Deprec) / Total Assets									1.9%	
10 Family Living Withdrawals	> 25 %	15 – 25 %	< 15 %	50%	42%	20%	15%	36%		
Formula: FL / EBITDA									42.3%	
11 Term Debt Coverage Ratio	< 110 %	110 – 125 %	> 125 %	33%	62%	224%	530%	146%		
Formula: (EBITDA-FL-Op Int) / Term Debt Payment (P&I)									130.7%	

Action Plans

Brown Family Farms - Oper

EBITDA Improvement Plan

Metric:	Vulnerable	Resilient	Agile
EBITDA Efficiency	< 15 %	15 – 30 %	> 30 %

Revenue Strategies:

	2022	% of Revenue
Revenue	8,307,087	100%
- Operating	7,335,950	88%
= EBITDA	971,137	12%
2023 EBITDA Goal >	1,386,491	17%

EBITDA CHANGE Needed:

415,354

Expense Strategies:

Working Capital Improvement Plan

Metric:	Vulnerable	Resilient	Agile
Working Capital Sufficiency	< 10 %	10 – 25 %	> 25 %

Family Living Strategies:

	2022	
Current Assets	3,616,839	
- Current Liabilities	2,271,696	
= Working Capital	1,345,143	
/ Operating Expenses	7,335,950	18%
2023 WC Goal is	1,467,190	20%

WORKING CAPITAL CHANGE:

122,047

WC Burn Rate: Debt Service	< 1:1	1:1 – 5: 1	> 5:1
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Liability Strategies:

Working Capital	1,345,143	
/ Term Debt Payments	284,579	4.73
2023 WC Goal is	1,422,895	5.00

WORKING CAPITAL CHANGE:

77,752