



FARM FINANCIAL MANAGEMENT WORKSHOP OVERVIEW

Taking Charge of Your Finances: How to Survive & Thrive

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Program Overview

This short course will use an interactive and fun approach to teach participants how to organize and use financial records; develop and analyze financial statements; and make informed decisions regarding their finances. Producer teams will act as loan review committees and learn about these concepts as they review a case study farm. The concepts covered promote better internal decisions for farm management and stronger relationships with external partners, such as farm lenders.



PRODUCER DEMAND

The need for farm financial management programming in Minnesota can be highlighted best by the [2016 FINBIN Report on Minnesota Farm Finances](#), published in May 2017 by Dale Nordquist, Associate Director for the Center for Farm Financial Management. Here Nordquist states, “Despite a second consecutive year of record crop yields, net income for Minnesota farms in 2016 was only slightly improved from the previous year. The median net farm income for all Minnesota farmers included in FINBIN was \$35,636, up from \$27,078 in 2015.” The need for financial management education is further highlighted when examining this report and comparing Median Net Farm Income in 2012 vs. 2016. The decrease in Median Net Farm Income over that 5-year time span is 82% in inflation-adjusted dollars. Better understanding of financial statements and record keeping, along with strengthened skills in financial management and managing during financial stress are real needs at this time.

PROPOSED PROGRAM RESULTS

The “Taking Charge of Your Finances: How to Survive & Thrive” program will have the overall goal of providing resources and training aimed at increasing the profitability and financial viability of farms in Minnesota. Specifically, small and mid-sized farms lack the resources and financial prowess needed to manage in stressed economic times. These planned Extension programs will meet these needs and help positively influence the analytical and financial management skills of Minnesota farmers.

Learning Objectives & Outcomes:

- Understand components and use of balance sheet (including related key ratios).
- Understand components and use of income statement (including related key ratios).
- Understand components and use of cash flow (including related key ratios).
- Organize and utilize farm financial records.
- Provide greater understanding of financial tools in order to incorporate better internal management and financing decisions for the farm operation.



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PROGRAM OUTLINE

Introduction:

Welcome participants, brief outline of the program including the importance of determining the farm's financial condition and profitability for internal decision making and also special recognition of the local program sponsors. An overview of the day's format will also ensue, including a description of the case farm and the lender teams.

The Balance Sheet – Determining my farm's financial condition:

Discussion of what a balance sheet is; the components of a balance sheet; and how a balance sheet is utilized to assess the financial condition of a farming operation. The section will wrap up with a discussion of the ratios tied to the balance sheet; how to assess the strength of the ratios; benchmarking the operation; and what can be done to maintain or improve the current financial standing of the farming operation.

At the conclusion of the presentation, the lender teams will be given the balance sheet of the case farm to review and discuss. All groups will then reconvene to share their observations and discuss the key points of the case farm.

The Income Statement – Determining if my farm is profitable:

Discussion of what an income statement is; what it is measuring; and why accrual adjustments are important to assessing profitability. The section will wrap up with a discussion of the ratios tied to the income statement; how to assess the strength of the ratios; and what can be done to maintain or improve the profitability measures of the operation.

At the conclusion of the presentation, the lender teams will be given the income statement of the case farm to review and discuss. All groups will then reconvene to share their observations and discuss the key points of the case farm.

The Cash Flow Statement – Determining where the money goes:

Discussion of what a cash flow statement is; what comprises a cash flow statement; and how it is used for planning purposes in a farming operation. The section will wrap up with a discussion of the ratios tied to the income statement; how to assess the strength of the ratios; and what can be done to maintain or improve these ratios.

At the conclusion of the presentation, the lender teams will be given the cash flow projection for the case farm to review and discuss. All groups will then reconvene to share their observations and discuss the key points of the case farm.

Record Keeping – A Tool for Farm Management:

Discussion regarding the importance of farm records for internal and external purposes; tips on choosing a record keeping system; and what financial records need to document, including examples.

This section of the presentation will also include key take away's for the day and other resources that participants may want to review.

Questions or comments?

Please contact [Nathan Hulinsky](mailto:huli0013@umn.edu), Moorhead, MN with related questions or comments. Phone: (218) 236-2009. Email: huli0013@umn.edu.