

# BYO BALANCE SHEET

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## DISCLAIMER

This presentation is provided for informational purposes only and is intended to offer general, directional definitions of common banking terms. This presentation does not constitute legal, financial, or professional advice. Banking terms, policies, and conditions may vary by institution and jurisdiction. For official definitions, specific terms, and applicable conditions, please consult your bank or financial advisor.

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## GOALS FOR TODAY

- Understand how to put together a balance sheet
- Look at a balance sheet and understand the operation's liquidity
- Any other goals?

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## WHAT DO YOU NEED?

- Date
  - A balance sheet is a snapshot of your operation's financial position at a specific point in time
  - Assets and liabilities should be as of the same date
- List of all assets and liabilities

SAMPLE BALANCE SHEET

ASSETS	Market Value	LIABILITIES	Market Value
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash and Equivalents	16,480	Accounts Payable	17,000
Marketable Bonds & Securities	-	Income Taxes Payable	-
Hedge Position or Future Contracts	-	Current Notes Payable - Ours	122,000
Accounts Receivable	80,000	Current Notes Payable - Other	17,000
Feed & Grain	-	Cur. Portion Term Debt - Ours	27,880
Growing Crops	-	Cur. Portion Term Debt - Other	2,240
Market Livestock	167,672	Accrued Interest	3,758
Prepaid Expenses & Supplies	13,750	Other Current Liabilities	4,605
Other Current Assets	-		
<b>TOTAL CURRENT ASSETS</b>	<b>277,902</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>194,483</b>
<b>Intermediate Assets</b>		<b>Intermediate Liabilities</b>	
Machinery & Equipment	1,155	Intermediate Term Debt - Ours	34,716
Vehicles	51,950	Intermediate Term Debt - Other	83,807
Raised Breeding Livestock	80,000	Other Intermediate Liabilities	-
Purchased Breeding Livestock	-		
Notes Receivable	-		
Not Readily Mkt Bond & Sec.	36,003		
Other Intermediate Assets	2,500		
<b>TOTAL INTERMEDIATE ASSETS</b>	<b>171,608</b>	<b>TOTAL INTERMEDIATE LIABILITIES</b>	<b>118,523</b>
<b>Long Term Assets</b>		<b>Long Term Liabilities</b>	
Building & Improvements	163,000	Long Term Debt - Ours	109,904
Real Estate - Land	-	Long Term Debt - Other	-
Other Long Term Assets	228,500	Other Long Term Liabilities	-
<b>TOTAL LONG TERM ASSETS</b>	<b>291,500</b>	<b>TOTAL LONG TERM LIABILITIES</b>	<b>109,904</b>
<b>TOTAL ASSETS</b>	<b>841,010</b>	<b>TOTAL LIABILITIES</b>	<b>422,910</b>
		<b>TOTAL EQUITY</b>	<b>418,100</b>

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## CURRENT ASSETS

Items that can be converted to cash within one year

- Cash and Equivalents = checking accounts, savings accounts, CD's
- Marketable Bonds & Securities = stocks, bonds (non-retirement accounts)
- Hedge Position or Future Contracts = R.J. O'Brien, Charles Schwab
- Accounts Receivable = funds owed to you that you plan to collect (custom work, rent, sale of products where product has been delivered but funds have not been received)

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## CURRENT ASSETS (cont.)

- Feed & Grain = corn, soybeans, hay, alfalfa
- Growing Crops = planted crop that has not been harvested - Amount listed should be 1. crop expenses paid as of the date of the balance sheet or 2. the full value of the crop with any unpaid expenses for that crop listed as accounts payable
- Market Livestock = calves, cull cows
- Prepaid Expenses & Supplies = expenses paid for a crop that has not been planted (fertilizer, seed, rent)

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## INTERMEDIATE ASSETS

- Machinery & Equipment = tractor, combine, planter, baler, portable panels
- Vehicles = pickup trucks, cars, ATV's, trailers, semi-trucks (anything with a title)
- Raised/Purchased Breeding Livestock = bred heifers, cows, bulls
- Notes Receivable = funds owed to you from an individual/entity you loaned money to
- Not Readily Marketable Bonds & Securities = savings bonds, shares of private companies
- Other Intermediate Assets = any item that can't be converted to cash within one year but isn't considered a long term asset

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## LONG TERM ASSETS

- Buildings & Improvements = pivots, barns, sheds, shops
- Real Estate - Land = pasture, crop ground, house – if not included in buildings & improvements value
- Other Long-Term Assets = retirement accounts, equity in an LLC or Corporation

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## CURRENT LIABILITIES

Debts due within one year from the date of the balance sheet

- Accounts Payable = outstanding bills that are due
- Income Taxes Payable = taxes owed that have not been paid
- Current Notes Payable = line of credit balance, vendor financing for inputs
- Current Portion of Term Debt = principal due within one year
- Accrued Interest = interest that has accrued as of the date of the balance sheet on all debts
- Other Current Liabilities = credit cards

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## INTERMEDIATE LIABILITIES

Debt that is due within 1-10 years and is usually secured with an intermediate asset

- Intermediate Term Debt = remaining principal balance of loan after the current portion of principal is subtracted
- Other Intermediate Liabilities

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## LONG TERM LIABILITIES

Debt with a maturity of greater than 10 years that is usually secured with a long term asset

- Long Term Debt = remaining principal balance of loan after the current portion of principal is subtracted
- Other Long Term Liabilities

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## NET WORTH

**Total Assets – Total Liabilities =  
Net Worth**

Net worth doesn't always tell the whole story of the profitability of an operation. Why?

- If asset values are increased due to revaluation (such as increasing the value of your real estate to match current market conditions) your net worth can increase but your earned net worth didn't increase.



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## WORKING CAPITAL & LIQUIDITY

**Working Capital = Total Current Assets – Total Current Liabilities**

**Current Ratio = Total Current Assets/Total Current Liabilities**

Liquidity is the ability of an operation to meet your financial obligations such as pay bills, family living expenses, taxes and loan payments.

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## HOW TO MANAGE WORKING CAPITAL



### Line of Credit

Funds are advanced from the loan as bills are paid, avoiding the higher interest rates some suppliers charge for unpaid bills. Once commodities are sold, the loan balance is paid down.



### Credit Cards

If you always pay your statement balance in full, this can save you money on interest! While not all suppliers accept credit cards without a fee, utilize for purchases such as fuel and supplies.



### Term Notes

Depending on an operation's liquidity, it might be better to get a loan for an asset purchase such as a tractor rather than purchasing with cash.

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