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# **FISA**

## **A Complete Set of Financial Statements for Agriculture**



by  
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## **A Complete Set of Financial Statements for Agriculture**

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Eddy L. LaDue<sup>1</sup>

This is an Excel 5.0 spreadsheet for calculating financial statements for agriculture. It includes a beginning of year (end of last year) balance sheet, end of year (end of this year) balance sheet, income statement, statement of owner equity, statement of cash flows and ratio analysis. The program is designed to allow single entry of data, it automatically does the transposition of data from one statement to the next and does nearly all the calculations. Deferred taxes are automatically calculated and cash and equity reconciliation are conducted automatically through calculation of the Statement of Cash Flows and Statement of Owner Equity.

These statements are designed to be consistent with the recommendations of the Farm Financial Standards Council (FFSC). Thus, the statements include deferred taxes, base values for raised breeding livestock, the “sweet sixteen” financial ratios and the other characteristics embedded in the FFSC guidelines.<sup>2</sup>

The statements are intended for use with any type of farm business. Space is allowed for nonfarm assets and income because they are often important to lenders and others using the statements. However, the farm business part of the statement is separate from the nonfarm section so that nonfarm assets can be ignored if desired. Each of the four basic financial statements is presented on one page with detailed information on supporting schedules. Thus, the summary financial performance and position of a business can be found on five sheets of paper (including two balance sheets).

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<sup>1</sup> Professor of Agricultural Finance, Department of Applied Economics and Management, Cornell University. The author has been a member and director of the Farm Financial Standards Council since its inception.

<sup>2</sup> Financial Guidelines for Agricultural Producers, Recommendations of the Farm Financial Standards Council (Revised), July 1995 or the 1997 revision to be published soon.

## Basic Menu Structure

The program is menu driven. The main menu can be reached using Ctrl M (hold down control and press M). Main menu items are:

Beginning	Takes you to the beginning of year balance sheet and its schedules.
End	Takes you to the end of year balance sheet and its schedules.
Income	Takes you to the income statement and its schedules.
Owner	Takes you to the statement of owner equity.
Cash	Takes you to the statement of cash flows and its schedules.
Ratios	Takes you to the ratio analysis page
Print	Allows you to print individual statements or all of the statements.
Change	Allows you to: <ol style="list-style-type: none"> <li>(1) Move the end of year data to the beginning of year position (to conduct an analysis of the following year)</li> <li>(2) Clear the input data from all statements except the beginning of year balance sheet (to enter following year data).</li> <li>(3) Clear data from all statements (to start a new farm business).</li> <li>(4) Change the font on all of the input and calculated data to Script (to simulate handwriting on the form) or Arial (input data like the form).</li> </ol>

The complete menu structure is shown on page three. Notice that the Change operations that involve erasing or moving input data, that could involve considerable work to replace if inadvertently eliminated, use a no/yes second step confirmation that the operation is to be conducted. Also, the default selection is “no” so that pressing the enter button too many times will not result in accidentally erasing data.

Beginning	End	Income	Owner	Cash	Ratios	Print	Change
-----------	-----	--------	-------	------	--------	-------	--------

Go to stmt.  
of owner  
equity

Go to  
Ratio  
Analysis

Balance	Notes	Machinery	Supplies	Leases	Debt	Taxes	Menu
Go to beg. yr. balance sheet	Go to beg. year notes	Go to beg. yr. sch. B1-B3	Go to beg. yr. sch. B4-B6	Go to beg. yr. sch. B7-B8	Go to beg. yr. sch. B9	Go to beg. yr. sch. B10	Return to main menu

Balance	Notes	Machinery	Supplies	Leases	Debt	Taxes	Menu
Go to end yr. balance sheet	Go to end year notes	Go to end yr. sch. B1-B3	Go to end yr. sch. B4-B6	Go to end yr. sch. B7-B8	Go to end yr. sch. B9	Go to end yr. sch. B10	Return to main menu

		Income	Revenue	Expense	Menu		
		Go to Income Statement	Go to Schedule I1-I4	Go to schedule I5-I9	Return to main Menu		

			Cash Flow	Schedules	Menu		
			Go to Cash Flow Statement	Go to Sch. C1-C3	Return to main menu		

Beginning	End	Income	Owner	Cash	Ratios	All	Menu
Print beg. yr. balance sheet	Print end yr. balance sheet	Print income statement	Print statement of owner equity	Print statement of cash flows	Print ratio analysis	Print all statements	Return to main menu

	Menu	Clear	Script	Arial	Transfer
--	------	-------	--------	-------	----------

Return  
to main  
menu

Menu    End    All

Change  
entries  
to  
Script  
font

Change  
entries  
to  
Arial  
font

No	Yes
Return to change menu	Move end data to beg yr. BS

Return  
to change  
menu

No	Yes
Return to change menu	Clear all except beg. BS

No	Yes
Return to change menu	Clear all entries

The spreadsheet layout is shown below. The entry in the top box indicates the cell address of the upper left hand cell of the statement described in the box below it. That is, the beginning of year balance sheet is located at cell a1.

Beginning of year balance sheet -----							Income statement	Statement of Owner Equity	Statement of Cash Flows	Ratios	Diagnos- tics			
a1	n1	u1	ac1	ak1	aw1	bi1	bt1	cf1	cq1	dc1	do1	dz1	ej1	et1
beg B.S.	note	B1 - B3	B4 - B6	B7 - B8	B9	B10	IS	I1 - I4	I5 - I9	OE	Cash Flow	C1- C3	ratio	Diag nos tics

End of year balance sheet -----

a80	n80	u80	ac80	ak80	aw80	bi80
end B.S.	note	B1 - B3	B4 - B6	B7 - B8	B9	B10

### Case Farm

To illustrate the forms used, financial statements for a case farm are presented at the end of this publication. The farm is owned by Ives and Elvira DeChaunac and the primary enterprise is grapes. A small beef herd is also maintained. The grapes are marketed through a juice cooperative so that receipts for any year’s crop are received over the following three years and part is in the form of revolving certificates.

### Data Entry

The balance sheets assume end of year values are entered. That is, for any calendar year’s calculations, the beginning of year balance sheet will be as of December 31 of the prior year.

Entry of data is accomplished by going to the various sections of the statements and entering data in the appropriate locations. Each page of forms can be reached by appropriate selection using the menu. The menu drops you at the top left corner of the selected statement or page of schedules.

Enter data only in unprotected cells. These cells will usually appear in blue or, at least, some color other than black. Protected cells contain equations for calculation of data or transfer of data from another section of the schedules and statements.

Unprotecting a cell and entering data will wipe out the equation for all future uses of the program. The fact that unprotected cells are in color makes it easier to check to see if all required data have been entered.

It is recommended that the schedules for each statement be completed before the statement itself. The program assumes that the schedules will be used. Data from the schedules are automatically summarized and transferred to the statements. For example, a person who wants to enter the total machinery inventory as two values, total market value and total cost (tax basis) value, must enter these items on schedule B2. An entry similar to that found for “all remaining machinery” for the example farm could be used for all machinery.

Completion of statements in the following order makes the data transferred from prior statements easier to understand and allows checking data for consistency as the entry process proceeds: (1) beginning of year balance sheet, (2) end of year balance sheet, (3) income statement, (4) statement of owner equity, (5) statement of cash flows, and (6) ratio analysis. In completing each statement, complete the schedules first and then complete the statement itself.

## **Balance sheets**

The balance sheet is what is often referred to as a “two column” balance sheet. It contains both a market value and cost value assessment of the financial position of the business. For the market value columns all values are entered at their market value minus any selling costs required to dispose of the assets. This balance sheet should be familiar to most people who work with agriculture, except that this statement does include deferred taxes, as recommended by the FFSC<sup>3</sup>.

The cost value balance sheet is generally consistent with GAAP (Generally Accepted Accounting Principles) procedures, except that raised breeding livestock are listed at base value. Capital assets are listed at their original cost less depreciation, i.e. their remaining tax basis. Current asset inventory items are listed at their market value unless they also have an original-cost-less-depreciation value. The market value and cost value of liabilities are usually the same, except that the cost value of liabilities does not include deferred taxes. Thus, a separate cost value column is not included except for the summary values.

For these balance sheets, it is assumed that only a few current assets will have a cost basis that is different from the market value. Both cost and market values of marketable stocks are entered on schedule B6. Space is provided to enter both cost and market values for hedging accounts. Some purchased livestock that are purchased to be sold will have three values: (1) the market value, (2) the cost value, which is equal to the market value, and (3) the tax basis. The tax basis is entered at the bottom of the value column. This will normally involve beef cattle purchased in one year to be sold in the next, for which the cost cannot be deducted

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<sup>3</sup> For definitions of terms, see the glossary found in the 1997 revision of Financial Guidelines for Agricultural Producers, Recommendations of the Farm Financial Standards Council to be published in late 1997 or early 1998.

for tax purposes until the year the animals are sold. For the case farm, a group of steers was purchased in 1995 for \$6,000, to be fed to slaughter weights and sold in 1996. The cost is entered as the “tax basis” and not included in the expenses for 1995. It is used as the tax basis for these animals in calculating deferred taxes.

In order for the statement of cash flows schedule C3 to accurately list and calculate the operating loan principal repaid, the individual loans entered as “notes payable” below the accounts payable section of the liabilities must be entered on the same line in both the beginning and end of year balance sheets. That is a loan entered on the first line of the notes payable on the beginning of year balance sheet should be entered on the same line on the end of year balance sheet. If a loan is paid off during the year, leave that line (the line that loan was entered on the beginning of year balance sheet) blank on the end of year balance sheet. A loan, such as an operating note, can be paid off and then reborrowed and still be entered on the same line of both balance sheets. This was the case for both the feeder cattle loan and bank operating line for the case farm.

**Notes** to the balance sheet should include any information about the business that would be important in understanding the financial position of the business that is not included elsewhere in the balance sheet. Items suggested to be included are the basis of accounting, the nature of the operation, operating leases and life insurance data<sup>4</sup>. For these statements, the basis of accounting could be handled with a statement such as “These financial statements are prepared in accordance with the Farm Financial Standards Council guidelines. Both market value and cost value evaluations of financial position are included and net income is calculated on an accrual adjusted basis.”

The nature of the operation refers to such things as number of acres farmed, types of crops or livestock produced, number of head of livestock raised, produced, milked, etc., form of business organization, and any nonfarm business activities.

**Schedules B1 - B3** are used for listing the major farm assets. The degree of aggregation on the entries is up to the user. For example, all machinery could be entered on one line, or major items or groups of items could be listed separately.

Purchased breeding livestock are separated from raised breeding livestock (**schedule B1**). To allow separation of the change in raised breeding livestock inventory into that due to change in quantity from that due to change in price, the program places some restrictions on entry of raised breeding livestock description categories. Raised breeding livestock must have the same type of livestock description categories, and in the same order, in both the beginning and end of year balance sheet. Enter the complete list of livestock types on the beginning of year inventory. If there are no animals of a type in beginning of year inventory, leave the number

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<sup>4</sup> For a discussion of this issue, see the Disclosure by Notes section of the 1997 Guidelines for Agricultural Producers.

of animals of that type blank or make it zero. The description categories will be automatically entered on the end of year balance sheet. Enter livestock numbers in the same manner for the end of year inventory. This procedure allows the program to automatically separate change in inventory into two parts, (1) that due to quantity and (2) that due to price, for correct inclusion on the income statement.

For example, assume the case farm had no heifers in the beginning of year inventory. Heifers should still be entered in the beginning of year balance sheet with the number of animals set at zero or left blank. Then heifers will automatically be entered on schedule B1 for the end of year and the appropriate numbers can be included. If no base value is entered in the beginning of year schedule, the end of year value will be used on schedule I2 of the income statement.

A base value approximates the full cost of raising a breeding animal to its current stage in the life cycle. For example, the base value for bred heifers should be the approximate cost of raising an animal to the average age of the bred heifers.

Although the listing of real estate on schedule B3 can be as aggregated as desired, the owner occupied residences must be listed separately. Two lines are available for owner occupied residences. All owner occupied residences can be listed on one line, but the market value and cost value (tax basis) of such residences must be listed separately from the rest of the farm assets. This is required for the deferred tax calculations to be accurate, because owner residences with a gain of less than \$500,000 are not taxed.

**Schedules B4 - B6** contain a mixture of farm and nonfarm assets. The nonfarm assets can be excluded if desired. Marketable securities owned by the farm business can be separate from those that are personal assets. The cost value of the case farm revolving certificates is the amount specified as income to the farmer at the time they were issued. The market value is the amount for which they could be sold or the present value calculated by discounting at the firm's opportunity cost of capital.

**Schedules B7 -B8** provide for input of nonfarm real estate and farm capital leases. Capital leases are valued at the present value of the remaining payments discounted at the implicit interest rate on the lease or the incremental borrowing rate for the farm. Lease payments are handled like loan payments.

**Schedule B9** divides loans into notes, which are generally intermediate term loans, and mortgages and contracts, which are generally long term loans. In order for the statement of cash flows schedule C3 to accurately list and calculate the principal repaid, the individual loans entered on schedule B9 must be entered on the same line in both the beginning and end of year balance sheets. That is a loan entered on the first line of the notes on the beginning of year balance sheet should be entered on the same line on the end of year balance sheet. If a loan is paid off during the year, leave that line (the line that loan was entered on the beginning of year

balance sheet) blank on the end of year balance sheet. There are line numbers at the left of schedule 9 that can be used to insure that a line is used for only one loan on both balance sheets. A loan, such as an operating line of credit, can be paid off and then reborrowed and still be entered on the same line of both balance sheets.

**Schedule B10** provides for calculation of deferred taxes. For most farm situations, this calculation will be automatic and will require no input on the form. However, data can be entered on lines 3, 8, 15 and 36 to accurately handle the taxation of other assets or liabilities.

The tax rates used can be modified by using line 45 below schedule 10. Enter 0 here if deferred taxes are to be set to zero. Enter 1 for a high tax state. The rates used when 1 is entered come from New York State tax law. Enter a 2 if only Federal taxes are to be used. If desired, other tax rates, i.e. between Federal only and Federal plus New York State, can be entered in the table below schedule 10 on the beginning of year balance sheet.

A number of assumptions are used in calculating the deferred taxes. These assumptions include:

1. All gain on purchased breeding livestock is ordinary gain. This basically assumes that the animals are sold for an amount equal to, or less than, their purchase price. Capital gain would normally occur only when the animals were purchased at a very young age and for a few registered animals. For most working livestock farms, purchased animals that are sold will generate income less than their purchase price. All raised breeding livestock sales are assumed to result in capital gain.
2. Sale of all machinery would result in ordinary gain. Capital gain would occur only if a machine is sold for more than its purchase price, an unusual occurrence.
3. All real estate sales result in capital gain. Any gain on single purpose livestock structures and many other buildings would be ordinary gain to the extent of depreciation. However, such structures frequently do not result in any gain. Many buildings have a market value less than the remaining depreciation. Others will be assigned values that are below their true market value because the gain will be capital gain if assigned to the land part of the real estate. Establishing an appropriate market value for the various parts of real estate is difficult. With that difficulty, and the modest contributory value of most buildings, assigning a value that results in little taxable gain on buildings can often be justified.
4. Typical average deductions and exemptions are incorporated in the average tax rates. The tax rates used can be observed on the spreadsheet below schedule B10.

5. Any nonfarm assets and liabilities that are listed on the balance sheet are included in the tax calculations. This means that average tax rates may be higher for farm assets when nonfarm assets are listed.

## **Income Statement**

The income statement calculates an adjusted accrual net income for the farm on a before and after tax basis. It also incorporates nonfarm income to obtain an after tax net income. Change in inventory items are calculated automatically from the balance sheet data for the beginning of the year (end of prior year) and end of year. The change in inventory values can be reviewed for reasonableness, which is a check on the data input in the balance sheets, as data are entered in the income statements.

**Schedule I1** data are all calculated from the balance sheet data. **Schedule I2** is also calculated automatically as long as the raised livestock inventory data are entered as described for schedule B1. That is, the same descriptive categories for raised breeding livestock are used on both the beginning and end of year balance sheets.

**Schedule I4** is designed for cash data, which are often taken from 1040F tax forms. Accrual adjustments are made from inventory values.

**Schedule I5** is calculated automatically from balance sheet data. In entering interest expense data on **schedule I6**, be sure to include that portion of the lease payments that represent interest. See schedule B8 for information on the principal portion.

Place the sale of purchased breeding livestock on **Schedule I7**. The sale of raised breeding livestock is placed on lines 2a and 2b of the income statement.

**Schedule I9** includes both farm and nonfarm income tax data. If nonfarm income are not included on the income statement, the nonfarm tax section can be ignored. If both farm and nonfarm income data are included, divide the total tax paid between farm and nonfarm according to the level of net income received from these two sources, or use any other dividing mechanism that is appropriate.

## **Statement of Owner Equity**

The statement of owner equity reconciles the beginning and ending farm equity values. It also shows the amount of change in equity that is generated from the three possible sources: (1) retained earnings from business operation, (2) changes in contributed capital, and (3) changes in the value of assets owned by the business (valuation equity). All values for this statement are taken from other statements except:

1. Owner withdrawals. Enter the amount withdrawn from the business for family living expenses and nonfarm taxes. Only include an amount up to the estimated value of labor and management of the operators and unpaid family members. Any amount withdrawn from the business in excess of this should be included as a withdrawal of capital down under Other Distributions.
2. Capital contributions, gifts, inheritances received.
3. Capital distributions, dividends and gifts made from the business.
4. Other distributions including withdrawals in excess of the value of operator and family labor and management.

The calculated "Error" is the amount by which the equity of the business does not reconcile. If this number is large, it implies that some of the entered data are incorrect. One rule of thumb sometimes used is that this error should not be more than one percent of total gross receipts.

### **Statement of Cash Flows**

The statement of cash flows provides a reconciliation of the cash used in the business during the year and provides a summary of the cash flows from operating activities, investment and financing. All of the data for this statement come from other statements and schedules except:

1. Cash nonfarm income. This will be the same as nonfarm income on the income statement (line e, sum of lines 15 - 18) unless some of the nonfarm income is not in the form of cash.
2. Cash received on sale of stock sold for breeding. This will be the sum of the raised animals sold for breeding found on line 2b of the income statement and that part of the sale of purchased animals listed on schedule I7 that represents the sale of livestock for breeding purposes. The rest of the purchased animal sales, that represent culled animals, is included on schedule C1.
3. Cash paid to purchase breeding stock. Do not include feeder livestock purchases on this line.
4. Cash paid to purchase machinery/equipment.
5. Cash paid to purchase real estate.

6. Cash paid to buy bonds and securities
7. Principal payments on lease obligations. Capital lease payments are treated like loan payments. The leases are listed on schedule B8. The interest portion of the payments is included on schedule I6. The principal portion is included here.

The Error line indicates the degree of inconsistency in the cash flows for the business. If all entries are consistent, the Error listed on this statement will exactly equal the Error listed on the Statement of Owner Equity. If this number is large, it implies that some of the entered data are incorrect. One rule of thumb sometimes used is that this error should not be more than one percent of total gross receipts.

**Schedule C1** is used to summarize the cash received from production and government payments. All the data come from other statements except:

1. Cash received from the sale of culled breeding livestock. This will be the sum of the raised animals that have been culled from income statement line 2a and that part of the purchased animal sales listed on schedule I7 that represent the sale of culled animals. That part of the sales listed on schedule I7 that represents sale of animals for breeding should be included on the cash flow statement under cash received for the sale of stock sold for breeding.
2. Net cash from hedging. This includes the amount received from the hedging transactions listed on schedule I3 that was obtained in the form of cash.
3. Other cash payments received. This will normally equal the amount shown on line 9 of the income statement unless part of that income is not received in the form of cash.

**Schedule C2** is automatically completed from data previously entered.

**Schedule C3** is also completed from schedule B9 (if loans are properly listed the B9 schedules) of the balance sheets except for the column on new loan proceeds. Enter the loan proceeds received on new loans and refinancing of existing loans. If the loan listed on the end of year balance sheet schedule B9 is different from the loan listed on the same line on the beginning of year schedule B9, schedule C3 will take the loan description and beginning balance from the beginning of year schedule B9 and will take the end of year balance from the end of year schedule B9. In this case, the data transferred to schedule C3 will appear to be incorrect and/or inconsistent. If the data look incorrect, check the B9 schedules first.

## Ratio Analysis

The ratio analysis form lists the “sweet 16” financial ratios as defined by the FFSC. The form is completed from data entered on other forms except for the following entries:

1. Assumed value of operator and family labor and management. Enter the opportunity cost of the operator and family’s labor and management. This is the income that could be earned by the operators of the business in their next best off-this-farm alternative.
2. Operating interest. Enter the amount of the total interest expense shown on schedule I6 that represents interest on operating capital rather than interest on term debt. Although the interest paid on term (noncurrent) debt represents funds that were available for term debt payments, interest on operating capital is an ongoing expense that must be made in addition to the payments required for term debt service.
3. Scheduled noncurrent debt and lease payments (beginning of year). This can be calculated from the data on schedules B8 and B9 of the beginning of year balance sheet and knowledge of the number of payments scheduled for the coming year.
4. Scheduled noncurrent debt and lease payments (end of year). This can be calculated from the data on schedules B8 and B9 of the end of year balance sheet and knowledge of the number of payments scheduled for the coming year.

If scheduled noncurrent debt and lease payments are not entered, the coverage ratio will list ERR, indicating an error. This results because the denominator of the ratio (debt payments) is zero. It will also list the repayment margin as being equal to the repayment capacity. This will, of course, be in error unless the scheduled noncurrent (term) debt payments are actually zero.

Limited **diagnostics** appear to the right of the Ratio Analysis schedule. The first set of diagnostics check the consistency of data input on capital assets, namely, machinery, purchased livestock, real estate and securities. For each of these asset categories, the beginning of year cost value, plus purchases, minus sales, minus depreciation, should equal end of year book value. If they do not, an error has been made in entry.

The second set of diagnostics checks the consistency of livestock sale entries. That is, it checks the division of the sale of purchased livestock between animals that are culled and animals sold for breeding to be sure that the entries on the income statement and cash flow statement are consistent.

## **Printing Statements**

The print menu allows printing any of the individual statements, including schedules, or printing all statements. Some statements and groups of schedules are longer than a normal page if printed at full size (statements and schedules are generally designed so that the entire width of the statement can be seen on normal screens for ease of entry of data and schedules are grouped to keep the number of pages to a reasonable minimum.) However, each statement or collection of schedules is printed on a single page. Thus, for some pages, the right side of the page is not used.

## **Using CHANGE Routines**

The Change menu allows manipulation of data to make preparation of statements easier, less error prone and easier to read. The alternatives are:

1. **Clear, End.** This clears all the entered data from all statements except the beginning of year balance sheet. That is, it clears the data from the end of year balance sheet, income statement, statement of owner equity, statement of cash flows and ratio analysis. This would normally be used after Transfer has been used to move end of year data to the beginning of year position in the spreadsheet. It is used to insure that no data from the prior year can contaminate the data being entered for the new year.
2. **Clear, All.** This clears all the entered data from all the statements. This would normally be used when the program is being prepared to construct financial statements for a new farm business. Since all the data are erased or set to zero, no old data from a prior farm can contaminate data entered for the new situation.
3. **Script.** This changes all of the data in the statements to Brush Script font. This can be used to make it appear as if the data for the statement were written on the forms. It clearly separates the data from the form.
4. **Arial.** This changes all the data in the statements to Arial font, the same font used in the forms.
5. **Transfer.** This moves the data in the end of year balance sheet to the beginning of year position. This procedure would normally be used when the data for a year, say 1997, are in the spreadsheet and the user wants to enter data for the next year, say 1998 for the same farm. Use of transfer allows entering next year's data without requiring reentry of last years end of year balance sheet as next year's beginning of year balance sheet.

### **Availability and Warranties**

This program was developed by, programmed by and available from

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No warranties, guarantees or service are provided. However, the author would appreciate receiving information on any errors observed in the program or suggestions for improvement.

### **Example Set of Financial Statements**

The following pages contain a complete set of financial statements for the case farm.

Balance Sheet - End of Last Year (Beginning Balance)										
Name		Red and Ginger Gold (Goldcrest Orchards)					as of		12/31/98	
Address		19990 Jerseymac Drive, Macouns NY 14444								
Assets					Cost Value	Market Value	Liabilities			Market Value
Cash, checking & savings accts					20000	20000	Accounts payable:			
Marketable stock, bonds (B6)					0	0	Labor 0 Feed			0
Hedging account equity					0	0	Repair 3200 Fert			11200
Accounts receivable					146000	146000	Fruit 4500 Rent			
Livestock & poultry to be sold							Chem. 6000 Fuel			2500
Kind	no	ave.#	\$/Unit	Value			Notes payable within 12 mo			
R. feeders	24	580	0.72	10,022			Operating (M & T Bank) 8.5%			160000
P. feeders	51	570	0.72	20,930			Feeders (Wyoming Co. bank) 8.5%			15300
R. finish	10	1000	0.58	5,800						
				0						
				0	36752	36752	Principal portion of longer term debt due within 12 mo.			
Tax basis 15300							Noncurrent debts: notes (sch. B9) mortgages			29186
Crops and feed:							Capital leases (sch. B8)			6058
Item	Quant.	Unit	\$/Unit	Value			Estimated accrued interest on:			4076
Apples	7500	bu.	7.2	54000			Accts 1032 Notes			3834
Hay	115	Tons	90	10350			Noncurrent liab (B9)			10144
Corn silage	400	Tons	30	12000			Capital leases (B8)			87
				0			Estimated accrued taxes:			
				0	76350	76350	Real estate & property tax			0
Cash invest in growing crops:							Employer payroll withhold			650
Crop	Acres	\$/Unit	Value				Accrued rent & lease pmts.			2500
Wheat	40	45		1800			Advance govt receipts			0
				0	1800	1800	Other			0
Supplies (sch. B4)					11600	11600	Deferred taxes (current portion - Sch. B10)			94272
Prepaid expense					2700	2700	Accrued farm income & S.S tax			3200
Other					0	0	<b>Total Current</b>			Cost Value
<b>Total Current Farm Assets</b>					295202	295202	<b>Farm Liabilities</b>			263477
Noncurrent Farm Assets							<b>Total Noncurrent</b>			431007
Notes and accounts receivable					0	0	<b>Total Farm Liabilities</b>			788756
Breeding stock purchased raised					5070	5300	Noncurrent Farm Liabilities			
					63400	63400	(Principal due beyond 12 mo.)			
Machinery (sch. B2)					151593	290500	Notes payable (Sch. B9)			110665
Livestock leases (sch. B8)					0	0	Mortgages & Contracts (Sch. B9)			0
Machinery leases (sch. B8)					0	0				0
Building leases (sch. B8)					20820	20820	Leases (Sch. B8)			16744
<b>Cooperative investment (sch. B6)</b>					5900	5900	<b>Deferred taxes (noncurrent portion - Sch. B10)</b>			162719
Farm real estate (sch. B3)					197950	610000	<b>Total Noncurrent</b>			268288
Contracts receivable					0	0	<b>Total Farm Liabilities</b>			531765
Other					0	0	<b>Farm Owner Equity</b>			208170
<b>Total Noncurrent Farm Assets</b>					444733	995920				502366
<b>Total Farm Assets</b>					739935	1291122				
Nonfarm Assets:					Tax basis		Nonfarm Liabilities:			
Current:					0	1000	Current:			0
Marketable stock, bonds (B6)					7521	15875	Noncurrent:			0
Other					0	0				0
Noncurrent:					0	0				0
Retirement accounts					63500	216200	Deferred tax: nonfarm (B10)			22874
Cash value of life ins.							Accrued nonfarm income & s.s tax			400
Vehicles & household (B5)						28000	<b>Total Nonfarm Liabilities</b>			23274
Nonfarm R.E. (Sch B7)					20000	30000	<b>Total Liabilities</b>			812030
Other					0	0	<b>Owner Equity</b>			670167
<b>Total Nonfarm Assets</b>					91021	291075	<b>Total Liab. &amp; Owner Equity</b>			1482197
<b>Total Assets</b>					830956	1482197				



Schedule B1 - Breeding Stock					12/31/98	
		Market Value		Cost Value (undepreciated balance)		
Number	Description (type, age)	\$/Unit	Total	Cost (tax basis) per unit	Cost Value	
Purchased Animals:						
1	Bull (Humboldt)	800	800	XXXXXXXX	750	750
1	Bull (Huerfano)	1500	1500	XXXXXXXX	1800	1800
3	Cows (pur. 1997)	1000	3000	XXXXXXXX	840	2520
			0	XXXXXXXX		0
			0	XXXXXXXX		0
			0	XXXXXXXX		0
			0	XXXXXXXX		0
Total Purchased Animals:		XXXX	5300	XXXXX	5070	
Raised Animals:						
				Base value/Unit		
48	Cows	1000	48000	XXXXXXXX	1000	48000
10	Bred heifers	1000	10000	XXXXXXXX	1000	10000
9	Open heifers	600	5400	XXXXXXXX	600	5400
			0	XXXXXXXX		0
			0	XXXXXXXX		0
Total Raised Animals		XXXX	63400	XXXXX	63400	
Schedule B2 - Machinery, Equipment and Trucks						
		Market Value		Cost Value (undepreciated balance)		
Item	Description	Market Value		Description	Cost Value	
Tractor	Ford 7740	20000		Purchased 1996, \$36,000, 150% db	19843	
Sprayer	Durand Wayland	2500		Purchased 1994, \$16,100, SL	5750	
Choppe	Gehl 865	8000		Purchased 1991, \$14,000, SL	0	
All remaining machinery		260000			126,000	
Total		290500		Total	151593	
Schedule B3 - Farm Real Estate						
Owned: Description	Acres	Orig. Cost	Accum. Depr	Cost Value	Est. Mkt. Val.	
Parcel 1: Home farm					350000	
Residence 1 (owner occupied)		32000	0	32000	80000	
Land	177	40000	0	40000		
<b>Building Original</b>		<b>8000</b>	<b>8000</b>	<b>0</b>		
Improvements						
old and original plantings	93				0	
McIntosh (bearing 1990)	12	6000	5100	900		
All other owner occupied residences						
Empire (bearing 1992)	23	13000	8450	4550		
Orbaker Farm					180000	
Land	162	100000	0	100000		
Original plantings	34				0	
Jonagold (bearing 1995)	18	10000	3500	6500		
Mutsu (planted 1997)	28	14000	0	14000		
Storage		21000	21000	0		
Total		244000	46050	197950	610000	



Schedule B7 - Nonfarm Real Estate							12/31/98
Description	Title in Name of	Date Acquired	Cost/Basis	Accum. Depr	Cost Value	Mkt. Value	
<i>Cabin in mountains</i>	<i>Ginger Gold</i>	<i>1982</i>	<i>20000</i>	<i>0</i>	<i>20000</i>	<i>30000</i>	
Total			<i>20000</i>	<i>0</i>	<i>20000</i>	<i>30000</i>	

  

Schedule B8 - Capital Leases									
Description of Item Lease	Assumed Interest Rate	Payment		No. of Payments		Current Principal Balance	Accrued Interest	Portion of Principal	
		Amount	Date	Remaining on Lease	Per Year			Due with 12 months	Due beyond 12 months
Livestock:									
Total Livestock						<i>0</i>	<i>XXXX</i>	<i>XXXX</i>	<i>XXXX</i>
Machinery									
Total Machinery						<i>0</i>	<i>XXXX</i>	<i>XXXX</i>	<i>XXXX</i>
Buildings									
<i>Storage (Telmar)</i>	<i>9.5</i>	<i>490</i>	<i>15th</i>	<i>52</i>	<i>12</i>	<i>20820</i>	<i>87</i>	<i>4076</i>	<i>16744</i>
Total Buildings						<i>20820</i>	<i>XXXX</i>	<i>XXXX</i>	<i>XXXX</i>
Total All Leases							<i>87</i>	<i>4076</i>	<i>16744</i>



Schedule 10 - Deferred Taxes		12/31/98
A. Deferred taxable income		
1. Market value of current assets		295202
2. Cash, checking & savings accounts	20000	
3. Other nontaxable current assets (if any)	(+) <u> 0</u>	
4. Total nontaxable current assets		(-) 20000
5. Tax basis: Marketable stock	0	
6. Hedging account	0	
7. Livestock (feeder)	<u>15300</u>	
8. Tax basis of other current assets	0	
9. Total tax basis of current assets		(-) 15300
10. Total taxable current assets		(=) 259902
11. Accounts payable	27400	
12. Accrued interest	(+) <u> 15097</u>	
13. Accrued tax liability (deductible)	(+) <u> 650</u>	
14. Accrued rent & leases	(+) <u> 2500</u>	
15. Other deductible current liabilities	(+) <u> 0</u>	
16. Total deductible current liabilities		(-) 45647
17. CURRENT DEFERRED TAXABLE FARM INCOME		(=) 214255 a
18. Total market value of noncurrent assets	(+) <u> 995920</u>	
19. Nontaxable residence	(-) <u> 80000</u>	
20. Other nontaxable noncurrent assets	(-) <u> 0</u>	
21. Total value of noncurrent taxable farm assets		915920
22. Cost (tax) basis of noncurrent farm assets	(+) <u> 444733</u>	
23. Tax basis of nontaxable residence	(-) <u> 32000</u>	
24. Cost basis of raised breeding livestock	(-) <u> 63400</u>	
25. Total tax basis of taxable noncurrent farm assets		(-) 349333
26. TOTAL NONCURRENT DEFERRED TAXABLE FARM INCOME		(=) 566587
27. Market value of farm real estate	(+) <u> 610000</u>	
28. Tax basis of farm real estate	(-) <u> 197950</u>	
29. Taxable income on residences (line 19 - line 23)	(-) <u> 48000</u>	
30. Raised breeding livestock	(+) <u> 63400</u>	
31. NONCURRENT FARM CAPITAL GAIN INCOME		(-) 427450
32. NONCURRENT DEFERRED FARM ORDINARY INCOME		(=) 139137 b
33. Nonfarm stocks & bonds	(+) <u> 15875</u>	
34. Nonfarm real estate	(+) <u> 30000</u>	
35. Retirement accounts	(+) <u> 116200</u>	
36. Other taxable nonfarm assets	(+) <u> 0</u>	
37. Tax basis of nonfarm assets	(-) <u> 91021</u>	
38. TOTAL DEFERRED TAXABLE NONFARM INCOME		71054
39. NONFARM ORDINARY INCOME (net gain on retirement ac		(-) 52700 c
40. NONFARM DEFERRED CAPITAL GAIN INCOME		(=) 18354
41. TOTAL DEFERRED TAXABLE ORDINARY INCOME (a+b+c)		406092
42. Current deferred tax		
(line 17) 214255 x rate 0.44		94272
43. Noncurrent deferred tax		
(line 32) 139137 x rate 0.34 (ordinary)		47307
(line 31) 427450 x rate 0.27 (c. gain)		115412
44. Nonfarm deferred tax		162719
(line 39) 52700 x rate 0.34 (ordinary)		17918
(line 40) 18354 x rate 0.27 (c. gain)		4956
		22874
45. The farm is located in a high tax state (1 = yes) <u> 1</u>		
(2 = federal taxes only, 0 = no deferred tax calculations, i.e. deferred taxes equal zero)		

Balance Sheet - End of This Year (Ending Balance)																																													
Name		Red and Ginger Gold (Goldcrest)				as of		12/31/99																																					
Address		19990 Jersey Mac Drive, Macouns NY 14444																																											
Assets					Cost Value	Market Value	Liabilities			Market Value																																			
Cash, checking & savings accts.					29000	29000	Accounts payable:																																						
Marketable stock, bonds (B6)					0	0	Labor 0 Feed			0																																			
Hedging account equity					0	0	Repair 2200 Fert.			0																																			
Accounts receivable					149800	149800	Fruit 4000 Rent			7000																																			
Livestock & poultry to be sold							Chem. 4800 Fuel			1000																																			
<table border="1"> <thead> <tr> <th>Kind</th> <th>no.</th> <th>ave #</th> <th>\$/Unit</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>R. Feeders</td> <td>25</td> <td>600</td> <td>0.75</td> <td>11,250</td> </tr> <tr> <td>P. Feeders</td> <td>53</td> <td>580</td> <td>0.75</td> <td>23,055</td> </tr> <tr> <td>R. Finish</td> <td>11</td> <td>1000</td> <td>0.67</td> <td>7,370</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td colspan="4">Tax basis</td> <td>20000</td> </tr> </tbody> </table>					Kind	no.	ave #	\$/Unit	Value	R. Feeders	25	600	0.75	11,250	P. Feeders	53	580	0.75	23,055	R. Finish	11	1000	0.67	7,370					0					0	Tax basis				20000	41675	41675	Notes payable within 12 mo			
Kind	no.	ave #	\$/Unit	Value																																									
R. Feeders	25	600	0.75	11,250																																									
P. Feeders	53	580	0.75	23,055																																									
R. Finish	11	1000	0.67	7,370																																									
				0																																									
				0																																									
Tax basis				20000																																									
Crops and feed:							Operating (M&T Bank) 8.75%			145000																																			
<table border="1"> <thead> <tr> <th>Item</th> <th>Quant.</th> <th>Unit</th> <th>\$/Unit</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Apples</td> <td>8000</td> <td>Bu.</td> <td>8</td> <td>64000</td> </tr> <tr> <td>Hay</td> <td>125</td> <td>Tons</td> <td>100</td> <td>12500</td> </tr> <tr> <td>Corn silage</td> <td>430</td> <td>Tons</td> <td>30</td> <td>12900</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> </tbody> </table>					Item	Quant.	Unit	\$/Unit	Value	Apples	8000	Bu.	8	64000	Hay	125	Tons	100	12500	Corn silage	430	Tons	30	12900					0					0					0	89400	89400	Feeders (Wyoming Co. Bank) 8%			20000
Item	Quant.	Unit	\$/Unit	Value																																									
Apples	8000	Bu.	8	64000																																									
Hay	125	Tons	100	12500																																									
Corn silage	430	Tons	30	12900																																									
				0																																									
				0																																									
				0																																									
Cash invest in growing crops:							Principal portion of longer term debt due within 12 mo.																																						
<table border="1"> <thead> <tr> <th>Crop</th> <th>Acres</th> <th>\$/Unit</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>wheat</td> <td>45</td> <td>45</td> <td>2025</td> </tr> <tr> <td></td> <td></td> <td></td> <td>0</td> </tr> </tbody> </table>					Crop	Acres	\$/Unit	Value	wheat	45	45	2025				0	2025	2025	Noncurrent debts: notes (sch. B9) mortgages			29453																							
Crop	Acres	\$/Unit	Value																																										
wheat	45	45	2025																																										
			0																																										
Supplies (sch. B4)					12900	12900	Capital leases (sch. B8)			4481																																			
Prepaid expense					3500	3500	Estimated accrued interest on Accts 288 Notes			1197																																			
Other					0	0	Noncurrent liab(B9)			9746																																			
<b>Total Current Farm Assets</b>					328300	328300	Capital leases (B8)			70																																			
Noncurrent Farm Assets							Estimated accrued taxes:																																						
Notes and accounts receivable					0	0	Real estate & property tax			0																																			
Breeding stock: purchased raised					4400	4400	Employer payroll withhold			600																																			
Machinery (sch. B2)					158158	280000	Accrued rent & lease prnts.			2500																																			
Livestock leases (sch. B8)					0	0	Advance govt. receipts			0																																			
Machinery leases (sch. B8)					0	0	Other			0																																			
Building leases (sch. B8)					16744	16744	Deferred taxes (current portion - Sch. B10)			108196																																			
Cooperative investment (sch. B8)					5640	5640	Accrued farm income and S.S. tax			5000																																			
Farm real estate (sch. B3)					201350	610000	<b>Total Current</b>																																						
Contracts receivable					0	0	Farm Liabilities			243889																																			
Other					0	0	Noncurrent Farm Liabilities																																						
<b>Total Noncurrent Farm Assets</b>					454292	985784	(Principal due beyond 12 mo.)																																						
Total Farm Assets					782592	1314084	Notes payable (Sch. B9)			113737																																			
Nonfarm Assets:							Mortgages: farm R.E. (B9)			134325																																			
Current:							Leases (Sch. B8)			12263																																			
Marketable stock, bonds(B6)					7521	19175	Deferred taxes (noncurrent portion - Sch. B10)			157432																																			
Other					0	0	Cost Value																																						
Noncurrent:							<b>Total Noncurrent</b>			260325																																			
Retirement accounts					63500	139200	<b>Total Farm Liabilities</b>			504214																																			
Cash value of life ins.						0	Farm Owner Equity			278378																																			
Vehicles & household (B5)						21000	Nonfarm Liabilities																																						
Nonfarm R.E. (Sch B7)					20000	30000	Current:			0																																			
Other					0	0	Noncurrent:			0																																			
<b>Total Nonfarm Assets</b>					91021	210375	Deferred tax nonfarm (B10)			31585																																			
Total Assets					873613	1524459	Accrued nonfarm income & s.s. tax			600																																			
							<b>Total Nonfarm Liabilities</b>			32185																																			
							<b>Total Liabilities</b>			802027																																			
							<b>Owner Equity</b>			722432																																			
							<b>Total Liab.&amp;Owner Equity</b>			1524459																																			



Schedule B1 - Breeding Stock						12/31/99
Number	Description (type, age, wt.)	Market Value		Cost value (undepreciated balance)		
		\$/Unit	Total	Cost (tax basis) per unit	Cost Value	
<b>Purchased Animals:</b>						
1	Bull (Hueratio)	900	900	XXXXXXXX	1400	1400
1	Bull (Plato)	1500	1500	XXXXXXXX	1800	1800
2	Cows (pur. 1997)	1000	2000	XXXXXXXX	600	1200
			0	XXXXXXXX		0
			0	XXXXXXXX		0
			0	XXXXXXXX		0
			0	XXXXXXXX		0
Total Purchased Animals:		XXXX	4400	XXXXXX		4400
<b>Raised Animals:</b>						
				Base value/Unit		
51	Cows	1000	51000	XXXXXXXX	1000	51000
11	Bred heifers	1000	11000	XXXXXXXX	1000	11000
10	Open heifers	700	7000	XXXXXXXX	600	6000
	0		0	XXXXXXXX		0
	0		0	XXXXXXXX		0
Total Raised Animals:		XXXX	69000	XXXXXX		68000
<b>Schedule B2 - Machinery, Equipment and Trucks</b>						
Market Value			Cost Value (undepreciated balance)			
Item	Description	Market Value	Description	Cost Value		
Tractor	Ford 7740	16000	Purchased 1996, \$36,000, 150% dib	15433		
Sprayer	1999 Durand Waylan	12000	Purchased 1999, \$22,750 tax basis, SL	21,125		
Chopper	John Deere 3970	12000	Purchased 1999, \$14,000, SL	13,000		
	All remaining machinery	240000		108,600		
Total		280000	Total	158158		
<b>Schedule B3 - Farm Real Estate</b>						
Owned	Description	Acres	Orig. Cost	Accum. Depr.	Cost Value	Est. Mkt. Val.
Parcel 1: Home farm						
	Residence 1 (owner occupied)		32000	0	32000	80000
	Land	177	40000	0	40000	
	Buildings Original		8000	8000	0	
Improvements						
	Old and original plantings	93			0	
	McIntosh (bearing 1990)	12	6000	5700	300	
All other owner occupied residences						
	Empire (bearing 1992)	23	13000	9750	3250	180000
	Orbaki	0	0	0	0	0
	Land	162	100000	0	100000	
	Original plantings	34			0	
	Jonagold (bearing 1995)	18	10000	4500	5500	
	Mitsu (planted 1997)	28	20300	0	20300	
	Storage		21000	21000	0	
Total			250300	48950	201350	610000



Schedule B7 - Nonfarm Real Estate							12/31/98
Description	Title in Name of	Date Acquired	Cost/Basis	Accum. Depr	Cost Value	Mkt. Value	
<i>Cabin in mountains</i>	<i>Ginger Gold</i>	<i>1982</i>	<i>20000</i>	<i>0</i>	<i>20000</i>	<i>30000</i>	
Total			<i>20000</i>	<i>0</i>	<i>20000</i>	<i>30000</i>	

  

Schedule B8 - Capital Leases									
Description of Item Lease	Assumed Interest Rate	Payment		No. of Payments		Current Principal Balance	Accrued Interest	Portion of Principal	
		Amount	Date	Remaining on Lease	Per Year			Due with 12 months	Due beyond 12 months
Livestock:									
Total Livestock						<i>0</i>	<i>XXXX</i>	<i>XXXX</i>	<i>XXXX</i>
Machinery									
Total Machinery						<i>0</i>	<i>XXXX</i>	<i>XXXX</i>	<i>XXXX</i>
Buildings									
<i>Storage (Telmar)</i>	<i>9.5</i>	<i>490</i>	<i>15th</i>	<i>52</i>	<i>12</i>	<i>20820</i>	<i>87</i>	<i>4076</i>	<i>16744</i>
Total Buildings						<i>20820</i>	<i>XXXX</i>	<i>XXXX</i>	<i>XXXX</i>
Total All Leases							<i>87</i>	<i>4076</i>	<i>16744</i>



Schedule 10 - Deferred Taxes		12/31/98
A. Deferred taxable income		
1. Market value of current assets		295202
2. Cash, checking & savings accounts	20000	
3. Other nontaxable current assets (if any)	(+) <u> 0</u>	
4. Total nontaxable current assets		(-) 20000
5. Tax basis: Marketable stock	<u> 0</u>	
6. Hedging account	<u> 0</u>	
7. Livestock (feeder)	<u>15300</u>	
8. Tax basis of other current assets	<u> 0</u>	
9. Total tax basis of current assets		(-) 15300
10. Total taxable current assets		(=) 259902
11. Accounts payable	<u>27400</u>	
12. Accrued interest	(+) <u>15097</u>	
13. Accrued tax liability (deductible)	(+) <u> 650</u>	
14. Accrued rent & leases	(+) <u> 2500</u>	
15. Other deductible current liabilities	(+) <u> 0</u>	
16. Total deductible current liabilities		(-) 45647
17. CURRENT DEFERRED TAXABLE FARM INCOME		(=) 214255 a
18. Total market value of noncurrent assets	(+) <u>995920</u>	
19. Nontaxable residence	(-) <u>80000</u>	
20. Other nontaxable noncurrent assets	(-) <u> 0</u>	
21. Total value of noncurrent taxable farm assets		<u>915920</u>
22. Cost (tax) basis of noncurrent farm assets	(+) <u>444733</u>	
23. Tax basis of nontaxable residence	(-) <u>32000</u>	
24. Cost basis of raised breeding livestock	(-) <u>63400</u>	
25. Total tax basis of taxable noncurrent farm assets		(-) 349333
26. TOTAL NONCURRENT DEFERRED TAXABLE FARM INCOME		(=) 566587
27. Market value of farm real estate	(+) <u>610000</u>	
28. Tax basis of farm real estate	(-) <u>197950</u>	
29. Taxable income on residences (line 19 - line 23)	(-) <u>48000</u>	
30. Raised breeding livestock	(+) <u>63400</u>	
31. NONCURRENT FARM CAPITAL GAIN INCOME		(-) 427450
32. NONCURRENT DEFERRED FARM ORDINARY INCOME		(=) 139137 b
33. Nonfarm stocks & bonds	(+) <u>15875</u>	
34. Nonfarm real estate	(+) <u>30000</u>	
35. Retirement accounts	(+) <u>116200</u>	
36. Other taxable nonfarm assets	(+) <u> 0</u>	
37. Tax basis of nonfarm assets	(-) <u>91021</u>	
38. TOTAL DEFERRED TAXABLE NONFARM INCOME		<u>71054</u>
<b>39. NONFARM ORDINARY INCOME (net gain on retirement ac</b>		(-) <b>52700 c</b>
40. NONFARM DEFERRED CAPITAL GAIN INCOME		(=) 18354
41. TOTAL DEFERRED TAXABLE ORDINARY INCOME (a+b+c)		<u>406092</u>
42. Current deferred tax		
(line 17) 214255 x rate 0.44		<u>94272</u>
43. Noncurrent deferred tax		
(line 32) 139137 x rate 0.34 (ordinary)		<u>47307</u>
(line 31) 427450 x rate 0.27 (c. gain)		<u>115412</u>
44. Nonfarm deferred tax		<u>162719</u>
(line 39) 52700 x rate 0.34 (ordinary)		<u>17918</u>
(line 40) 18354 x rate 0.27 (c. gain)		<u>4956</u>
		<u>22874</u>
45. The farm is located in a high tax state (1 = yes) <u> 1</u>		
(2 = federal taxes only, 0 = no deferred tax calculations, i.e. deferred taxes equal zero)		

INCOME STATEMENT		
Name	<i>Red and Ginger Gold (Goldcrest Orchards)</i>	
Address	<i>19990 Jerseymac Drive, Macouns, NY 14444</i>	
	For 12 month period ending <i>12/31/96</i>	
<b>Farm Revenue</b>		
Crops & feed sold		
Cash sales	545200 (1a)	
Inventory change (Sch 1)	13050 (1b)	558250 (1)
Raised breeding livestock		
Cash sales: culled animals	4500 (2a)	
sold for breeding	12000 (2b)	
Quant. inven. change (Sch 12)	4600 (2c)	
Gain/loss on sale of purchased breeding stock (Sch 17)	-390 (2d)	20710 (2)
Feeder lvsbk. & poultry sold		
Cash sales	40125 (3a)	
Inventory change (Sch 11)	4923 (3b)	45048 (3)
Milk, eggs & other products:		
Cash sales		0 (4)
Change in notes and accts. receivable (Sch 11)		3800 (5)
Custom work: cash		35300 (6)
Gov't payments and patronage dividends:		
Cash received	2200 (7a)	
Change in adv. pmts (Sch 11)	0 (7b)	2200 (7)
Income from hedging trans. (Sch 13)		0 (8)
Other		22200 (9)
Gross revenue (add lines 1 thru 9)		<u>687508 (a)</u>
<b>Farm Expenses</b>		
Feeding lvsbk. & poultry purch.		20000 (10)
Feed purchased		7900 (11)
Other cash oper. exp. (Sch 14)		526400 (12)
Accrual expense adj. (Sch 15)		-10775 (13)
Depreciation:		
Machinery & equipment	24435 (14a)	
Fixed farm improvements	2900 (14b)	
Purchased breeding stock	1080 (14c)	
Portion of capital leases	4076 (14d)	32491 (14)
<b>Total oper. exp. (add lines 10 thru 14)</b>		<u>588016</u>
Interest exp. (Sch 16)		29681
Total expenses		<u>595697 (b)</u>
Net income from farm operations		(a-b) <u>91811 (c)</u>
Gain or loss on:		
Disposal of machinery and RE (Sch 17)		0
Base value change (Sch 12)		0
<b>NET FARM INCOME</b>		<u>91811</u>
Farm income tax expense (sch. 19)		18624
<b>AFTER TAX NET FARM INCOME</b>		<u>73187 (d)</u>
<b>Nonfarm Income</b>		
Operator & Spouses wage off farm (net of exp.)	1100 (15)	
Interest and dividends	0 (16)	
Gain (loss) on sale of nonfarm assets (Sch 18)	0 (17)	
Other	0 (18)	
<b>NET NONFARM INCOME (add lines 15-18)</b>		<u>1100 (e)</u>
Nonfarm income tax expense (Sch 19)		550 (f)
<b>AFTER TAX NET NONFARM INCOME</b>		(e-f) <u>550 (g)</u>
Income before extraordinary items		(d+g) <u>73737 (h)</u>
Extraordinary items - net of tax (explain)		0 (i)
<b>NET INCOME</b>		<u>73737</u>

SCHEDULE 11 - ACCRUAL REVENUE ADJUSTMENTS				12/31/95	
		Transfer Totals from Balance Sheet			
		Beg. Inventory (-)	End Inventory (+)	Change (+ or-)	
Notes & accts receivable		146000	149800	3800	
Livstk & poultry to be sold		36752	41675	4923	
Crops & feed		76350	89400	13050	
Advance govt receipts		0	0	0	
<b>SCHEDULE 12 - RAISED BREEDING LIVESTOCK INVENTORY CHANGE</b>					
(a)	(b)	(c)	(d)		
	Number	Base Vlu.	End Vlu.	End of year	
	End of	Beg. of	w/o Base	cost value	68000
	Year	Year	Change	End cost w/o	
Description			(bxc)	base change	68000   68000
<i>Cows</i>	51	1000	51000	Beg. of year	
<i>Bred heifers</i>	11	1000	11000	cost value	63400
<i>Open heifers</i>	10	600	6000	Change due	
0	0	0	0	to quantity	4600
0	0	0	0	Change due to	
			0	to base change	0
Total			68000		
<b>SCHEDULE 13 - HEDGING TRANSACTIONS INCOME</b>					
Hedging account equity, from beginning balance sheet				-	\$ 0
Deposits during period				-	0
Withdrawals during period				+	0
Hedging account equity, from ending balance sheet				+	0
Income from hedging transactions				+	\$ 0
<b>SCHEDULE 14 - OTHER CASH OPERATING EXPENSES (excluding interest, feed, livestock)</b>					
Hired labor (including all SS and other taxes, and employee benefits)				\$	243400
Repairs - machinery & equipment					32,900
Gas, fuel & oil					13700
Auto (farm share)					200
Custom machine hire					17500
Seed					2500
Fertilizer & lime					16100
Chemicals					89400
Storage & custom drying					14200
<b>Crop supplies &amp; other crop expense</b>					<b>14200</b>
Breeding expense					200
Vet & medicine					700
Livestock supplies & other livestock expenses					400
Marketing & transportation expense					3100
Repairs - building & improvements					6800
Rents & leases					2700
Taxes (real estate & personal property)					12400
Insurance (property, liability, crop)					10900
Utilities (farm share)					7800
Miscellaneous					18100
<i>Fruit purchased for resale</i>					9200
<b>TOTAL OTHER CASH OPERATING EXPENSES</b>				\$	<b>516400</b>

SCHEDULE I6 - ACCRUAL EXPENSE ADJUSTMENTS				12/31/99
Transfer Totals from Balance Sheet				
	Beq. Inventory	End Inventory	Change (+ or -)	
<b>ASSETS</b>				
Cash invest. in growing crops	+\$ 1800	-\$ 2025	\$	-225
Supplies	+ 11600	- 12900		-1300
Prepaid expenses	+ 2700	- 3500		-800
<b>LIABILITIES</b>				
Farm accounts payable	- 27400	+ 19000		-8400
Accrued property & RE taxes	- 0	+ 0		0
Accr. employer payroll whldgs.	- 650	+ 600		-50
Accrued rent & lease prmts.	- 2500	+ 2500		0
TOTAL			\$	-10775
<b>SCHEDULE I6 - INTEREST EXPENSE</b>				
Amount paid in cash or by renewal			\$	31673
Interest portion of capital lease payments				1804
Accrued interest:				
Beginning of period		- 15097		
End of period		+ 11301		
Adjustment for change in accrued interest			+	-3796
TOTAL INTEREST EXPENSE			\$	29681
<b>SCHEDULE I7 GAIN/LOSS ON</b>				
<b>DISPOSAL OF MACHINERY, REAL ESTATE &amp; PURCHASED BREEDING STOCK</b>				
	Net Sale Price (+)	Original Cost Less Accum. Depr. (cost value) (-)	Gain or Loss (+ or -)	
Securities & coop. investments	+\$ 260	-\$ 260	\$	0
Machinery & equipment	+ 0	- 0		0
Fixed assets	+ 0	- 0		0
TOTAL	+ 260	- 260		0
Purchased breeding stock	+\$ 1200	-\$ 1590	\$	-390
<b>SCHEDULE I8 - GAIN/LOSS ON SALE OF NONFARM ASSETS</b>				
	Net Sale Price (+)	Original Cost Less Accum. Depr. (cost value) (-)	Gain or Loss (+ or -)	
Securities	+\$ 0	-\$ 0	\$	0
Fixed assets	+ 0	- 0		0
Other	+ 0	- 0		0
TOTAL	+\$ 0	-\$ 0	\$	0
<b>SCHEDULE I9 - INCOME AND SELF EMPLOYMENT (SOCIAL SECURITY) TAXES</b>				
	Norfarm		Farm	
Amount paid in cash	\$ 350		\$	2900
Accrued income and SS taxes:				
Beginning of period	400	- 3200		
End of period	600	+ 5000		
Change in accrued taxes	+ 200		+	1800
Current portion of deferred taxes:				
Beginning of period		- 94272		
End of period		+ 108196		
Change in deferred taxes			+	13924
TOTAL INCOME TAX EXPENSE	550			18624

STATEMENT OF OWNER EQUITY			
Name	<i>Red and Ginger Gold (Goldcrest Orchards)</i>		For year ending <u>12/31/99</u>
Address	<i>19990 Jerseymac Deives, Macouns, NY 14444</i>		
Farm owner equity, beginning of period			502366
After tax net farm income		<u>73187</u>	
Owner (Family living & nonfarm tax) withdrawals up to value of unpaid operator labor and mgt.	<u>36000</u>		
Nonfarm income	(-) <u>1100</u>		
Net Owner withdrawals		(-) <u>34900</u>	
Retained earnings			(+) <u>38287</u>
Capital contributions/gifts/inheritance received		(+) <u>12000</u>	
Capital distributions/dividends/gifts made		(-) <u>0</u>	
Other distributions (withdrawals in excess of Labor & mgt.)		(-) <u>0</u>	
Total change in contributed capital			(+) <u>12,000</u>
	Market Value Minus Cost Value		
	Beginning	Ending	
Item	Balance	Balance	Change
Marketable stocks & bonds:			
Farm	(-) <u>0</u>	(+) <u>0</u>	<u>0</u>
Breeding stock:			
Purchased	(-) <u>230</u>	(+) <u>0</u>	<u>-230</u>
Raised	(-) <u>0</u>	(+) <u>1000</u>	<u>1000</u>
Machinery & equipment	(-) <u>138907</u>	(+) <u>121842</u>	<u>-17065</u>
Coop. stock	(-) <u>0</u>	(+) <u>0</u>	<u>0</u>
Farm real estate	(-) <u>412050</u>	(+) <u>408650</u>	<u>-3400</u>
Noncurrent deferred taxes	(+) <u>162719</u>	(-) <u>157432</u>	<u>5287</u>
Total change in valuation equity			(+) <u>-14408</u>
Farm owner equity, end of period			(-) <u>544242</u>
Error			<u>-5997</u>
Equity components:			
Farm owner equity (end of period)			<u>544242</u>
Total valuation equity*		<u>374060</u>	(-) <u>374060</u>
Retained earnings/contributed capital			<u>170182</u>
*Sum of ending balance value above using signs (+ or -) as labeled.			

<b>STATEMENT OF CASH FLOWS</b>			
Name	<i>Red and Ginger Gold (Goldcrest O)</i>		For Year Ending <u>12/31/99</u>
Address	<u>19990 Jersey Mac Deaves Macoun, NY 14444</u>		
<b>Cash Flows from Operating Activities</b>			
Cash received from production and govt payments (C1)		<u>650725</u>	
Cash production expenses paid (C2)	(-)	<u>577777</u>	
Owner (family living) withdrawals		<u>36000</u>	
Income tax payments (farm)	(+)	<u>2900</u>	
Cash nonfarm income	(-)	<u>1100</u>	
Net owner withdrawals	(-)	<u>37800</u>	
Net cash provided by operating activities			<u>35148 a</u>
<b>Cash Flows from Investing Activities</b>			
Cash received on sale of stock sold for breeding (IS line 2b and Sch I7)		<u>12000</u>	
Cash received on sale of machinery equipment (Sch I7)		<u>0</u>	
Cash received on sale of farm real estate (Sch I7)		<u>0</u>	
Cash received on sale of farm bonds & securities		<u>260</u>	
Total cash received from sale of assets		<u>12260</u>	
Cash paid to purchase breeding stock (not feeder)		<u>2000</u>	
Cash paid to purchase machinery/equipment		<u>31000</u>	
Cash paid to purchase farm real estate		<u>6300</u>	
Cash paid to buy bonds & securities		<u>0</u>	
Total cash invested in assets	(-)	<u>39300</u>	
Net cash provided by investing activities			<u>-27040 b</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from operating loan advances (Sch C3)		<u>215000</u>	
Proceeds on new term debt financing (Sch C3)		<u>31000</u>	
Cash inflows from financing		<u>246000</u>	
Principal payments on term debt (Sch C3)	33729	<u>33729</u>	
Cash repayment of operating debt principal (including repayment of CCC loans for redeemed grain) (Sch C3)	225300	<u>225300</u>	
Principal payments on lease obligations	4076	<u>4076</u>	
Total debt repayment		<u>263105</u>	
Dividends and withdrawals of equity capital (+)		<u>0</u>	
Cash received from gifts, inheritances and paid-in capital (-)		<u>12000</u>	
Net cash capital withdrawals	(+)	<u>-12000</u>	
Cash outflows from financing	(-)	<u>251105</u>	
Net cash provided by financing activities			<u>-5105 c</u>
<b>Cash Flows from Reserves</b>			
Cash, checking and savings account balance at the beginning of year	(+)	<u>20000</u>	
Cash, checking and savings account balance at the end of year	(-)	<u>29000</u>	
Net cash provided from reserves			<u>-9000 d</u>
Error			<u>-5997</u>
			<u>a+b+c+d</u>



<b>RATIO ANALYSIS</b>			
Name	<i>Red and Ginger Gold (Goldcrest Orchards)</i>		
Address	<i>19990 Jerseymac Drive, Marcouss, NY 14444</i>		
	<i>12/31/98</i>	<i>12/31/99</i>	
<b>Liquidity</b>			
Current ratio	0.83	0.93	
Working capital	-62547	-23785	
<b>Solvency</b>			
Debt/asset ratio	0.61	0.59	
Equity/asset ratio	0.39	0.41	
Debt/equity ratio	1.57	1.41	
<b>Profitability</b>			
	<b>Year Ending</b>	<i>12/31/99</i>	
	Assumed value of operator and family labor and management		40000
(If zero is entered, family living expenses of	36,000 were used in the ratios shown below.		
Rate of return on farm assets		0.06	
Rate of return on farm equity		0.10	
Operating profit margin		0.12	
Net farm income		<i>91,811</i>	
<b>Repayment capacity</b>			
Net Income from Operations		<u>91811</u>	
Nonfarm Income	(+)	<u>1100</u>	
Depreciation expense	(+)	<u>32491</u>	
Interest expense		<u>29681</u>	
Operating interest	(-)	<u>9781</u>	
Interest on term debt and leases	(+)	<u>19900</u>	
Family withdrawals (& nonfarm taxes)		<u>36000</u>	
Income tax expense (farm)	(+)	<u>18624</u>	
Total withdrawals	(-)	<u>54624</u>	
Capital replacement and term debt repayment capacity		<u>90678</u>	
		Scheduled	<b>Actual</b>
		<u>12/31/98</u>	<u>12/31/99</u>
		<u>12/31/98</u>	<u>12/31/99</u>
Amount of noncurrent debt and lease payments		62140	53629
Term debt and capital lease coverage ratio		1.46	1.69
Capital replacement and term debt repayment margin		28,538	37,049
		27,982	
<b>Financial Efficiency</b>			
	<b>Year ending</b>	<i>12/31/99</i>	
Asset turnover ratio		0.53	
<b>Operational ratios</b>			
Operating expense ratio		0.78	
Depreciation/amortization expense ratio		0.05	
Interest expense ratio		0.04	
Net farm income from operations ratio		0.13	