

AG BIZ MASTERS YEAR 2 WEBINAR

February 12, 2025



888.339.3334
HorizonFC.com

Agenda for Today

- Check your Understanding: Accrual Statement Homework with Rob Goodling
- Benchmarks & Best Management Practices: your scorecard to success with Rob Goodling
- Alumni Spotlight – Danny Jordan & Jodi Gauker

Check Your Understanding: Profitable Porkers 2024 Accrual- based Financial Statements

Rob Goodling, Ag Business Consultant





Profitable Porkers

Objectives:

- Discover importance and benefits of accrual accounting
- Gain understanding of creating an accrual:
 - Balance Sheet
 - Income Statement
- Learn how to construct market value balance sheet

Balance Sheets: Assets



	2024	2023	Difference
Assets			
Cash	25,000	75,000	
Accounts Receivable	95,000 FD3	20,000	75,000 C1
Inventories:			
Feed	85,000	40,000	45,000 C2
Livestock	1,684,000 FD6	650,000	1,034,000 C3
Prepaid Expenses	100,000 FD2	0	100,000 C4
Machinery and Equipment	45,000 FD4	20,000	
Accumulated Depreciation	(15,000) C5	(11,000)	4,000 FD4
Total Assets	2,019,000 C6	794,000	



Balance Sheets: Liabilities & Equity

	2024	2023	Difference
Liabilities			
Accounts Payable			
Feed	35,000 FD5	15,000	20,000 C7
Independent Finishing	10,000 FD5	0	10,000 C8
Rent	10,000	0	10,000 C9
Line of Credit	150,000	50,000	
Long term Debt	1,225,000 FD1	325,000	
Total Liabilites	1,430,000 C10	390,000	
Owner's Equity	589,000 C11	404,000	
Total Liabilities and Owner's Equity	2,019,000 C12	794,000	



Income Statement: Part 1

Profitable Porkers, LLC Income Statement For the Year Ended December 31 2024

	Cash (Tax)	Adjustments		Accrual
Sales	1,560,000	75,000	C1	1,635,000
Expenses				
Purchased Feed	1,780,000	(80,000)	+C7	1,700,000
Change in Feed Inventories	0	(45,000)	-C2	(45,000)
Change in Livestock Inventories	0	(1,034,000)	-C3	(1,034,000)
Breeding	60,000			60,000
Vet and Medicine	78,000			78,000
Independent Finishing	220,000	10,000	C8	230,000
Salaries and Wages	160,000			160,000
Other Labor Costs	30,000			30,000



Income Statement: Part 2

	Cash (Tax)	Adjustments	Accrual
Rent	110,000	<u>10,000</u> ^{C9}	120,000
Real Estate Taxes	12,000		12,000
Repairs and Maintenance	6,000		6,000
Utilities	50,000		50,000
Insurance	14,000		14,000
Supplies	4,000		4,000
Fuel	6,000		6,000
Depreciation	35,000	<u>(31,000)</u> ¹	4,000
Interest	55,000		55,000
Total Expenses	<u>2,620,000</u>		<u>1,450,000</u>
Net Income (Loss)	<u><u>(1,060,000)</u></u>		<u><u>185,000</u></u>

Break

Benchmarks and Best Management Practices

Rob Goodling, Ag Business Consultant



What is a successful business?

- Is it having the highest price?
- Is it not paying taxes?

Being profitable and having cash flows is a better definition!

There are other factors....

What do top producers do to be profitable?

- Control the controllable
- Have a positive attitude
- It's a business
- No magic solution



They Manage.

Prepare a budget and set goals

- Without a budget:
 - What are you managing?
 - How do you know your COP?
 - How do you set realistic goals?
- Realistic/SMART Goals make managing and planning easier
 - **S**pecific, **M**easurable, **A**ttainable, **R**ealistic, **T**imely

Benchmark

- What progress are you making?
- What are your costs?
- Compare to the numbers we shared

- Against yourself – Better, Worse, Status Quo
- Against others – Better, Average, Worse
 - More details available when in enrolled in a benchmark program

Key Concept: Business must grow!!

- Growth is a key to any business
 - It's like breathing to us
- Top line growth needs to outpace cost of living
 - Costs go up
 - Employees need raises
- Not growing...Moving backwards
 - Owner getting less
- Growth can take many forms
 - Expanding revenue, diversification, new sites



Have a 30,000 ft. plan / direction

- Where are we heading?
- Having a plan makes things easier:
 - Direction
 - Leadership and management
 - Growth
 - Controlling costs
 - Keeping advisors on track, informed and supportive

Have a 30,000 ft. plan / direction

- Mission/vision
- Provides the business with
 - Direction
 - Support
 - Decision criteria
 - Goals
 - Short term
 - Long term

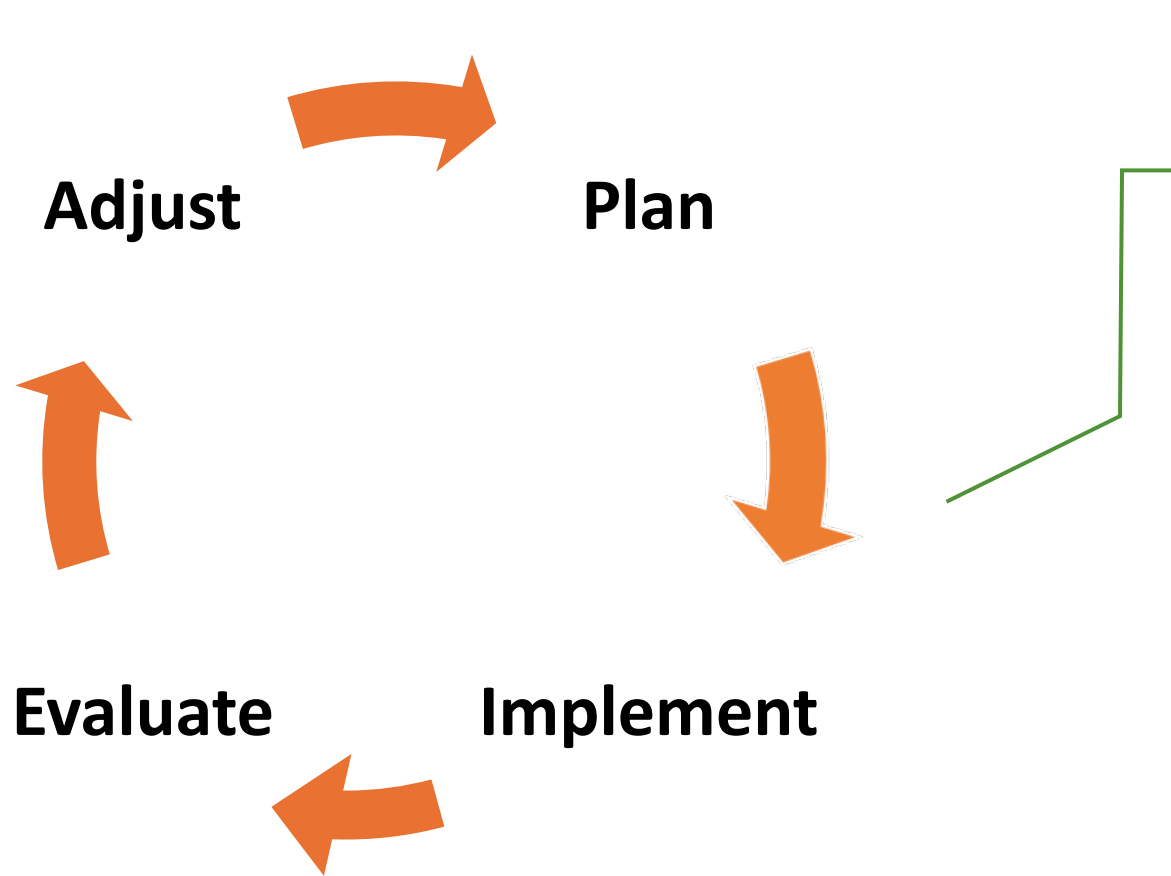
Decisions we make
should support our
mission, vision and
goals

Understand SWOT

- Identifying
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats



Key to Success



Planning:

Helps us know

Helps us adjust

Keeps us on
track

Recap: Best Management Practices

- Give your business direction (Mission / Vision)
- Budget and benchmark
- Grow
- Start thinking strategically – Planning
 - SWOT analysis, Budgets, risk management, Goals
- Key to Success:
 - On-going process (Plan, Implement, Evaluate, and Adjust)
 - Don't be afraid to adjust midstream

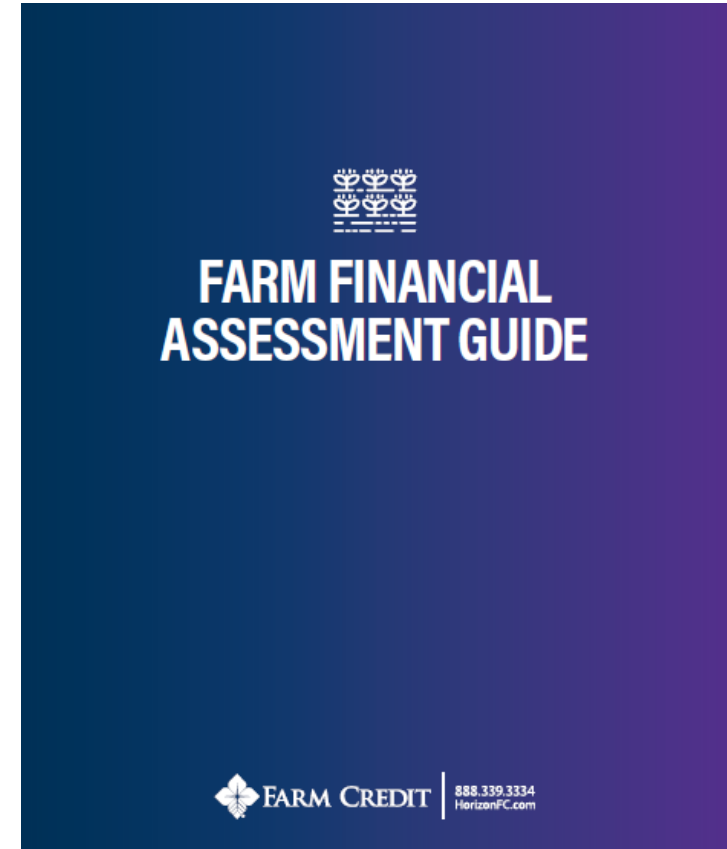
Farm Financial Assessment Guide

HOMEWORK



Farm Financial Assessment Guide

- What to do:
 - Review the guide and case study including calculating the five key ratios
 - Calculate the five key ratios for your farm operation

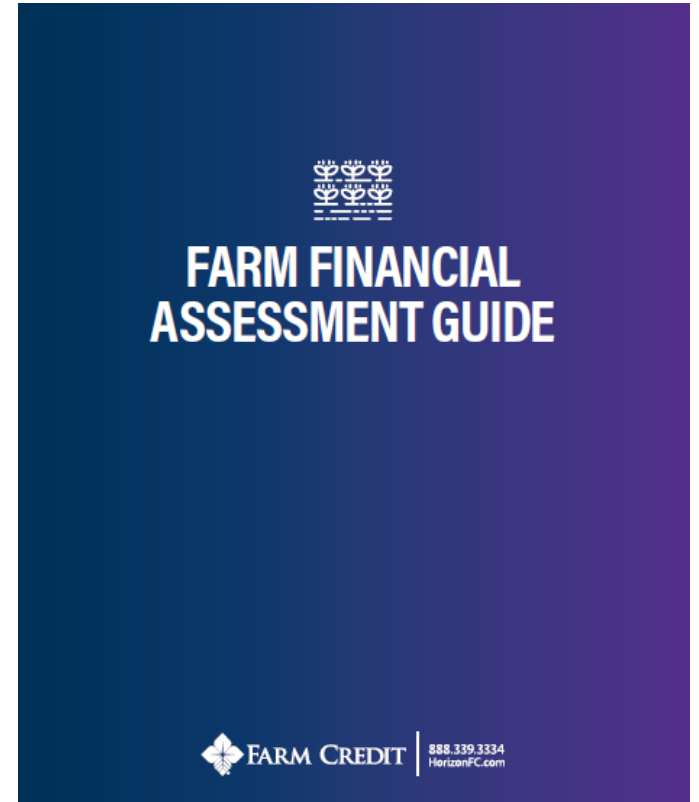


Farm Financial Assessment Guide

- % Equity > 70% | 40% - 70% | < 40%
- Profitability: Return on Assets (ROA) > 8% | 4% - 8% | < 4%
- Liquidity: Working Capital as a % of Annual Expenses > 40% | 20% - 40% | < 20%
- Efficiency – Operating Expense Ratio (OER) < 60% | 60% - 80% | > 80%
- Repayment Capacity: Total Debt & Lease Coverage Ratio > 175% | 125% - 175% | < 125%

For Next Time: Farm Financial Assessment Guide

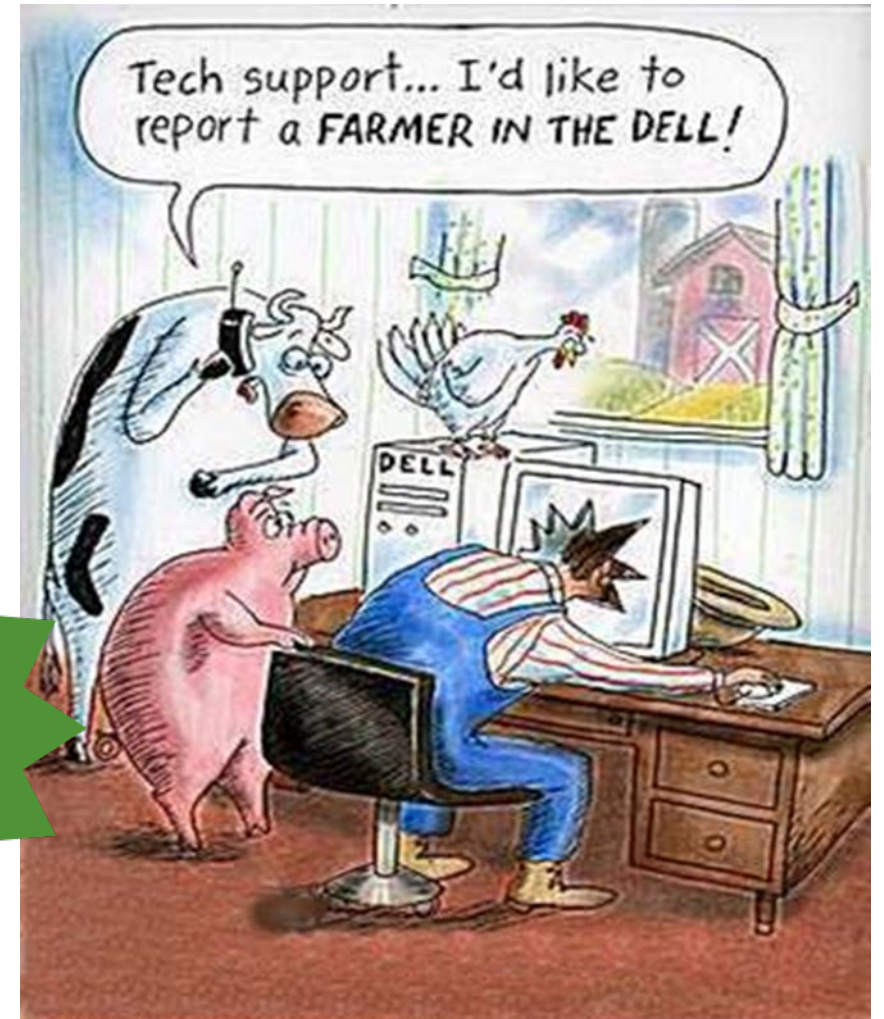
- How did your business score for 2024?
- Are there opportunities?
- Was last year unique?



Conclusions

- Stay positive:
 - Personal Focus
 - Business Focus
 - Liquidity
- **Have fun!!!**

Ask
for
Help



Thank you!

Rob Goodling

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Break

Alumni Spotlight

Jodi Gauker, ABM Graduate

Danny Jordan, YBS YBS Relationship Manager Horizon Farm Credit



Next Steps

- Complete today's surveys in the chat
- Complete modules 8, 9, 10
- HOMEWORK
 - Complete Farm Financial Assessment Guide and calculate the five key ratios for your farm business



Live Course WEBINAR Check-in.

Join us as
we conclude the course with guest speaker,
Charlotte Smith who will present her 3 Steps
to a Profitable Farm.

March 13, 2025

Session Time: Noon-1:30pm

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Questions

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