2015 NATIONAL FFA
FARM BUSINESS MANAGEMENT COE

CAREER DEVELOPMENT EVENT

RESOURCE INFORMATION FOR REMINGTON FARMS LLC

TABLE OF CONTENTS

The Story of Remington Farms LLC

Trevor and Emma live in the upper Midwest where they own and operate Remington Farms LLC. The couple has 4 children, ages 12, 10, 8 and 6. After college Trevor wanted to return to the family farm. His family indicated that there just wasn't enough land to add another family member to the operation. Trevor decided to follow his personal passions and with little outside family support started farming independently.

Trevor and Emma both grew up on family farms started by their grandfathers. Trevor attended college and graduated with a BS degree in both business and accounting. Emma attended college and graduated with a BS degree in Respiratory Therapy. After college, Trevor worked for an accounting firm as a CPA and (in the past) Emma worked in a hospital. Currently, Emma provides financial management support for the business operations. They purchased 40 acres of land and built a home and a shop near a major city.

They then had the opportunity to purchase two quarters of land to farm and also decided to invest in a few head of cattle. In 2006, they bought a section of land near a small town and to build a new home in the small town so the children would be close to the school. In order to make that happen, they sold their two quarters of land and house near the major city and developed the 40 acres into 20 lots to sell. That allowed them to purchase the section of land. That purchase of land in 2006 was the beginning of Remington Farms LLC.

The 640 acres of land was a combination of cropland, pasture and hay land and is located approximately 15 miles from the residence. There was an old farm house on the land that was burned down and a new shop and grain bins were built. As more land became available in the area, Trevor and Emma decided to set up an entity to hold the farmland, and thus Remington Land LLC was formed. Remington Land LLC owns the land and rents to Remington Farms LLC. In 2008, they purchased 640 acres with a farmstead. Since the farmstead was not needed, it was plotted off and sold on contract for deed. Also in 2008, they were able to purchase an additional 320 acres of land.

They have since purchased 438 acres in 2012 and 157 acres in 2013. Many of the land purchases contained ground that was not being farmed; they have since broken that ground and turned it into productive crop land. Remington Farms LLC also rents additional land in the surrounding area. They currently farm about 9,500 acres.

They use all no-till practices for their farming operation. Remington Farms plants a variety of crops including barley, wheat, corn, Roundup Ready soybeans, non-GMO soybeans and sunflowers. Remington Farms is active in the Conservation Stewardship Program (CSP) through the National Resource Conservation Service (NRCS) and uses such practices as no-till farming, nitrogen stabilizers, cover crops, recycling of farm lubricants and rotational grazing to increase the productivity of the land and also to improve conservation of the land. Remington Farms receives $40,000 for the participation in this program. Remington Farms also does some custom seeding and harvesting for their neighbors.

Remington Farms has 320 acres of pasture which was used for 36 cows that were bred for fall calving and 8 bred heifer calves to be sold. Fall calving was chosen for the operation as spring calving posed a great challenge. Due to the current setup of the farm there is no good shelter for the calves when cold weather and snow storms sometimes occurred. Time to spend focusing on the cows was also limited in the spring so fall was a much better option. The cows, calves and bred heifers were sold in the fall of 2014, as the price of cattle was high, and Emma and Trevor felt that the best decision for the farm was to concentrate more on crops than cattle. The pasture land will now be rented out to neighboring farmers.

Remington Farms was approached in 2014 by Next Era Energy about the possibility of constructing a wind farm in the area. Next Era Energy wanted to lease land from interested land owners. After much consideration Remington Farms LLC decided to lease two quarters of pasture land to Next Era Energy for the potential to develop a wind farm in the future. Pasture land was chosen for the location because Trevor did not want to farm around the wind towers.

The farm has two full-time employees, one part-time employee and during busy times of the year 5 to 6 additional part time employees. The accounting firm employs 2 additional full-time employees.

In addition to Remington Farms, Trevor owns and operates an accounting firm that has offices in the small town and in the large city. The couple also owns commercial rental property in a neighboring city. These two businesses provide most of the living expenses for the family.

Remington Farms, LLC, January l, 2014 Balance Sheet

1111 2014 - Rem Farms, LLC Balance Sheet

Current Assets			Value
Cash and checking (Schd A)			267,763
Prepaid exp. & suppl. (Schd B)			262,068
Growing crops			-
Accounts receivable			-
Hedging accounts			-
Other current assets			-
Crops (Schd G)	Quantity		
	Value/Unit	Mixed Hay	4,030
	62	65.00/ton	128,960
Cont. Sunflw	4,160	31.00/cwt.	1,021,882
Com	237,647	4.30/bu.	-
Crops under gov't loan			
Mkt lvst (Schd H)	No.	Value!Untt	6,250
Str Calves	10	250.00/cwt.	5,520
Hfr Calves	10	240.00/cwt.	1,696,473

Current Liabilities			Balance
Accrued interest			26,607
Payables & acer exp (Schd T)			68,372
	Int	P& I	Principal
Current loans (Schd U)	Rate	Due	Balance
FCSMLine Credit	3.15	-	1,356,734
Government crop loans			-
Principal due within 12 months on term liabilities			177,566
Total Current Liabilities			1,629,278

Intermediate Assets		Cost	Market
Brdg lvst (Schd I)	No.	Value	Value
Beef Cows	47	-	103,814
Beef Bulls	-	-	3,600
Machinery and equipment		2,036,741	2,339,822
Titled vehicles		63,989	71,662
Other intermed. (Schd L)		299,598	299,598
Total Intermediate Assets		2,400,328	2,818,496

Intermediate Liabilities (Schd VJ

Loan	Int Rate	Principal Balance	P&I Due	Principal Due	Intermed Balance
DCB Bins-Bin#76	5.55	93,784	14,835	9,630	84, 154
DCB Bins-2 Bins 2	4.45	99,206	12,507	8,092	91,114
DCB Bins-Bin #67	5.35	40,925	7,163	4,973	35,952
DCB Bins-Bin#82	4.76	96,681	13,457	8,855	87,826
Wilson Trailer-Grain	5.00	46,585	13,138	10,808	35,777
Semi-Tractor	5.19	28,130	6,531	5,072	23,058
JDC-Combine	4.25	239,124	40,209	30,046	209,078
JDC-Sprayer	4.40	134,380	22,721	16,792	117,588
Addi loans		511,356	102,300	83,298	428,059
Total Intermediate Liabilities					1,112,605

Long Term Assets	Cost Value	Market Value
Land	-	-
Buildings and improvements	471,403	544,296
Other long term (Schd 0)	42,556	42,556
Total Long Term Assets	513,959	586,852

Long Term Liabilities

Loan	Int Rate	Principal Balance	P& I Due	Principal Due	Lg Term Balance
Total Long Term Liabilities					-

Total Farm Assets	4,610,760	5,101,821	
Total Farm Liabilities			2,741,884
		Cost	Market
Total Liabilities (d)(e)		2,741,884	2,741,884
Retained Earnings/Contributed Capital	[a-d]	1,868,877	
Market valuation equity	[b-a]		491,061
Total Assets (a)(b)	4,610,760	5,101,821	
Net Worth	[b-e]		2,359,938

R3

Schedule A: Cash and checking

	Value
Checking	132,451
Savings	135,312
Total cash and checking	267,763

Schedule B: Prepaid expenses *and supplies*

	Expense Category	Quantity	Value Per Unit	Value
Seed	Seed			183,457
Chemical	Chemicals			63,541
Fertilizer Spreading	Fertilizer			15,070
Total prepaid expenses and supplies				262,068

Schedule G: Crop inventory

Crop	Description	Quantity	Value Per Unit	Va!ue
Mixed Hay	Mixed Hay	62 ton	65.00	4,030
Conf. Sunflw		4,160 cwt.	31.00	128,960
Corn		237,647 bu.	4.30	1,021,882
Total crop Inventory				1,154,872

Schedule H: Livestock held for sale

Livestock	Description	Number Of Head	Average Weight	Value Per Unit	Value
Ste Calves		10	250	250.00/cwt.	6,250
Hfr Calves		10	230	240.00/cwt.	5,520
Total livestock held for sale					11,770

Schedule I: Breeding livestock

	No. Head	Mkt Val Per Hd	Cost Value	Markel Value
Beef Cows	47	2,209		103,814
Beef Bul!s				3,600
Total breeding livestock				107,414

Schedule L: Other intermediate assets

	Quantity	Mkt Val Per Unit	Cost Value	Markel Value
Investments in Co-ops			29,556	29,556
Farm Credit			1,300	1,300
Note Receivable - OT			12,193	12,193
Note Receivable - Rainbow			139,936	139,936
Note Receivable - Land			116,613	116,613
Total other intermediate assets			299,598	299,598

Schedule 0: Other Jong term assets

	Quantity	Mkt Val Per Unit	Cost Value	Market Value
Farm Credit Stock			13,000	13,000
COOP Stock			29,556	29,556
Total other long tenn assets			42,556	42,556

*Schedule **T:** Accounts payable and other accrued* expenses

Expense Category	Balance
Capital One Credit Card	3,323
Payroll Liabilities	4,688
Accounts Payable	60,361
Total accounts payable and other accrued expen	68,372

Schedule U: Current loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & t	Past Due p & I	Month Doe	Balance
FCS-Line Credit	3.15 %	1,356,734					1,356,734
Total current loans		1,356,734					1,356,734

Schedule V: Intermediate loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month D"'	Final Year	Principal Due	Jntermed Balance
DCB Bins-Bin #76	5.55 %	93,784	1,754	14,835		8	2021	9,630	84,154
DCB Bins-2 Bins 2	4.45 %	99,206	1,488	12,507		8	2023	8,092	91,114
DCB Bins-Bin #67	5.35 %	40,925	738	7,163		8	2020	4,973	35,952
DCB Bins-Bin #82	4.76 %	96,681	1,551	13,457		8	2022	8,855	87,826
Wilson Trailer-Grain	5.00 %	46,585	1,570	13,138		4	2017	10,808	35,777
Semi-Tractor	5.19 %	28,130	984	6,531		4	2018	5,072	23,058
JDC-Combine	4.25 %	239,124	4,288	40,209		7	2020	30,046	209,078
JDC-Sprayer	4.40 %	134,380	4,471	22,721		3	2020	16,792	117,588
Ag Direct-Cart	4.00 %	16,056	271	5,786		7	2016	5,144	10,912
JDC-Air Seeder	3.95 %	200,065	5,976	33,271		3	2020	25,347	174,718
JDC-9760 Combine	2.90 %	103,565	1,012	22,549		8	2018	19,546	84,019
JDC-9230 Tractor	3.95 %	145,656	1,939	24,223		8	2020	18,469	127,187
RDO-Corn Head	3.65 %	46,014	566	16,471		8	2016	14,792	31,222
Total intermediate loans		1,290,171	26,607	232,861				177,566	1,112,605

Schedule Z: Ratio analysis	Cost	Market
Current ratio	1.04	1.04
Current ratio (business and personal)	1.04	1.04
Working capital	67,195	67,195
Working capital (business and personal)	67,195	67,195
Current percent in debt	96 %	96 %
Intermediate percent in debt	46 %	39 %
Long term percent In debt	%	%
Personal percent in debt	%	%
Total debt to asset ratio	59 %	54 %
Total equity to asset ratio	41 %	46 %
Total debt to equity ratio	1.47	1.16

Remington Farms, LLC - January l, 2015 Balance Sheet

1111/2015 - Rem Farms, LLC - 2 Balance Sheet

Current Assets			Value
Cash and checking (Schd A)			226,889
Prepaid exp. & suppl. (Schd B)			246,998
Growing crops			-
Accounts receivable			-
Hedging accounts			-
Other current assets			-
Crops (Schd G)	Quantity	Value/Unit	
Conf. Sunflw	5,970	33.00/cwt.	197,010
Com	203,668	3.32/bu.	676,178
Soybeans	36,952	9.65/bu.	356,587
Mixed Hay	16	87.00/ton	1,392
Crops under gov't loan			-
Livestock held for sale			-
Total Current Assets			1,705,054

Current Liabilities			Balance
Accrued interest			45,881
Accounts payable and other accrued expenses			-
	Int	P&l	Principal
Current loans (Schd U)	Rate	Due	Balance
FCS-Line Credit	3.15	-	818,528
Government crop loans			-
Principal due within 12 months on tenn liabilities			319,883
Total Current Liabilities			1,184,292

Intermediate Assets	Cost Value	Market Value
Breeding livestock	-	-
Machinery and equipment	2,326,594	2,629,676
Titled vehicles	110,274	117,947
Other intermed. (Schd L)	295,768	295,768
Total Intermediate Assets	2,732,636	3,043,391

Intermediate Liabilities (Schd V)

Loan	Int Rate	Principal Balance	P&l Due	Principal Due	Intermed Balance
DCB-Trailer loan	4.95	50,125	11,562	9,074	41,051
DCB Bins-All Bins	4.45	422,392	53,250	34,402	387,990
Wilson Trailer-Grain	5.00	35,794	13,138	11,343	24,451
Semi-Tractor	5.19	23,069	6,531	5,330	17,739
JDC-Combine	4.25	209,131	40,209	31,297	177,834
JDC-Sprayer	4.40	117,608	22,721	17,532	100,076
Ag Direct-Cart	4.00	10,916	5,786	5,348	5,568
JDC-Air Seeder	3.95	174,745	33,280	26,359	148,386
Ag Direct-640FD	4.60	75,705	12,894	9,402	66,303
Addi loans		1,121,041	214,874	169,796	951,245
Total Intermediate Liabilities					1,920,643

Long Term Assets	Cost Value	Market Value
Land	-	-
Buildings and improvements	596,869	669,762
Other long term (Schd 0)	42,556	42,556
Total Long Term Assets	639,425	712,318

Long Term Liabilities

Loan	Int Rate	Principal Balance	P&l Due	Principal Due	LgTerm Balance
Total Long Term Liabilities					-

Total Farm Assets	5,077,115	5,460,763	Total Farm Liabilities 3,104,935

		Cost	Market
Total Liabilities (d)(e)		3,104,935	3,104,935
Retained Earnings/Contributed Capital	[a-d]	1,972,180	
Market valuation equity	[b-a]		383,648
Total Assets (a)(b)	5,077,115	5,460,763	Net Worth [b-e] 2,355,828

R6

Schedule A: Cash and checking

	Value
Checking	135,312
Savings	91,577
Total cash and checking	226,889

Schedule 8: Prepaid expenses and supplies

	Expense Category	Quantity	Value Per Unit	Value
Seed	Seed			183,457
Chemicals	Chemicals			63,541
Total prepaid expenses and supplies				246,998

Schedule G: Crop inventory

Crop	Description	Quantity		Value Per Unit	Value
Conf. Sunflw		5,970	cwt.	33.00	197,010
Corn		203,668	bu.	3.32	676,178
Soybeans		36,952	bu.	9.65	356,587
Mixed Hay		16	ton	87.00	1,392
Total crop inventory					1,231,167

Schedule U: Current loans

	Interest Rate	Principal Balance	Accrued Interest	Normal p & I	Past Due P & I	Month D"e	Balance
FCS-Une Credit	3.15 %	818,528				12	818,528
Total current loans		818,528					818,528

Schedule L: Other intermediate assets

	Quantity	Mkt Val Per Unit	Cost Value	Market Value
Investments in Co-ops			29,556	29,556
Farm Credit			1,300	1,300
Note Receivable - DT			8,363	8,363
Note Receivable - Rainbow			139,936	139,936
Note Receivable - and			116,613	116,613
Total other intermediate assets			295,768	295,768

Schedule O: Other long term assets

	Quantity	Mkt Val Per Unit	Cost Value	Market Value
Farm Credit Stock			13,000	13,000
COOP Stock			29,556	29,556
Total other long term assets			42,556	42,556

R7

Schedule V: Intermediate loans

	Interest Rate	Principal Balance	Accrued Interest	Normal p & I	Past Due P & I	Month Doo	Final Year	Principal D"e	In!ermed Balance
DCB Trailer-Trailer loan	4.95 %	50,125	1,876	11,562		3	2019	9,074	41,051
DCB Bins-All Bins	4.45 %	422,392	3,193	53,250		10	2024	34,402	387,990
Wilson Trailer-Grain	5.00 %	35,794	1,206	13,138		4	2017	11,343	24,451
Semi-Tractor	5.19 %	23,069	807	6,531		4	2018	5,330	17,739
JDC-Combine	4.25 %	209,131	3,750	40,209		7	2020	31,297	177,834
JDC-Sprayer	4.40 %	117,608	3,913	22,721		3	2021	17,532	100,076
Ag Direct-Cart	4.00 %	10,916	184	5,786		7	2016	5,348	5,568
JDC-Air Seeder	3.95 %	174,745	5,219	33,280		3	2020	26,359	148,386
Ag Direct-640FD	4.60 %	75,705	3,196	12,894			2021	9,402	66,303
JDC-9760 Combine	2.90 %	84,030	821	22,549		8	2018	20,105	63,925
JDC-9230 Tractor	3.95 %	124,810	3,728	24,230		3	2019	19,286	105,524
RDO-Corn Head	3.65 %	31,228	384	16,471		8	2015	15,328	15,900
JDC-S670 Combine	4.25 %	311,558	5,587	52,389		7	2021	39,112	272,446
FCS-9630 Tractor	4.03 %	169,750	3,467	32,413		6	2020	25,553	144,197
CNH Credit-Pay!oader	4.00 %	108,265	1,459	18,038		8	2021	13,696	94,569
FCS-DB 60	4.13 %	291,400	7,089	48,784		5	2021	36,716	254,684
Total intermediate loans		2,240,526	45,881	414,246				319,883	1,920,643

Schedule Z: Ratio analysis	Cost	Market
Current ratio	1.44	1.44
Current ratio (business and personal)	1.44	1.44
Working capital	520,762	520,762
Working capital (business and personal)	520,762	520,762
Current percent in debt	69 %	69 %
Intermediate percent in debt	70 %	63 %
Long term percent in debt	%	%
Personal percent In debt	%	%
Total debt to asset ratio	61 %	57 %
Total equity to asset ratio	39 %	43 %
Total debt to equity ratio	1.57	1.32

Remington Farms, LLC - Monthly Cash Flow, 2014

	Year 2014												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
CASH INFLOWS													
Beg cash bal	267763	5000	5000	5000	5000	5000	5000	5000	5000	40000	70000	100000	267763
Barley								17691	84399	82867	87399	155746	428103
Com	46459	239769	40574	241370	123631	52076	135405	43634					922918
Soybeans										140146	138390		278536
Cont. Sunflw	16848	16848	17160	17160	17160	17160	17160	17160				198000	334656
S.Wheat												65531	65531
Soy, Natto										203544	231039	147319	581902
Soy, Bravado									49253	46721	46116	47061	189151
Soy, Excal									14532	13776	13608	13881	55797
Str Calves				1650					9416				11066
Hfr Calves				1426					8061				9488
Backgnd Beef									16268				16268
Crop gov pay				324						113	409		845
Custom work							1235	22336	31957	17531	42045	8400	123504
Patdividend			2382				3339					895	6616
Cp insurance										10021		132	10153
Other farm	2500		1197	100					10256	5706	18500		38259
Ag Grants											40371		40371
Equp.Rent								1020		37500			38520
Total inflow	333570	261617	66313	267030	145791	74236	162139	106841	229143	597925	687877	736965	3419446
CASH OUTFLOWS													
Seed	36211		60733			39992		5706		27124	156333		326099
Fertilizer		117670		15831	53935	38550	84895	22354					333235
Chemicals					3790	30973	122357	22590	6103	57378		60	243251
Veterinary	190		104		206			585	37		40		1162
Fuel&oil	18494	5066	8210	4504	18243	15189	31413	6604	3122	10391	6813	6958	135005
Repairs	4712	1088	1037	2966	2770	8672	8074	887	4398	3517	6161	4962	49242
Cust hire	624	16654	10953	266	3429	14876	29664	8405	5746			3260	93876
Labor	8968	6707	5344	8620	5318	4995	8286	10247	10483	13965	13652	15986	112571
Land rent	96661	20807	64881	50945	514729	6116				33071	18107		805318
Mach leases	26605	55980								150		32239	114974
REtaxes		8090											8090
Farm insur.		854	404	17668		5579			68951	43208		421	137086
Utilities	2430	1378	795	788	2174	1555	2229	2130	1236	1408	1344		17466
Marketing												1447	1447
Dues & fees	0							182					184
Accounts pay	68371												68371
Ads								199				30	229
Bank	7		125		223		365			150			870
Crop Share										10602			10602
Employ Healt	854		1709					1405	2599	791	791	1382	9532
Licenses								2352			680	1315	4347
Pay Tax	1190	888	710	3113	700	513	1084	223	209	399	411	352	9791
S&TTest									115		700		815
Supplies - G	96	174	1478	701	174	1021	363	1149	1691	824	2553		10224
Freight True	24822				800	15375	18420			4937			64354
Meal&Ent	34			20			30	14				409	507
pen5jon	125	62	48	923	88	78	33	71	66	127		112	1863

	Year 2014												
	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	***Total***
Feed purch.	4032	537	748	5200	15	70	1767	21	791	40			13220
Living/Draw	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60000
Income taxes			25000										25000
Min end bal	5000	5000	5000	5000	5000	5000	5000	5000	40000	70000	100000	226889	226889
Tot. outflow	304425	245954	192280	121546	616593	193554	318979	95124	150548	283081	312715	300821	2885620
Opr. surplus	29145	15663	-125967	145484	-470802	-119318	-156840	11717	78595	314844	375162	436144	533827

	Year 2014												
	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	***Total***
CAPITAL PURCHASES													
640FD	107705												107705
Bins	16917	9313	5266	15816	1000		8000			112016			168328
OC8T-Trail			71634										71634
9630JO						225000							225000
Vehicles			20219	1294									21513
JOS670Comb				54052		26471	264888						345411
0860					292121								292121
Payloader								114200					114200
Tot. cap pur	124622	9313	97119	71162	293121	251471	272888	114200		112016			1345912
CAPITAL SALES													
Cows								17282	61834	23098		5200	107414
Vehicles			27127										27127
FarmEquip											378199		378199
Tot cap sale			27127					17282	61834	23098	378199	5200	512740
NEW CREDIT													
Ag0i-640FD	75705												75705
FCS-9630T.						169750							169750
OC88-All..										398055	11216	13121	422392
FCS-0860					291400								291400
CNH-Payloa..								108265					108265
JOC-S670C..							311556						311556
DCBt-Trai..			50125										50125
Tot new cred	75705		50125		291400	169750	311556	108265		398055	11216	13121	1429193
LOAN PAYMENTS													
OC88-28i..													
Prinpay								8076		91130			992D6
Inlpay								4431		676			5107
Total								12507		91806			104313
JOC-9230T..													
Prinpay			20846										20846
Int.pay			3377										3377
Total			24223										24223
JOC-9760C..													
Prinpay								19535					19535
Intpay								3014					3014
Total								22549					22549
JDC-Air Se..													
Prinpay			2532JJ										25320
Inlpay			7"51										7951
Total			33271										33271
DCBB-Bin..													
Prinpay								4005		35000			40925
Int.pay								2197		321			2518

	Year 2014												
	Jan	Feb	Mar	Apr	May	Jun	Jut	Aug	Sep	Oct	Nov	Dec	Total
DCB B-Bin ..													
Prinpay								0011		84173			93784
Inlpay								5224		TI9			6003
Total								14835		84952			99786
DCB B-Bin ..													
Prlnpay								8838		87843			96681
Inlpay								4619		em			5316
Total								13457		88540			101997
Ag Di-Cart													
Prinpay							5140						5140
Int.pay							646						646
Total							5786						5786
JDC-Combine													
Prinpay							20093						20093
Intpay							10216						10216
Total							40209						40209
RDO-ComH..													
Prinpay								14785					14785
Int.pay								1686					1686
Total								16471					16471
Wilso-Grain													
Prinpay				10791									10791
Inlpay				2346									2346
Total				13138									13138
JDC-Sprayer													
Prinpay			16772										16772
Intpay			5949										5949
Total			22721										22721
Semi-Tractor													
Prinpay				'"31									'"31
Int.pay				1471									1471
Total				6531									6531
AgDi-640FD													
Prinpay													
Intpay													
Total													
FCS-9630T..													
Prinpay													
Int.pay													
Total													
DCB B-All..													
Prinpay													
Inlpay													
Total													
FCS-DB60													
Prinpay													
Int.pay													
Total													
CNH-Payloa ..													
Prinpay													
Int.pay													

	Year 2014												
	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	***Total***
JDC-S670C.													
Prinpay													
Int.pay													
Total													
DCBt-Trai..													
Prinpay													
Intpay													
Total													
Tot loan pay			80215	19669			45995	86982		301578			534439
Surp. or def	19772	6350	226049	54653	-472523	-201039	-164167	63917	140429	322403	764577	454465	595409

ANNUAL OPERATING LOAN TRANSACTIONS & BALANCES

BegAObal	1356734	1376506	1370156	1596205	1541552	2014075	2215114	2379281	2443198	2302770	1980367	1215790	1356734
AO borrowing	19772		226049		472523	201039	164167	63917					1147468
AO int. pay												57203	57203
AO prin. pay		6350		54653					140429	322403	764577	397262	1685674
EndAObal.	1376506	1370156	1596205	1541552	2014075	2215114	2379281	2443198	2302770	1980367	1215790	818528	818528
Accrued int.	3561	7175	10771	14961	19008	24295	30110	36355	42769	48813	54012		
End cash bal	5000	5000	5000	5000	5000	5000	5000	5000	40000	70000	100000	226889	226889

Remington Farms, LLC - Projected Monthly Cash Flow, 2015

-vear201s —

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
CASH INFLOWS													
Beg cash bal	226889	5000	5000	5000	5000	5000	5000	5000	5000	40000	70000	100000	226889
Barley								17691	84399	82867	87399	155746	428103
Com	38530	212224	35013	210672	105718	46868	59322						708347
Mixed Hay												2822	2822
Soybeans	175522	168132								131661.	131661		606976
Conf. Sunflw	16848	16848	17160	17160	17160	17160	17160	17160				198000	334656
S.Wheat												62805	62805
Soy, Natto										191268	219813	137365	548447
Soy, Bravado									43886	43886	43886	43886	175543
Soy, Excal									12947	12947	12947	12947	51786
Backgnd Beef										30721			30721
Crop gov pay				324						113	409		845
Custom work							518	9370	13406	7354	17638	3524	51809
Patdividend			2382				3339					895	6616
Cp insurance										10021		132	10153
Other farm	2500		1197	100					10256	5706	3125		22884
Ag Grants											40371		40371
Equp.Rent								1020		37500			38520
Total inflow	460289	402204	60752	233256	127878	69028	85340	50241	169893	594043	627248	718122	3348292
CASH OUTFLOWS													
Seed	36211		60733			39992		5706		27124	156333		326099
Fertilizer		137021		18434	62804	44890	98856	26030					388035
Chemicals					4737	38715	152942	28236	7566	64973		60	297229
Feeder lvstk													
BackgridBeef					10063								10063
Veterinary	131		72		142			403	25		28		800
Fuel&oil	20548	5629	9122	5004	20269	16876	34902	7337	3469	11545	7570	7731	150000
Repairs	7177	1657	1579	4517	4219	13208	12297	1351	6698	5356	9383	7557	75000
Cust hire	362	9672	6362	154	1991	8639	17228	4881	3337		-4522	1893	50000
Labor	7170	5363	4273	6891	4252	3994	6624	8192	8381	11165	10915	12781	90000
Land rent	102024	21961	68481	53772	543289	6456				34906	19112		850000
Mach leases	18739	39429								106		22707	80980
RE taxes		9000											9000
Farminsur.		716	339	14822		4681			57843	36247		353	115000
Utilities	1809	1026	592	586	1618	1157	1659	1585	920	1048	1000		13000
Marketing												1447	1447
Dues & fees	0							182					184
Misc.	792	792	792	792	792	792	792	792	792	792	792	792	9500
Ads								199				30	229
Bank	7		125		223		365			150			870
Crop Share										10602			10602
Employ Heall	854		1709					1405	2599	791	791	1382	9532
Licenses								2352			680	1315	4347
Pay Tax	1190	888	710	3113	700	513	1084	223	209	399	411	352	9791
S&TTest									115		700		815
Supplies G	140	255	2169	1029	255	1498	533	1686	2481	1209	3745		15000
Meal&Ent / Freight True	13500				435	8362	10018			2685		19	35000 / 35507

R14

	Year 2015												
	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	***Total***
Pension	125	62	48	923	88	78	33	71	66	127	131	112	1863
Feedpurch.	4575	609	849	5900	17	79	2005	24	897	45			15000
Living/Draw	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60000
Income taxes			25000										25000
Minendbal	5000	5000	5000	5000	5000	5000	5000	5000	40000	70000	100000	100000	100000
Tot. outflow	225387	244079	192953	125959	675492	199929	349368	100670	140399	284268	312068	163920	2764492
Opr. surplus	234902	158125	-132201	107297	-547615	-130901	-264028	-50429	29494	309775	315180	554201	583800

	Year 2015												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
LOAN PAYMENTS													
DCBB-2Bi..													
Prinpay													
Int.pay													
Total													
JDC-9230T..													
Prinpay			19293										19293
Int.pay			4[3<J										4930
Total			24223										24223
JDC-9760C..													
Prinpay								20112					20112
Int.pay								2437					2437
Total								22549					22549
JDC-Air Se..													
Prinpay			26369										'''69
Int.pay			69.12										6002
Total			33271										33271
DCBB-Bin..													
Prinpay													
Int.pay													
Total													
DCBB-Bin..													
Prinpay													
Int.pay													
Total													
DCBB-Bin..													
Prinpay													
Int.pay													
Total													
Ag Di-Cart													
Prinpay							5349						5349
Int.pay							437						437
Total							5786						5786
JDC-Combine													
Prinpay							31321						31321
Int.pay							8888						8888
Total							40209						40209
RDO-Corn **H..**													
Prinpay								15331					15331
Int.pay								1140					1140
Total								16471					16471
Wilso-Grain													
Prinpay				11348									11348
Int.pay				1700									1700
Total				13138									13138
JDC-Sprayer													
Prlnpay			17546										17546
Int.pay			5175										5175
Total			22721										22721

	Year 2015												
	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	***Total***
Prinpay				5334									5334
Int.pay				1197									1197
Total				6531									6531
A9Di-640FD													
Prinpay	0011												0011
Int.pay	:m0												:mJ
Total	12641												12641
FCS-9630T.													
Prinpay						20902							20902
Intpay						7411							7411
Total						28313							28313
DCBB-All..													
Prinpay												15839	15839
Int.pay												2:3357	23357
Total												39195	39195
FCS-DB60													
Prinpay					35746								35746
Inlpay					13038								13038
Total					48784								48784
CNH-Payloa..													
Prinpay								13347					13347
Int.pay								4691					4691
Total								18038					18038
JDC-S670C.													
Prinpay							30044						30044
Intpay							14345						14345
Total							52389						52389
DCBt-Trai..													
Prinpay			5959										5959
Int.pay			2J388										2688
Total			8647										8647
Tot loan pay	12641		88862	19669	48784	28313	98384	57058				39195	392907
Surp. or def	222261	158125	-221063	87628	-596398	-159214	-362412	-107487	29494	309775	315180	515006	190893

ANNUAL OPERATING LOAN TRANSACTIONS & BALANCES

Be9AO bal	818528	596268	438143	659206	571578	1167976	1327191	1689603	1797090	1767596	1457821	1142641	818528
AO borrowing			221063		596398	159214	362412	107487					1446575
AO int. pay												35263	35263
AO prin. pay	222261	158125		87628					29494	309775	315180	479743	1602205
EndAObal.	596268	438143	659206	571578	1167976	1327191	1689603	1797090	1767596	1457821	1142641	662898	662898
Accrued int.	2149	3714	4864	6594	8095	11161	14645	19080	23797	28437	32264		
End cash bal	5000	5000	5000	5000	5000	5000	5000	5000	40000	70000	100000	100000	100000

Remington Farms, LLC - Income Statement - January 1- December 31, 2014

Financial Analysis: SF LLC

Income Statement

Income	Quantity	Price	Amount	*Expense*	Amount
Barley	80,925 bu.	5.29/bu.	428,103	Seed	326,099
Com	236,566 bu.	3.90/bu.	922,918	Fertilizer	333,235
Soybeans	29,258 bu.	9.52/bu.	278,536	Crop chemicals	243,251
Sunflowers, Confectionary	10,160 cwt.	32.94/cwt.	334,656	Veterinary	1,162
Wheat, Spring	11,850 bu.	5.53/bu.	65,531	Interest	128,803
Soy, Natto, Natto	37,850 bu.	15.37/bu.	581,902	Purchased feed	13,220
Soy, Bravado, Bravado	15,120 bu.	12.51/bu.	189,151	Fuel&oil	135,005
Soy, Excal, Excalibure	4,200 bu.	13.29/bu.	55,797	Repairs	49,242
Str Calves	11 head	268.27/cwt.	11,066	Custom hire	93,876
Hfr Calves	11 head	255.19/cwt.	9,488	Hired labor	112,571
Backgnd Beef	16 head	156.42/cwt.	16,268	Land rent	805,318
Crop government payments			845	Machinery leases	114,974
Custom work income			123,504	Real estate taxes	8,090
Patronage dividends, cash			6,616	Farm insurance	137,086
Crop insurance income			10,153	Utilities	17,466
Other farm income			117,150	Marketing	1,447
				Dues & professional fees	184
				Advertising & Promotion	229
				Bank Fees	870
				Crop Share	10,602
				Employee Health Expense	9,532
				Licenses	4,347
				Payroll Taxes	9,791
				Soil & Tissue Test	815
				Supplies - General	10,224
				Freight& Trucking	64,354
				Meals & Entertainment	507
				Pension Expenses	1,863
Gross cash income			3,151,684	Total cash expense	2,634, 163
				Net cash income	517,521

	Beginning			Ending	Inventory	
Inventory Changes	Inventory	Purchases	Sales	Inventory	Change	
Prepaids and supplies	262,068			246,998	-15,070	
Crops and feed	1,154,872			1,231,167	76,294	
Market livestock	11,770				-11,770	
Breeding livestock			107,414		107,414	
Other assets	342,154		3,830	338,324		
Accounts payable	68,372				68,372	
Accrued interest	26,607			45,881	-19,274	
Total inventory change						205,966
Net operating profit						723,487
	Beginning			Ending		
Depreciation	Inventory	Purchases	Sales	Inventory	Depreciation	
Machinery and equipment	2,036,741	1,084,437	378,199	2,326,594	-416,385	
Titled vehicles	63,989	93,147	27,127	110,274	-19,735	
Buildings and improvement	471,403	168,328		596,869	-42,862	
Total depreciation						-478,982

Statement of Cash Flows -Remington Farms, LLC
January 1, 2014 to December 31, 2014

Cash Flows From Operating Activities:								
Cash received from farm operations:					$ 2,856,594			
Feeder livestock/poultry sales	$ 36,822	Crops/feed		$ 123,504				
livestock & poultry products		Custom Work		$ 6,616				
Gov't payments	$ 845	Patronage dividends		$ 117,150		$ 3,151,684		
Crop insurance payments	$ 10,153	Other revenue			+		(1)	
Cash received from non-farm income and operations:								
Wages		Rent Income						
Insurance payments		Other cash income				$ -		
				$ 13,220				
Cash Income from other entities, farms, businesses & real estate				$ 128,803	+		(2)	
Cash paid for farm operating activities:								
Feeder livestock/poultry	$	Feed purchases				$ 2,634,163		
Operating expenses	$ 2,492,140	Interest expense						
Hedging acc't deposits	$					$ 25,000	(3)	
Cash expenses paid in non-fann operations (other entitles, fanns, businesses)					-		(4)	
Income and social security taxes paid in cash					-		(5)	
Extraordinary items received or paid in cash						$ 60,000	(6)	
NET CASH INCOME (1+2-3-4-5+6)						$ -	(7)	$ 492,521
Cash withdrawals for family living					-		(8)	
Cash withdrawals for investments into personal assets					-		(9)	
NET CASH PROVIDED BY OPERATING ACTIVITIES (7+8+9)							(10)	$ 432,521
						$ 107,414		
CASH FLOWS FROM INVESTING ACTIVITIES:								
Cash received from the sales of:						$ 405,326		
Raised breeding & dairy livestock, not capitalized and not depreciated					+		(11)	
Purchased and raised breeding & dairy livestock capltalized and depreciated					+		(12)	
Machinery and equipment					+		(13)	
Farm real estate; other farm assets					+	$ 1,177,584	(14)	
Bonds and securities; investments in other entities; other nonfarm assets					+	$ 168,328	(15)	
Cash paid to purchase								
Breeding & dairy livestock					-		(16)	
Machinery and equipment					-		(17)	
Farm real estate; other farm assets					-		(18)	
Capital leased assets					-		(19)	
Bonds and securities; investments in other entities; other non-farm assets					-	$ 1,147,468	(20)	
NET CASH PROVIDED BY INVESTING ACTIVITIES (11+12+13+14+15+-16·17·18-19-20)						$ 1,429,193	(21)	$ (833,172)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Operating and CCC loans received (including interest paid by loan renewal)					+	$ 1,685,674	(22)	
Term debt financing - loans received					+	$ 478,840	(23)	
Cash received from gifts, inheritances, and paid-in capital					+		(24)	
Personal investments of cash added into business assets					+		(25)	
Operating debt principal payments (Including repayment of CCC loans and redeemed grain)					-		(26)	
Term debt principal payments: Scheduled payments					-		(27)	
Unscheduled payments					-		(28)	
Principal portion of payments on capital leases					-		(29)	
Cash distributions of dividends, capital, or gifts					-		(30)	
NET CASH PROVIDED BY FINANCING ACTIVITIES (22+23+24+25-26-27-28-29-30)							(31)	$ 412,147
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (10+21+31)							(32)	$ 11,496
Reconciliation								
Cash and cash equivalents reported on the beginning-of-year Balance Sheet							(33)	$ 267,763
Cash and cash equivalents, as calculated, at the end of year (33+32)							(34)	$ 279,259
(For cash reconciliation purposes, compare line 34 to the end-of-year cash and cash equivalents reported on line 35 below)								

Cash and cash equivalents reported on the end-of-year Balance Sheetl	(35)	$	226,889
Difference (34-35)	(36)	$	52,370

Statement of *Owner Equity* - *Remington Farms, LLC*
January 1 to December 31, 2014

				Cost	Market
Total Owner Equity, Beginning of Period			(1)	$ 1,868,877	$ 2,359,938
Change in Contributed Capital and Retained Earnings:					
Net Income (loss) after taxes for period		$ 219,505	(2)		
Net nonfarm income		$ -	(3)		
Withdrawals of net income and retained earnings {cash or property) during the period					
Withdrawals for family living expenses & !come taxes	$ 60,000		(4)		
Withdrawals for investments into personal assets	$ -		(5)		
Total Withdrawals (4+5)		$ 60,000	(6)		
Additions of capital (cash or property) to the business during the period					
Gifts & Inheritances received: additions to paid-in capital	$ -		(7)		
Investments of personal assets into the business	$ -		(8)		
Total capital additions (7+8)		$ -	(9)		
Distributions of capital, dividend, or gitts made (cash or property) during the period		$ -	(10)		
Total Change in contributed Gapital and Retained Earnings (2+3+6+9+10)			(11)	$ 159,505	$ 159,505
Change in Valuation Equity:			(12)	)()()()	$ (107,413)
Total Calculated Owner Equity, End of Period (1+11+12)			(13)	$ 2,028,382	$ 2,412,030
Total Owner Equity on Balance Sheet, End of Period			(14)	$ 1,954,533	$ 2,338,181
Difference (13·14)			(15)	$ 73,849	$ 73,849

Remington Real Estate, LLC - January 1, 2014 Balance Sheet

Current Assets	Value
Cash and checking	654
Prepaid expenses and supplies	-
Growing crops	-
Accounts receivable	-
Hedging accounts	-
Other current assets	-
Crop inventory	-
Crops under gov't loan	-
Livestock held for sale	-
Total Current Assets	654

Current Liabilities				Balance
Accrued interest				40,226
Accounts payable and other accrued expenses				-
	Int		P&I	Principal
Current loans (Schd U)	Rate		Due	Balance
Government crop loans				-
Principal due within 12 months on term liabilities				59,596
Total Current Liabilities				99,822

Intermediate Assets	Cost Value	Market Value
Breeding livestock	-	-
Machinery and equipment	-	-
Titled vehicles	-	-
Other intermediate assets	-	-
Total Intermediate Assets	-	-

Intermediate Liabilities	Int	Principal	P&I	Principal	Intermed
Loan	Rate	Balance	Due	Due	Balance
Total Intermediate Liabilities					-

Long Term Assets		Cost	Market
Land (Schd M)	Acres	Value	Value
State Land	640	300,000	535,680
Schmidt	320	265,000	265,955
Nauman	640	620,000	620,160
Kjetland	438	285,000	780,078
Tri 6, LLP-Option to buy	157	-	1,000
K&R Rentals	-	400,000	800,000
Personal	1,400	28,000	91,000
Buildings and improvements		56,101	56,101
Other long term (Schd 0)		27,760	27,760
Total Long Term Assets		1,981,861	3,177,734

Long Term Liabilities (Schd W)	Int	Principal	P&I	Principal	Lg Term
Loan	Rate	Balance	Due	Due	Balance
DCB-State Land	5.00	205,165	29,827	19,541	185,624
DCB-Schmidt	5.00	209,003	19,285	8,835	200, 168
DCB-Naumann	5.00	468,972	38,805	15,292	453,680
DCB-Kjetland	5.00	639,743	45,391	13,404	626,339
Rem Farms-Rainbow	4.50	139,936	6,297	-	139,936
Rem Farms-Land	4.50	116,613	5,248	-	116,613
DCB-Tri 6	5.00	228,000	13,924	2,524	225,476
Total Long Term Liabilities					1,947,836

Total Farm Assets	1,982,515	3,178,388	Total Farm Liabilities 2,047,658

		Cost	Market
Total Liabilities (d)(e)		2,047,658	2,047,658
Retained Earnings/Contributed Capital	[a-d]	-65,143	
Marketvaluation equity	[b-a]		1,195,873
Total Assets (a)(b)		1,982,515	3,178,388
Net Worth	[b-e]		1,130,730

Schedule M: Land

	Acres	Mkt Val Per Acr	Cost Value	Market Value
State Land	640	837	300,000	535,680
Schmidt	320	831	265,000	265,955
Nauman	640	969	620,000	620,160
Kjetland	438	1,781	285,000	780,078
Tri 6, LLP-Option to buy	157	6		1,000
K&R Rentals			400,000	800,000
Personal	1,400	65	28,000	91,000
Total land	3,595		1,898,000	3,093,873

Schedule O: Other long term assets

	Quantity	Mkt Val Per Unit	Cost Value	Market Value
Contract for Deed			27,760	27,760
Total other long term assets			27,760	27,760

Schedule W: Long term loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due p & I	Month D'''	Final Year	Principal D"e	Lg Term Balance
DCB -State Land	5.00 %	205,165	9,415	29,827			2022	19,541	185,624
DCB -Schmidt	5.00 %	209,003	7,902	19,285		3	2029	8,835	200,168
DCB -Naumann	5.00 %	468,972	2,056	38,805		11	2032	15,292	453,680
DCB -KjeUand	5.00 %	639,743	18,842	45,391		5	2038	13,404	626,339
Rem Farms-Rainbow	4.50 %	139,936	552	6,297		11	2052		139,936
Rem Farms-Land	4.50 %	116,613	460	5,248		11	2053		116,613
DCB -Tri 6	5.00 %	228,000	999	13,924		11	2048	2,524	225,476
Total long term loans		2,007,432	40,226	158,777				59,596	1,947,836

Schedule Z: Ratio analysis	Cost	Markel
Current ratio	0.01	0.01
Current ratio (business and personal)	0.01	0.01
Working capital	-99,168	-99,168
Working capital (business and personal)	-99,168	-99,168
Current percent in debt	15,263 %	15,263 %
Intermediate percent in debt	- %	- %
Long term percent in debt	98 %	61 %
Personal percent in debt	- %	- %
Total debt to asset ratio	103 %	64 %
Total equity to asset ratio	-3 %	36 %
Total debt lo equity ratio	-31.43	1.81

Remington Real Estate, LLC - January l, 2015 Balance Sheet

1111 2015 - Rem Real Estate, 2015 Balance Sheet

Current Assets	Value
Cash and checking	21,626
Prepaid expenses and supplies	-
Growing crops	-
Accounts receivable	-
Hedging accounts	-
Other current assets	-
Crop inventory	-
Crops under gov't loan	-
Livestock held for sale	-
Total Current Assets	21,626

Current Liabilities	Balance
Accrued interest	43,863
Accounts payable and other accrued expenses	-
Current loans (Schd U)	
Government crop loans	-
Principal due within 12 months on term liabilities	62,453
Total Current Liabilities	106,316

Current loans (Schd U)	Int Rate	P&I Due	Principal Balance

Intermediate Assets	Cost Value	Market Value
Breeding livestock	-	-
Machinery and equipment	-	-
Titled vehicles	-	-
Other intermediate assets	-	-
Total Intermediate Assets	-	-

Intermediate Liabilities	Int Rate	Principal Balance	P&I Due	Principal Due	Intermed Balance
Loan					
Total Intermediate Liabilities					-

Long Term Assets		Cost	Market
Land (Schd M)	Acres	Value	Value
State Land	640	300,000	535,680
Schmidt	320	265,000	265,955
Nauman	640	620,000	620,160
Kjetland	438	285,000	706,932
Tri 6, LLP	157	228,000	279,617
K&R Rentals	-	400,000	800,000
Personal Land	1,400	28,000	91,000
Buildings and improvements		53,464	56,101
Other long term assets		-	-
Total Long Term Assets		2,179,464	3,355,445

Long Term Liabilities (Schd W)	Int Rate	Principal Balance	P&I Due	Principal Due	LgTerm Balance
Loan					
DCB-State Land	5.00	185,608	29,827	20,521	165,087
DCB-Schmidt	5.00	200,233	19,285	9,246	190,987
DCB-Naumann	5.00	453,717	38,805	16,057	437,660
DCB-Kjetland	5.00	626,521	45,391	13,979	612,542
DCB-Tri 6	5.00	225,476	13,924	2,650	222,826
Rem Farms-Rainbow	4.50	139,936	6,297	-	139,936
Rem Farms-Land	4.50	116,613	5,248	-	116,613
Total Long Term Liabilities					1,885,651

Total Farm Assets	2,201,090	3,377,071
Total Farm Liabilities		1,991,967

		Cost	Market
Total Liabilities (d)(e)		1,991,967	1,991,967
Retained Earnings/Contributed Capital	[a-d]	209,123	
Market valuation equity	[b-a]		1,175,981
Total Assets (a)(b)		2,201,090	3,377,071
Net Worth	[b-e]		1,385,104

Schedule M: Land

	Acres	Mkt Val Per Acr	Cost Value	Market Value
State Land	640	837	300,000	535,680
Schmidt	320	831	265,000	265,955
Nauman	640	969	620,000	620,160
Kjetland	438	1,614	285,000	706,932
Tri 6, LLP	157	1,781	228,000	279,617
K&R Rentals			400,000	800,000
Personal Land	1,400	65	28,000	91,000
Total land	3,595		2,126,000	3,299,344

Schedule W: Long term Joans

	Interest Rate	Principal Balance	Accrued Interest	Normal p & I	Past Due P & I	Month D"e	Final Year	Principal D"e	Lg Term Balance
DCB -State Land	5.00 %	185,608	8,518	29,827			2022	20,521	165,087
DCB -Schmidt	5.00 %	200,233	7,570	19,285		3	2029	9,246	190,987
DCB -Naumann	5.00 %	453,717	1,989	38,805		11	2032	16,057	437,660
DCB -Kjetland	5.00 %	626,521	18,452	45,391		5	2038	13,979	612,542
DCB -Tri 6	5.00 %	225,476	988	13,924		2	2048	2,650	222,826
Rem Farms-Rainbow	4.50 %	139,936	5,885	6,297		2	2052		139,936
Rem Farms-Land	4.50 %	116,613	460	5,248		11	2053		116,613
Total tong term loans		1,948,104	43,863	158,777				62,453	1,885,651

Schedule Z: Ratio anafysis	Cost	Market
Current ratio	0.20	0.20
Current ratio {business and personal)	0.20	0.20
Working capital	-84,690	-84,690
Working capital {business and personal)	-84,690	-84,690
Current percent in debt	492 %	492 %
Intermediate percent in debt	- %	- %
Long term percent In debt	87 %	56 %
Personal percent in debt	- %	- %
Total debt to asset ratlo	90 %	59 %
Total equity to asset ratio	10 %	41 %
Total debt to equity ratlo	9.53	1.44

Remington Real Estate, LLP - January 2014 Cash Flows

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
CASH INFLOWS													
Beg cash bal	654	19951	19951	23387	23387	33874	33874	34955	36455	36455	36455	29448	654
Land Rent	49124		22720		55879		1081				57267		186071
Interest								1500				1134	2634
Total inflow	49778	19951	42671	23387	79266	33874	34955	36455	36455	36455	93722	30582	189359
CASH OUTFLOWS													
RE taxes												8956	8956
Min end bal												11487	11487
Tot. outflow												20443	20443
Opr. surplus	49778	19951	42671	23387	79266	33874	34955	36455	36455	36455	93722	10139	168916

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
LOAN PAYMENTS													
DCB-Kjetl..					45391								45391
DCB-Naumann											38805		38805
ND Fa-ND l..											5248		5248
NDFawRain..											6297		6297
DCB-Schmidt			19285										19285
DCB-State..	29827												29827
DCB-Tri 6											13924		13924
Totloanpay	29827		19285		45391						64274		158777
Surp. or def	19951	19951	23387	23387	33874	33874	34955	36455	36455	36455	29448	10139	10139
ANNUAL OPERATING LOAN TRANSACTIONS & BALANCES													
Beg AO bal													
AO borrowing													
AO int. pay													
AO prin. pay													
End AO bal.													
Accrued int.													
Endcashbal	19951	19951	23387	23387	33874	33874	34955	36455	36455	36455	29448	21626	21626

Remington Farms Projected Cash Flow Executive Summary

		Beg	*2014*	*2015*
Total operating inflow			3,151,683	3,121,403
Total operating outflow	(-)		2,658,731	2,664,492
Capital purchases	(-)		1,345,912	
Capital sales	(+)		512,740	
New credit	(+)		1,429,193	
Loan payments	(-)		591,642	428, 170
Net cash flow	(=)		497,332	28,741
Beginning cash balance	(+)		267,763	226,889
Operating loan borrowings	(+)		1,147,468	1,446,575
Operating loan prin pymts	(-)		1,685,674	1,602,205
Ending cash balance	(=)		226,889	100,000
Beg operating loan bal			1,356,734	818,528
Peak operating loan bal			2,443,198	1,797,090
Endoperating loan bal			818,528	662,898

Change in Working Capital

Change in cash		-40,874	-126,889
Inventory changes	(+)	94,812	189,550
Change in opr loan balance	(-)	-538,206	-155,630
Change principal due term loans	(-)	113,586	20,016
Est change in working capital	(=)	478,557	198,275

Income Statement

Gross cash farm income		3,151,683	3,121,403
Inv change-income items	(+)	64,868	166,210
Gross revenue	(=)	3,216,551	3,287,613
Cash farm opr expense		2,573,731	2,579,492
Interest expense	(+)	112,803	137,018
Depreciation	(+)	478,981	416,657
Inv change-expense items	(+)	-29,944	-23,340
Total farm expense	(=)	3,135,571	3,109,827
Netfarm income		80,980	177,786

Crop Enterprise Analysis
Remington Farms

	Corn	Soybeans	Non GMO Soybeans	Barley	Sunflowers
Total acres	625.7	897.9	217	150	100
Yield per acre	90.00	35.00	25.00	60.00	15.00
Total production	56313.00	31426.50	5425.00	9000.00	1500.00
Value	4.30	10.60	15.00	5.00	30.00
Total product return per acre	387.00	371.00	375.00	300.00	450.00
Gross return per acre	387.00	371.00	375.00	300.00	450.00
Direct Expenses					
Seed	68.75	60.00	27.00	20.00	46.00
Fertilizer	66.05	32.40	32.40	59.60	60.55
Crop chemicals	30.00	21.00	46.00	70.00	50.00
Crop insurance	16.22	11.22	11.22	7.38	14.23
Fuel & oil	11.11	12.10	12.50	5.20	9.50
Repairs	12.50	9.13	9.69	4.24	9.39
Land Rent	100.00	100.00	100.00	100.00	100.00
Operating interest	8.21	7.39	7.72	10.12	6.57
Miscellaneous	14.14	12.74	12.02	5.83	11.34
Total direct expenses per acre	326.98	265.98	258.55	282.37	307.58
Return over direct exp per acre	60.02	105.02	116.45	17.63	142.42
Overhead Expenses					
Total overhead expenses per acre	83.00	83.00	83.00	83.00	83.00
Total dir & ovhd expenses per acre	409.98	348.98	341.55	365.37	390.58
Net return per acre	-22.98	22.02	33.45	-65.37	59.42
Cost of Production					
Total direct expense per bu.	3.63	7.60	10.34	4.71	20.51
Total dir & ovhd exp per bu.	4.56	9.97	13.66	6.09	26.04

Crop Enterprises for the Area Average - Cash Rent Acres

	Barley	Pinto Beans	Canola	Corn	Soybeans	Sunflowers	Spring Wheat	Winter Wheat
Number of farms	13	9	5	54	75	13	42	8
Yield oer acre (bu.)	87.69	14.27	17.98	128.96	34.22	11.04	60.02	47.62
Onerators share of yield %	100	100	100	100	100	100	100	100
Value oer bu.	4.25	25.52	16.36	3.33	9.56	19.60	5.71	4.42
Total oroduct return oer acre	372.89	364.17	294.19	429.58	326.98	216.29	342.69	210.57
Hedaina aains/losses oer acre	-	-	-	0.17	0.34		0.63	-
Croo insurance oer acre	10.81	60.70	2.15	16.10	12.86	52.18	7.06	2.83
Other cron income ner acre	1.06	-	-	0.20	0.44	0.29	0.53	0.07
Gross return ner acre	384.77	424.87	296.34	446.05	340.62	268.76	350.91	213.48
Direct Exnenses								
Seed	20.06	54.69	53.77	88.73	67.52	39.57	20.59	17.90
Fertilizer	57.81	36.36	75.58	113.95	16.50	59.15	74.33	69.30
Croo chemicals	24.27	64.03	49.85	23.11	23.92	51.86	35.09	36.02
Croo insurance	13.92	20.56	6.67	19.73	16.60	14.98	12.92	9.64
Drvinq expense	0.24	-	-	9.93		-	0.63	-
Fuel & oil	18.53	18.34	19.45	26.25	17.62	19.77	17.36	16.92
Reoairs	14.38	23.14	17.05	29.24	18.17	18.44	17.67	13.41
Custom hire	4.98	5.38	7.40	4.47	4.56	8.38	5.61	8.89
Land rent	61.24	67.09	48.46	70.62	73.52	58.91	60.77	43.22
Machinen1 leases	-	-	-	0.20	-	-	0.06	-
Ooeratina interest	0.86	5.81	2.66	6.39	3.81	3.09	3.23	3.66
Miscellaneous	0.39	3.40		1.19	0.61	0.30	1.21	0.81
Total direct exoenses ner acre	216.68	298.79	280.91	393.82	242.82	274.45	249.48	219.75
Return over direct exo oer acre	168.08	126.07	15.43	52.23	97.80	-5.68	101.43	-6.27
Overhead Exnenses								
Custom hire	-	-	-	-	-	0.67	-	1.43
Hired labor	10.30	14.43	9.59	18.91	9.32	3.60	9.18	6.67
Machinerv leases	1.44	5.28	2.02	6.16	2.60	4.21	3.63	0.66
Buildina leases	-	-	-	0.67	0.89	-	0.63	-
Farm insurance	4.25	3.76	4.06	4.41	4.36	5.75	3.97	3.58
Utilities	3.45	6.47	3.96	4.04	3.15	3.59	4.58	4.05
Dues & orofessional fees	4.74	1.89	0.10	1.92	1.73	-	0.75	-
Interest	0.72	3.81	1.50	4.15	3.88	1.87	2.71	2.79
Mach & blda depreciation	35.43	39.06	28.57	52.74	30.16	36.67	26.74	24.42
Miscellaneous	6.82	5.17	3.39	5.22	5.98	11.03	6.53	6.43
Total overhead exoenses per acre	67.15	79.87	53.18	98.22	62.09	67.38	58.73	50.03
Total dir & ovhd expenses oer acre	283.84	378.66	334.09	492.04	304.91	341.83	308.21	269.77
Net return oer acre	100.93	46.21	-37.76	-45.99	35.71	-73.07	42.70	-56.30
Government oavments	1.08	-	-	1.71	1.61	-	0.66	-
Net return with aovt omts	102.01	46.21	-37.76	-44.28	37.33	-73.07	43.36	-56.30
Labor & manaaement charae	21.02	25.06	19.33	33.78	21.57	21.05	20.43	17.91
Net return over lbr & mat	81.00	21.15	-57.09	-78.06	15.76	-94.12	22.94	-74.21
Total direct exoense oer bu.	2.47	20.94	15.62	3.05	7.10	24.87	4.16	4.61
Total dir & ovhd exo oer bu.	3.24	26.54	18.58	3.82	8.91	30.97	5.14	5.67
Less aovt & other income	3.09	22.29	18.46	3.67	8.46	26.22	4.99	5.60
With labor & manaaement	3.33	24.04	19.53	3.94	9.10	28.13	5.33	5.98
Net value oer unit	4.25	25.52	16.36	3.33	9.57	19.60	5.72	4.42
Machinerv cost ner acre	72.04	90.45	72.15	118.44	74.92	85.28	71.48	64.97
Est. labor hours ner acre	0.99	1.23	0.92	1.72	1.10	1.03	0.96	1.09

Selected Financial Standards Measures

	Remington Farms	Area Average	High Return Farms	Farms Grossing over $1,000,000
Liguidity				
Current Ratio	1.44	1.63	2.59	1.55
Working Capital	520,762	229,413	745,452	515,215
Working Capital as a % of gross income	15.7%	32.9%	58.2%	30.6%
Solvency				
Farm debt to asset ratio	61%	41%	34%	40%
Farm equity to asset ratio	39%	59%	66%	60%
Farm debt to equity ratio	1.57	0.69	0.51	0.67
PrQfitability (Cost)				
Rate of return on farm assets	6.9%	3.6%	7.3%	2.9%
Rate of return on farm equity	9.6%	3.6%	8.4%	2.6%
Operating profit margin	10.0%	11.4%	23.1%	8.7%
Net farm income	244,505	112,920	413,037	212,235
Regayment Cagacily *				
Capital Debt Repayment Capacity	693,782	141,438	428,388	---
Capital Debt Repayment Margin	460,922	52,016	330,108	---
Replacement Margin	393,756	11,440	236,325	---
Term Debt Coverage Ratio	2.98	1.58	4.36	---
Replacement Coverage Ratio	2.31	1.09	2.23	---
Efficiency				
Asset turnover rate (Cost)	68.30%	31.5%	31.6%	33.2%
Operating expense ratio	---	74.9%	65.9%	---
Depreciation expense ratio	---	8.3%	7.4%	---
Interest expense ratio	---	3.7%	2.0%	---
Net farm income ratio	---	13.1%	24.8%	---

* The Scheduled Term Debt Payments for the Remington Farms are $232,861.

I Household & Personal Expenses for the Area Average & Remington Farms

	Area Av!lrn9!l		Remington Farms
Average family size	2.6		6.0
FamilIl Living ExR!l!llill!i			
Food and meals expense	7,169		8,930
Medical care	4,226		6,272
Health insurance	7,484		14,346
Cash donations	1,862		2,257
Household supplies	8,050		10,735
Clothing	2,007		5,028
Personal care	6,399		7,986
Child / Dependent care	325		0
Alimony and child support	227		0
Gifts	1,889		2,315
Education	1,189		2,160
Recreation	4,452		9,030
Utilities (household share)	3,734		4,387
Personal vehicle operating expense	3,414		3,939
Household real estate taxes	271		139
Dwelling rent	265		0
Household repairs	2,215		1,452
Personal interest	894		445
Disability / Long term care insurance	369		0
Life insurance payments	3,040		6,631
Personal property insurance	388		539
Miscellaneous	1,291		1,155
Total cash family living expense	61,159		87,746
Family living from the farm	119		0
Total family living	61,278		87,746
Other Nonfarm Exgen!!itures			
Income taxes	27,256		29,617
Furnishing & appliance purchases	142		0
Nonfarm vehicle purchases	2,323		9,316
Nonfarm real estate purchases	1,277		0
Other nonfarm capital purchases	320		2,175
Nonfarm savings & investments	8,460		10,237
Total other nonfarm expenditures	39, 139		51,345
Total cash family living investment & nonfarm capital purchases	100,298		139,091

Amortization Schedule for $200,000 loan

Year	Annual Payment Amount	Interest Amount	Principal Amount	Outstanding Balance
1	14,716.35	8,000.00	6,716.35	193,283.65
2	14,716.35	7,731.35	6,985.00	186,298.65
3	14,716.35	7,451.95	7,264.40	179,034.25
4	14,716.35	7,161.37	7,554.98	171,479.27
5	14,716.35	6,859.17	7,857.18	163,622.09
6	14,716.35	6,544.88	8,171.47	155,450.62
7	14,716.35	6,218.02	8,498.33	146,952.29
8	14,716.35	5,878.09	8,838.26	138,114.03
9	14,716.35	5,524.56	9,191.79	128,922.24
10	14,716.35	5,156.89	9,559.46	119,362.78
11	14,716.35	4,774.51	9,941.84	109,420.94
12	14,716.35	4,376.84	10,339.51	99,081.43
13	14,716.35	3,963.26	10,753.09	88,328.34
14	14,716.35	3,533.13	11,183.22	77,145. 12
15	14,716.35	3,085.80	11,630.55	65,514.57
16	14,716.35	2,620.58	12,095.77	53,418.80
17	14,716.35	2,136.75	12,579.60	40,839.20
18	14,716.35	1,633.57	13,082.78	27,756.42
19	14,716.35	1,110.26	13,606.09	14,150.33
20	14,716.35	566.02	14,150.33	0.00

Participant Number_____ State Abbreviation_____

Participant Name (please print clearly) _____

Important: Before you start this portion of the event, please write your participant number and state abbreviation on the blanks provided at the top of ***each page.***

2015 NATIONAL FFA FARM BUSINESS MANAGEMENT CAREER DEVELOPMENT EVENT

Page Number	Part	Area	Possible Points	Score
3		Financial Statements	28	
8	II	Budgeting	20	
11	III	Cash Flow Planning	22	
13	IV	Marketing	27	
17	V	Income Tax	26	
20	VI	Investment Analysis	24	
22	VII	Risk Management	32	
25	VIII	Farm Business Organization	26	
27	IX	Analyzing the Farm Business	43	
31	X	Family Living	23	
33	XI	Economic Principles	29	
TOTAL POSSIBLE POINTS			**300**	

PARTICIPANT POINTS _____

Participant Number_____ State Abbreviation_____

THIS PAGE IS INTENTIONALLY BLANK

Participant Number_____ State Abbreviation_____

Part I- Financial Statements

NOTE: For the multiple choice questions, circle the letter in front of the BEST answer. Each correct answer in Part I is 1 point. For calculated numbers round to the nearest dollar or nearest tenth of a percent (xx.x).

1. For the Balance Sheet of Remington Farms, the intermediate and long-term assets have two different values. These are

   a. Market Value and Book Value.
   b. Market Value and Cost Value.
   c. Market Value and Estimated Value.
   d. Estimated Value and Actual Value.

2. The cost value of intermediate and long-term assets is equal to

   a. cost of the asset, plus cost of improvements that lengthens the life of the asset minus depreciation.
   b. cost of the asset, minus cost of improvements that lengthens the life of the asset minus depreciation.
   c. cost of the asset, minus cost of improvements that lengthens the life of the asset plus depreciation.
   d. cost of the asset, plus cost of improvements that lengthens the life of the asset plus depreciation.

3. Current assets include

   a. only cash - and add more to lengthen (parts of the whole).
   b. only grain inventory.
   c. prepaid expenses.
   d. cash, marketable securities, accounts and notes receivable, prepaid expenses, and inventories.

4. The net worth statement or balance sheet reveals

   a. net worth by subtracting total liabilities from total assets.
   b. net farm income by subtracting total expenses from total revenue.
   c. cash income by subtracting total cash expenses from total cash receipts.
   d. the increase in retained earnings by subtracting total liabilities from total assets.

5. Another term for net worth is

   a. net return.
   b. net farm income.
   c. owner equity.
   d. owner value.

6. What asset has the highest market value on the Remington Farms LLC, January 1, 2014 balance sheet?

   a. Machinery and equipment
   b. Crop inventory
   c. Building and improvements
   d. Farmland

7. A cash accounting system does not provide a good measure of net farm income because it is easy to

   a. delay revenue.
   b. delay expenses.
   c. accelerate expenses.
   d. accelerate revenue.
   e. a, b, c and d.

8. Which of the following is not one of the basic financial statements?

   a. Balance Sheet
   b. Monthly bank statement
   c. Income statement
   d. Statement of Cash Flow
   e. Statement of Owner Equity

9. How much cash will be required to make scheduled principal payments on term liabilities during 2014?

   a. $177,566
   b. $810,412
   c. $1,112,605
   d. $1,629,278

10. For 2014 the line of credit or operating loan

    a. increased.
    b. decreased.
    c. remained the same.

11. Accrued interest is

    a. interest that has been paid.
    b. interest on short-term or operating loans.
    c. interest owed but not yet paid.
    d. interest owed but not yet paid on noncurrent loans.

12. Examples of prepaid expenses found on the Remington Farms 2014 balance sheet include all of the following except

    a. seed expenses.
    b. fertilizer spreading expense.
    c. notes receivable.

13. The total market value owner equity (net worth) for Remington Farms at the beginning of 2014 is

    a. $5, 101,821.
    b. $1,868,877.
    c. $2,359,938.
    d. $2,741,884.

14. The balance sheets for Remington Farms divide total net worth into two parts: 1) retained earnings/contributed capital and 2) market valuation equity. Retained earnings/contributed capital represent the

    a. increase in equity arising from the increase in the value on noncurrent assets.
    b. unrealized increase in owner equity.
    c. amount of capital that has accumulated in the business since it began.
    d. value left after all assets are sold and all liabilities have been paid.

15. Why does Remington Farms have a zero value for farmland on its balance sheet?

    a. Since all farm businesses own farmland, this is an error that occurred in the preparation of the balance sheet.
    b. The farmland farmed by Remington Farms is all rented by unrelated landowners.
    c. The farmland farmed by Remington Farms is all owned by Remington Real Estate and unrelated landowners.
    d. All the farmland value is used for collateral of the noncurrent liabilities.

16. Net cash income for Remington Farms in 2014 was

    a. $3, 151,684
    b. $2,634,163
    c. $517,521
    d. $205,966

17. The net farm income from operations (net farm income) indicates that profitability for 2014 was_____than indicated by net cash income.

    a. higher
    b. lower

18. Which of the following uses of cash are not recognized in the calculation of net farm income from operations?

    a. Additional cash invested in the farm business.
    b. Principal payments made during the year.
    c. Principal and interest payments made during the year.
    d. a and b
    e. a and c

19. Corn sales were the largest cash income source for Remington Farms in 2014? What percent of gross cash income does this represent? (Round to the nearest tenth of a percent.)

    Percent of gross cash income _____ %

20. The family living and income tax withdrawal reported in the Remington Farms cash flows for 2014 was $85,000. Using this amount, net farm income, and assuming no other sources of capital were added to Remington Farms in 2014, what are the calculated retained earnings/contributed capital at the end of 2014? (Note: because single entry cash accounting is used on most farms, the calculated retained earnings at the end of the year may not be the same as the valued reported on the balance sheet.)

    Calculated ending retained earnings $_____

21. What was the largest cash expense for Remington Farms during 2014? What percent of total cash expense does this represent? (Calculate to the nearest tenth of a percent.)

    Largest cash expense _____

    Percent of total cash expense _____ %

22. Use the cash flow statement for 2014.

    a. Which month had the largest operating surplus? _____

    b. Which month had the largest operating deficit? _____

    c. Which month had the largest total surplus? _____

23. The $11,717 August operating surplus became an overall $63,917 cash deficit because of which of the following?

    a. Capital purchases and loan payments in excess of capital sales and new borrowing.
    b. Capital sales and new borrowing in excess of capital purchases and loan payments
    c. Capital purchases and capital sales in excess of loan payments and new borrowing.

24. Which of the following is not a characteristic of an amortized loan?

    a. The total principal and interest payment is constant over the repayment period.
    b. More of the total payment is allocated to principal and less to interest over the life of the loan
    c. The same amount of each payment is allocated to principal and interest with each payment made.
    d. The loan balance will be zero at the end of the repayment period.

25. Which of the following financial statements helps managers understand the sources and uses of cash?

    a. Income statement
    b. Statement of cash flows
    c. Statement of owner equity

End of Part I - Financial Statements

Total Possible Points 28 POINTS EARNED PART I

Participant Number_____ State Abbreviation_____

Part II - Budgeting

Make all calculations to the nearest cent or hundredth (0.00). Correct answers are 1 point each.

Historically, the price of corn in this area is about $0.50 per bushel higher in March and April than at harvest. Remington Farms is considering putting in additional storage to take advantage of this seasonal difference. The farm generally stores corn in town for a total cost of $0.12 per bushel for three months and $0.03 per bushel per month after that. As an alternative, they are looking at a 40,000 bushel storage unit which will cost $50,000. The total interest on a loan would be $7,750. They figure the total initial cost of $57,750 could be spread over 15 years. They were also told to figure $0.03 per bushel per year for maintenance, insurance, and operation of an aeration fan. The farm expects to store the corn for five months. Use the partial budget below to determine if storing in town or if building additional storage is a more profitable alternative.

Column One	Column Two
1. Additional Costs	2. Additional Returns
3. Reduced Returns	4. Reduced Costs
5. Total AC + RR =	6. Total AR + RC =
7. Net Change (Line 6 minus line 5)	

8. Would you recommend that the farm invest in this on-farm storage facility? Circle the correct answer.

   Yes No

9. How much would the price of corn have to increase from harvest time to make the on-farm storage facility a break-even proposition?

   $_____per bushel

10. How much additional income would be realized with the on-farm storage compared to storing in town?

$_____

11. What would it cost the farm per bushel per year to store corn with the on-farm storage facility? Calculate to the nearest cent, $xx.xx.

_____cents per bushel

12. If the farm were to get $0.50 per bushel more for the corn after 5 months compared to selling at harvest, how much would that increase its annual net income? (With the on-farm storage)

$_____

Use the Crop Enterprises for the Area Average (R29) for barley to answer questions 13 through 16.

13. What is the net return per acre after accounting for labor and management?

$_____net return / acre

14. What is the break-even yield per acre required to cover total direct and overhead expenses? (Calculate to the nearest one hundredth of a bushel, xx.xx)

_____bushels / acre

15. What is the break-even price per bushel to cover total direct and overhead expenses? (Calculate to the nearest cent, $xx.xx)

$_____per bushel

16. What are the estimated labor-hours per acre on the barley enterprise?

_____hrs./acre

17. Partial budgets are useful in evaluating changes such as (Circle the letter in front of all correct answers.)

a. the useful life of an asset.
b. expanding an enterprise.
c. buying new equipment or machinery.
d. determining how to guarantee the profitability of an enterprise.

18. An enterprise budget is

    a. a record of past production performance.
    b. a physical and financial plan for this entire farm business for a specific time period.
    c. the tool used in analyzing only changes in the farm operations and the potential change in net income.
    d. a statement of projected costs and returns associated with one production process, and usually in one production period.

19. When an increase in the level of production of one enterprise causes a reduction in the level of production in another enterprise, these two enterprises are said to be

    a. independent.
    b. supplementary.
    c. competitive.
    d. complimentary.

End of Part II - Budgeting

Total Possible Points 20 POINTS EARNED PART II

Participant Number_____ State Abbreviation_____

Part III - Cash Flow Planning

A cash flow plan is one of many tools used to plan for the upcoming year in a farming operation. The cash flow should be prepared based on known information from the prior year and other information that will influence the upcoming year. Help Remington Farms review their projected 2015 cash flow (starting on R14) to see what it is telling them.

Calculate dollar values to the nearest whole dollar, and percentages to hundreds (00.00%). Correct answers are 1 point each except answer 7 which is 2 points.

1. The 2015 Cash Flow projection shows that the cash balance at the beginning of the year is $_____

2. In the month of January, they begin the year with their own cash, plus have cash income and cash expenditures including servicing of term debt. Is there a cash surplus or a cash deficit for the month of January? Circle the correct answer.

   Surplus Deficit

3. How does this cash surplus or deficit for January affect the balance of their Annual Operating Loan. Circle the letter in front of the correct answer.

   i. It has nothing to do with the Operating Loan balance.
   ii. It increases the amount borrowed on the Operating Loan.
   iii. It pays down principal on the Operating Loan.
   iv. It shows the profit (loss) for January on an accrual basis.

4. In which month is the corn sales the highest? _____

5. How much land rent expense is expected for the year? $_____

6. What is the payment on the JDC sprayer (principal plus interest)? _____

   In which month is it due? _____

7. What is the total principal plus interest that needs to be paid on all term loans? (Two points)

   $_____

8. When studying the Executive Summary for 2015 (R27)

   a. What is the Total Operating Inflow? $_____

   b. What is the Total Operating Outflow? $ _____

   c. What was the beginning balance of the Operating Loan? $_____

   d. What was the ending balance of the Operating Loan? $_____

   e. How much was the Net Cash Flow for 2015? $_____

   f. Calculate the Operating Loan Balance change from the beginning of the year to the end of the year for 2015. Circle the word increase or decrease.

      Operating Loan Balance change $_____ Increase Decrease

Mark each question about a projected Cash Flow statement as True or False. Circle the correct answer.

True False 1. Cash inflow vs. outflow properly calculates net income on an accrual basis.

True False 2. Cash outflow is required for equipment purchases.

True False 3. Cash inflow is supplemented by taking on new loans.

True False 4. Cash inflow is provided by making payments on existing loans.

True False 5. The actual year can turn out differently than the projected cash flow statement.

True False 6. A cash flow projection is often required by a lender, but has little relevance to the farmer.

End of Part III – Cash Flow Planning

Total possible points 22 POINTS EARNED PART III

Participant Number_____ State Abbreviation_____

Part IV - Marketing

Circle the letter in front of the correct multiple choice answer and follow the directions for the other questions. Correct answers are 1 point each.

1. What are the three types of Utility? Place an X in front of them.

   _____ Producing
   _____Form
   _____ Consuming
   _____Retailing
   _____ Time
   _____Place

2. The_____is King in the market place.

   a. Farmer
   b. Consumer
   c. Advertiser
   d. Processor

3. The middlemen in the marketing system operate on

   a. trust.
   b. loans.
   c. price.
   d. margin.

4. Elements of the past several agriculture government programs have tried to reduce the influence that the program would have on

   a. local markets.
   b. ethanol markets.
   c. world markets.
   d. livestock markets.

5. Price movements over time occur because of

   a. demand shifts.
   b. supply shifts.
   c. both a & b.
   d. none the above

6. The most common way that farmers do forward pricing is through

   a. futures contracts.
   b. cash contracts.
   c. options contracts.
   d. hedge contracts.

7. Based on Remington Farms corn production plan, how many corn contracts are needed to hedge the corn?

   a. 10
   b. 20
   c. 40
   d. 60

8. Given the Crop Enterprise Analysis for Remington Farms, should Remington Farms plan to grow more corn or Roundup Ready soybeans?

   _____

9. A market that consists of many buyers and sellers trading a uniform commodity like corn is called

   a. a monopoly.
   b. pure competition.
   c. monopolistic competition.
   d. an oligopoly.

10. The operator knows that the value of the dollar on the world market can have an impact on grain markets. If the dollar increases in value related to other currencies, it will impact U.S. corn and wheat prices in which way?

    a. Make corn and wheat prices higher on world market.
    b. Make corn and wheat prices lower on world market.
    c. Make no difference on world market.
    d. Make rest of world prices higher.

11. Comparing the retail price to the farm price for an agricultural commodity allows you to determine the portion of each dollar spent at the retail level that farmers receive for their commodities. The difference between retail value and the farm value is

    a. profit.
    b. net farm revenue.
    c. farm to city transportation cost.
    d. marketing margin.

12. A farmer who is willing to pay a set dollar amount to establish floor or base price to be received would do what?

    a. Purchase a call option.
    b. Purchase a put option.
    c. Purchase a basis contract.
    d. Purchase a supply contract.

13. If a producer decides to use the futures market to hedge the price of corn to be sold in the fall, what would he do in May?

    a. Buy futures contracts expecting to buy more contracts when the corn is sold.
    b. Buy futures contracts expecting to sell those contracts when the corn is sold.
    c. Sell futures contracts expecting to buy them back when the corn is sold.
    d. Sell futures contracts expecting to sell more contracts when the corn is sold.

14. The only major factor that would change the price that he may receive after using the correct answer in question 13 would be a

    a. bumper crop.
    b. below average crop.
    c. run up in the market.
    d. basis change.

Use the information below to answer questions 15 through 17.

At one of the production sites, this year's crop looks to be average or better, and the estimated production is

Corn 58,000 Bu.
Roundup Ready Soybeans 36,000 Bu.
Non-GMO Soybeans 6,500 Bu.
Barley 9,500 Bu.

The following grain storage bins are on that production site and can be used for all or any part of the year.

1 - 40,000 bu. bin
2 - 25,000 bu. bins
2 - 10,000 bu. bins

Based on the crops and the bin space, what crops should be stored and in which bins to make the best use of all his space? The interest cost in cents per month is

Corn $0.03
Roundup Ready Soybeans $0.06
Non-GMO $0.08
Barley $0.04

Market Price projections are below.

	Corn	Roundup Ready Soybeans	Non-GMO Soybeans	Barley
Oct	3.60	8.50	10.00	5.55
Nov	3.75	9.00	10.45	5.60
Dec	3.92	9.05	10.30	5.40
Jan	3.40	8.80	9.45	5.15
Mar	3.65	9.15	10.15	5.75
May	3.90	9.50	10.50	5.65
July	4.00	9.60	10.80	5.80

15. Which bin should be used for each crop to maximize profitability and use of all the storage available?

a.	40,000	bu.	bin
b.	25,000	bu.	bin
c.	25,000	bu.	bin
d.	10,000	bu.	bin
e.	10,000	bu.	bin

16. In addition to the sunflowers, what other crop would need to be sold out of the field?

Crop _____ How many bushels? _____

17. Considering the storage costs, to have the highest return to the operation in what month should each of the stored crops be sold?

Corn _____

Roundup Ready Soybeans _____

Non-GMO Soybeans _____

Barley _____

Participant Number_____ State Abbreviation_____

End of Part IV - Marketing	
Total Possible Points 27	POINTS EARNED PART IV

Participant Number_____ State Abbreviation_____

Part V - Income Taxes

For multiple choice circle the letter in front of the correct answer or answers that apply. For True/False, circle the correct answer. For matching, fill in the blank. Correct answers are 1 point each.

1. Generally, unless an LLC chooses to be taxed as a corporation, it is taxed as a partnership. Remington Farms LLC did not choose to be taxed as a corporation. Circle the answer that best describes the taxation of the profits of Remington Farms LLC.

   a. The LLC pays tax on the income so the individual member does not have to.
   b. The earnings are distributed to members and taxed as personal income.
   c. LLC's are not allowed to make profits, so therefore there is no tax to be paid.
   d. LLC's are exempt from federal income tax.

2. A sole-proprietor farmer pays self-employment tax on income generated by which of the following? (Circle the letter in front of all correct answers.)

   a. Sale of raised beef calves.
   b. Sale of cull stock cows.
   c. Custom work done for a relative.
   d. Sale of farm land.

3. Match the Recovery Period in Years with the Assets shown below, using the General Depreciation System (GOS).

_____	Field tile for drainage	A.	3 years
_____	New grain storage bin	B.	5 years
_____	Computer printer	C.	7 years
_____	Single purpose greenhouse	D.	10 years
_____	Used farm machinery	E.	15 years
_____	Breeding hogs	F.	20 years

4. For tax years when 50% bonus depreciation is available, which of the following purchases would qualify?

y	N	Used tractor (purchased from father)
y	N	New grain bin
y	N	Farm land
y	N	Field tile for drainage
y	N	New multi-purpose farm building

5. On March 3, 2014, a producer traded in his old tractor for a better used tractor and paid $65,000 to boot. The old tractor was not yet fully depreciated, and at the time of sale had a remaining basis of $18,000.

   A. What is the original basis of this tractor that he bought in 2014?_____

   B. If he chose to use straight line depreciation (GOS), and did not take any of the rapid depreciation that was available to him in 2014, how much depreciation will he receive on the tractor in the second year? (Round to the nearest whole dollar)

   _____

   C. If the producer later sells the tractor to a neighbor for $50,000, but he still has a remaining basis on the tractor of $17,787, then how much taxable income will be generated?

   _____

   D. How much of the taxable income generated in question C above will be treated as "ordinary income" for federal income taxes?

   _____

6. Which of the following are tax deductible farm expenses for the cash basis, sole proprietor farmer? (Circle the letter of all correct answers.)

   a. Seed
   b. Fertilizer for next year's crop
   c. Groceries for the family
   d. Interest paid on an operating line of credit loan
   e. Principal paid on a combine loan to John Deere Credit
   f. Repairs made on an irrigation pump
   g. Depreciation on equipment

7. Which of the following sound tax management practices might a cash basis, sole proprietor farmer consider to lower his taxable income prior to year's end? (Circle the letter of each correct answer or answers.)

   a. Paying some bills prior to year's end.
   b. Use allowable accelerated depreciation on equipment purchased during that year.
   c. Wait until next year to deposit a grain check that was received late in December, to keep it out of this year's income.
   d. Delay selling fat cattle that are ready for market.
   e. Deduct the purchase price of feeder pigs purchased this year, but that won't be ready for market until next year.

End of Part V – Income Tax

Total Possible Points 26 POINTS EARNED PART V

Participant Number_____ State Abbreviation_____

Part VI - Investment Analysis

Two points for each correct answer.

The Remingtons decided to parcel off a farmstead from land purchased in 2008, and they sold it to a family from the area on a contract for deed. They sold the 20 acres and the farmstead home and buildings for $250,000. The purchasers paid 20% down and financed it for 4% on a 20-year note with a balloon payment in ten years. The payments are due annually with equal payments and the first payment to be made in 2009. Payments are due January 1. Use the information above and the amortization schedule provided to fill out the payment table below. Round to the nearest hundredth or cent and then answer the questions on the following page.

Year	Annual Payment Amount	Interest Amount	Principal Amount	Outstanding Balance
2008	XXXXX	XXXXX	XXXXX	
2009				
2010	Same as above	7,731.35	6,985.00	186,298.65
2011	Same as above	7,451.95	7,264.40	179,034.25
2012	Same as above	7,161.37	7,554.98	171,479.27
2013	Same as above	6,859.17	7,857.18	163,622.09
2014	Same as above	6,544.88	8,171.47	155,450.62
2015	Same as above	6,218.02	8,498.33	146,952.29
2016	Same as above	5,878.09	8,838.26	138,114.03
2017	Same as above	5.524.56	9,191.79	128,922.24
2018	Same as above	5,156.89	9,559.46	

1. What is the balance due on the balloon payment anniversary date?

_____

2. How much interest will the buyers pay on this transaction?

_____

3. What would be the balance on their contract for deed if the year was 2015?

_____

4. With the sellers carrying the note, it really is a savings to the buyers because the note is due annually. (Circle the correct answer)

True False

5. If the buyers need to renegotiate the loan for a duration of the full 20 years, how much total interest will be paid?

_____

6. The purchasers are considering making monthly payments instead of annual payments. If the term of the loan remains 20 years, what impact would monthly payments have on the loan? Circle the letter in front of the correct answer.

   a. The total amount of interest paid would increase.
   b. The total amount of interest paid would decrease.
   c. The total amount of principal paid would increase.
   d. The total amount of principal paid would decrease.

End of Part VI – Investment Analysis

Total Possible Points 24 POINTS EARNED PART VI

Participant Number_____ State Abbreviation_____

Part VII - Risk Management

For multiple choice questions circle the letter in front of the correct answer. Correct answers are 2 points each.

1. How far a set of numbers is spread out around the mean can be measured by the

   a. variance.
   b. skewness.
   c. frequency.
   d. modality.

2. Risk management is a process by which a business

   a. identifies potential risk exposure.
   b. prioritizes the risk faced by the business.
   c. develops a plan to mitigate the exposure.
   d. a and c
   e. a, b and c

3. Managers of a farm business can use which of the following as part of their risk management strategy?

   a. Avoidance
   b. Transfer
   c. Insurance
   d. a, b and c.

4. Which of the following is not a market risk?

   a. Changes in input prices.
   b. Changes in product prices.
   c. Not being able to gain access to a market for a specific specialty crop.
   d. Changes in cost of production per unit due to yield changes.

5. The production of several special soybean varieties is an example of what type of risk management strategy?

   a. Specialization
   b. Diversification
   c. Hedging
   d. Contracting

6. If a manager is willing to take a bigger risk, many managers would expect to receive

   a. a lower average net return.
   b. the same average net return.
   c. a higher average net return.

7. Which of the following risks can be protected against through the use of insurance? (Circle the letter of each correct answer or answers.)

   a. Fire
   b. Crop failures
   c. A three year period of low prices
   d. The inability to make debt payments
   e. A farm accident that leaves the manager with a physical disability
   f. The death of a partner or key employee

8. The management team has organized the farm business as two separate Limited Liability Companies (LLC). Which of the following are advantages of such an organization? (Circle the letter of each correct answer or answers.)

   a. Farmland is protected from the tort liabilities of the operating unit.
   b. The farmland will always be available to serve as collateral for the loans taken out by the operating unit.
   c. Organizing as an LLC makes filing income taxes easier.
   d. Avoids the double taxation experienced by some entities.

9. A risk assessment requires managers to consider the

   a. ways to avoid a bad decision.
   b. what to do if you are wrong.
   c. magnitude of a bad outcome and the likelihood of a bad outcome.

10. Crop revenue insurance

    a. protects against declines in price or yield. .
    b. only protects against a decline in price.
    c. only protects against a decline in yield.

11. Lower than average yields are an example of

    a. production risks.
    b. market risks.
    c. human risks.
    d. financial risks.

12. The amount of debt relative to the value of total assets is an example of

    a. production risks.
    b. market risks.
    c. human risks.
    d. financial risks.

End of Part VII - Risk Management

Total Possible Points 32 POINTS EARNED PART VII

Participant Number_____ State Abbreviation_____

Part VIII - Farm Business Organization

For multiple choice questions circle the letter in front of the correct answer. Correct answers are 1 point each.

1. Remington Farms is operated as an LLC. What does LLC stand for?

_____

2. Which of the following are the two major advantages of an LLC?

   a. Limited liability for individual members or owners.
   b. Can be more complex to create than other corporations.
   c. Generally treated as a pass through entity **for taxation.**
   d. LLC income is not taxed at all.

3. All 50 states treat LLCs the same. (Circle the correct answer.) True False

4. Which of the following can be a member of an LLC? (Place an X in front of all correct answers.)

_____ Individuals

_____ Partnerships

_____ Trusts

_____ Estates

_____ Corporations

_____ Other LLCs

5. Which of the following formalities normally imposed upon corporations do not apply to LLCs? (Place an X in front of all correct answers.)

_____ Produce an annual report

_____ Hold directors meetings

_____ Keep a separate bank account

_____ Meet shareholder requirements

_____ Keep records for income taxes

6. Are there tax liabilities incurred when a sole proprietorship places their assets into an LLC? (Circle the correct answer.)

Yes No

7. What is the most common form of ownership for most farmers and ranchers?

   a. Corporations
   b. Sole proprietorships
   c. Partnerships

8. In a Limited Partnership, what are the two types of partners?

   _____ _____

9. In a Limited Partnership, which type of partner is responsible for management?

   _____

10. Investors in a Limited Partnership who do not have management responsibilities see an advantage because they have limited liability. (Circle the correct answer.)

    True False

11. Regular corporations pay tax on income. Subchapter S Corporations are structured as a corporation and file an informational tax return but do not pay taxes. (Circle the correct answer.)

    True False

Matching – Match the items on the left with the terms on the right by placing the letter of the term in front of the item.

_____ Owner of an LLC	A. Articles of Incorporation
_____ Owner of a Partnership	B. Shareholder
_____ Owner of a Corporation	C. Articles of Organization
_____ Creating document of a Corporation	D. Stock
_____ Creating document of an LLC	E. Member
_____ A share in ownership	F. Partnership Agreement
	G. Partner

End of Part VIII - Farm Business Organization

Total Possible Points 26 POINTS EARNED PART VIII

Participant Number_____ State Abbreviation_____

Part IX - Analyzing the Farm Business

Calculated answers are 2 points each, other answers are 1 point each.

1. Remington Farms is much larger than the average farm in the area report. There are some factors that can be compared to the average, but other factors require a comparison to farms of a similar size or income level. Answer the questions below for Remington Farms and compare the data with the appropriate other group when requested. Use the Financial Standards Measures (R30) and the Executive Summary (R27) for your calculations. (Round to whole dollars and percentages to one decimal (xx.x%)

    a. What is the Working Capital for Remington Farms? $_____

    b. What is the Working Capital as a % of Gross Income for Remington Farms?

    _____ %

    c. What is the Working Capital as a % of Gross Income for farms grossing more than $1,000,000?

    _____ %

    d. Is the Remington Farms' Working Capital as a % of Gross Income **stronger** or **weaker** than it is for farms grossing more than $1,000,000?

    _____

    e. What is the Farm Debt to Asset Ratio for Remington Farms on the Cost Basis?

    _____%

    f. What is the Farm Debt to Asset Ratio for the high return farms?

    _____ %

    g. Is the Remington Farms Debt to Asset Ratio **stronger or weaker** than it is for the high return farms?

    _____

    h. Would their Equity to Asset Ratio be **stronger or weaker** than it is for the high return farms?

    _____

    i. For which factor in questions a through h, is Remington Farms in a stronger position than the farms grossing more than $1,000,000?

    _____

2. Efficiency measures are an important part of analyzing the business. Calculate the following efficiency measures by dividing the dollar amount of each item by the Gross Farm Income to determine the ratio. (Round percentages to xx.x%)

   a. Depreciation Expense Ratio _____ %
   b. Net Farm Income Ratio _____ %

   c. Are these numbers **stronger or weaker** than those for the High Income Farms?

   _____

3. Remington Farms raised both Roundup Ready soybeans and non-GMO soybeans in their crop rotation. Roundup Ready soybeans had a 35 bushel per acre yield while non-GMO soybeans had a 25 bushel per acre yield. Based on the data provided in the Resource Information, list the primary reason why the non-GMO soybeans generated a greater net return per acre than the Roundup Ready soybeans, even though the yield was less.

   _____

4. For which two crop enterprises did Remington Farms have a higher yield than the area average?

   a. _____
   b. _____

5. Which crop enterprise on Remington Farms has the highest net return per acre and which has the lowest?

   a. Highest _____
   b. Lowest _____

6. Machinery cost per acre is a factor that is becoming more important as the cost of machinery increases. This factor is calculated by adding fuel & **oil,** repairs, custom hire, machinery leases, interest on machinery debt, and machinery depreciation. Review the Income Statement in the Resource Information and calculate the machinery cost per acre. (Assume that the crop enterprises are required to cover the following costs.)

   a. Fuel & oil total $ _____
   b. Repair total $ _____
   c. Custom hire total $ _____
   d. Machinery lease total $ _____
   e. Interest on machinery debt total 100,000
   f. Machinery depreciation total $ _____
   g. Total crop acres 9,500

h. Machinery cost per acre (Round to cents) $ _____

7. Which crop from the area averages has a higher Machine Cost per Acre than Remington Farms?

_____

8. In the Resource Information, use the Statement of Cash Flows (R19) for the Remington Farm to answer the following questions.

   a. What is the Net Cash Provided by Operating Activities? $_____

   b. What is the Net Cash provided by Financing Activities? $_____

   c. As a total, the Net Cash provided by Operating Activities plus the Net Cash provided by Financing Activities is positive. Does the negative amount from Net Cash provided by Investing Activities exceed that total? (Circle the correct answer.)

      Yes or No

   d. Do net cash and cash equivalents increase or decrease? Circle the correct answer.

      Increase Decrease

   e. By how much do cash and cash equivalents change?

      $_____

9. Farmers need to evaluate their ability to pay back debt. One factor to consider is the Term Debt Coverage Ratio. This ratio is calculated by dividing the Capital Debt Repayment Capacity (dollars available to pay debt} by the scheduled term debt payments. Using the Resource Information found on page R30, answer the questions below.

   a. The Term Debt Coverage Ratio measures

      i. the term, listed in months, required to cover debt.
      ii. the number of years needed to pay down intermediate and long term debt.
      iii. the ability to pay all intermediate and long term debt payments.
      iv. the ability to pay down debts over a given term.

   b. What is the Term Debt Coverage Ratio for the Remington Farm? (Round to the nearest hundredth xx.xx

      _____

   c. Is the Remington Farm Term Debt Coverage Ratio **better or worse** than the average farm? (Circle the correct answer.)

      Better or Worse

d. With reduced crop prices, there will probably be a reduction in the dollars available to make payments on term debt. If their dollars available (Capital Debt Repayment Capacity) reduced by $100,000 for the Remington Farms, calculate the Term Debt Coverage Ratio? (Calculate to the nearest hundredth xx.xx)

_____

e. With the $100,000 reduction in Capital Debt Repayment Capacity, did the Term Debt Coverage Ratio increase or decrease? (Circle the correct answer.)

Increase or Decrease

f. In assessing needs in a down turn, the Remington Farms lender requires a minimum Term Debt Coverage Ratio of 1.5. What would the capital debt repayment capacity need to be to maintain this ratio? (Round to nearest whole dollar.)

$_____

10. Review the Remington Farm Projected Monthly Cash Flow for 2015. Respond to the questions below. (Remember to not include the total column in your count.)

A. For how many months were the total inflows greater than the total inflows for the month of January?

___months

B. For how many months was the operating surplus a positive number?

___months

End of Part IX – Analyzing the Farm Business

Total possible points 43 POINTS EARNED PART IX

Participant Number_____ State Abbreviation_____

Part X – Family Living

Review the information from the Story of Remington Farms and the 2014 Household & Personal Expense Summary (page R31 in the resource information) before answering the following questions. (Round answers to whole numbers or xx.x for percentages) Answers are 1 point each except for Question 7 which are 2 points each.

1. What are the two primary sources of income to cover the cost of household and personal expenses for the Remington family?

   a. _____

   b. _____

2. The Remington family consists of 6 members while the average family consists of 2.6 members. For the following expense items, calculate whether the Remington family expenses were more or less than the average on a per family member basis.

   a. Clothing _____

   b. Recreation _____

   c. Life Insurance payments _____

3. Total cash family living expenses are considered to be direct expenses paid for normal family living on an annual basis. Total cash family living, investment, and non-farm capital purchases include longer term purchases and investments. What percent of the total cash family living, investment, and non-farm capital purchases is made up of only total cash family living expenses?

   a. Remington family _____ %

   b. Average family _____ %

4. What are three (3) annual expenses that the Remingtons would most likely be able to reduce? Circle the letter in front of the correct responses.

   a. Medical care

   b. Non-farm vehicle purchases

   c. Life insurance

   d. Miscellaneous

   e. Cash donations

   f. Utilities

5. What are the three (3) annual expenses that the Remingtons would find most difficult to reduce? Circle the letter in front of the correct responses.

   a. Recreation
   b. Household Real Estate Taxes
   c. Gifts
   d. Food and meals expenses
   e. Clothing
   f. Health insurance

6. What is the total family living, investment, & nonfarm capital purchase amount per family member?

   Remington family _____

   Average family _____

7. Medical care, health insurance, and life insurance expenses generally increase with age. What percent of total cash family living, investment, and non-farm capital purchases was spent on these three items? Round answer to two decimal places.

   a. Percent of total expenses Remingtons spent on health items _____ %

   b. Percent of total expenses area average spent on health items _____ %

8. In the list below, indicate which expenses account for **more or less** than 5% of the total cash family living expenses. (1 point each)

   a. Life Insurance payments (area average) _____
   b. Education (Remingtons') _____
   c. Personal Vehicle Operating Expense (Remingtons') _____
   d. Utilities (area average) _____

End of Part X – Family Living

Total possible points 23 POINTS EARNED PART X

Participant Number_____ State Abbreviation_____

Part XI - Economic Principles

Part A: Multiple Choice. Circle the letter in front of the correct answer. Correct answers are 1 point each.

1. What can an agriculture producer determine from the Production Function?

   a. How much to produce.
   b. Whether or not to operate in the long run.
   c. How to allocate resources throughout an enterprise.
   d. All the above

2. There are two economic principles that make up the Production Function. (Circle the letters in front of the the correct two answers.)

   a. The opportunity cost.
   b. The law of diminishing returns.
   c. The law of production.
   d. The law of diminishing physical output.

3. Marginal cost measures which of the following?

   a. The output cost from production at the average level of input.
   b. The change in cost from one enterprise to another.
   c. The change in cost by producing another unit of output.
   d. The change in cost by producing another unit of input.

4. On the Production Function graph, the MC=MR, tells the producer?

   a. The point where the losses will be the least.
   b. That Marginal Cost = Marginal Return.
   c. The point where the profits are the greatest.
   d. All the above

5. What is Stage II on the Production Function?

   a. The lowest point in the production process.
   b. The highest point in the production process.
   c. The point of diminishing returns.
   d. The decision making stage.

Participant Number_____ State Abbreviation_____

Part B: Complete the Table (calculate to nearest tenth xx.x)

Variable Input	Total Physical Product	Average Physical Product	Marginal Physical Product
0	0	0	0
1	10		
2	22		
3	36		
4	52		
5	66		
6	76		
7	80		
8	82		
9	82		
10	78		

1. In which Stage should production occur? _____

2. Where do Stage II and Stage III separate? _____

3. At what input level should production occur if the input is free?_____

4. The addition of more input beyond 9 units will cause the Total Production to (Circle the letter in front of the correct answer.)

   a. increase.
   b. stay the same.
   c. decrease.

5. Assuming hay is at $75 per ton and each unit of input costs $750, the MC=MR at which unit of input?

   Input Unit_____

6. What happens to the optimum level of input if the output price increases while the marginal cost remains the same?

   _____

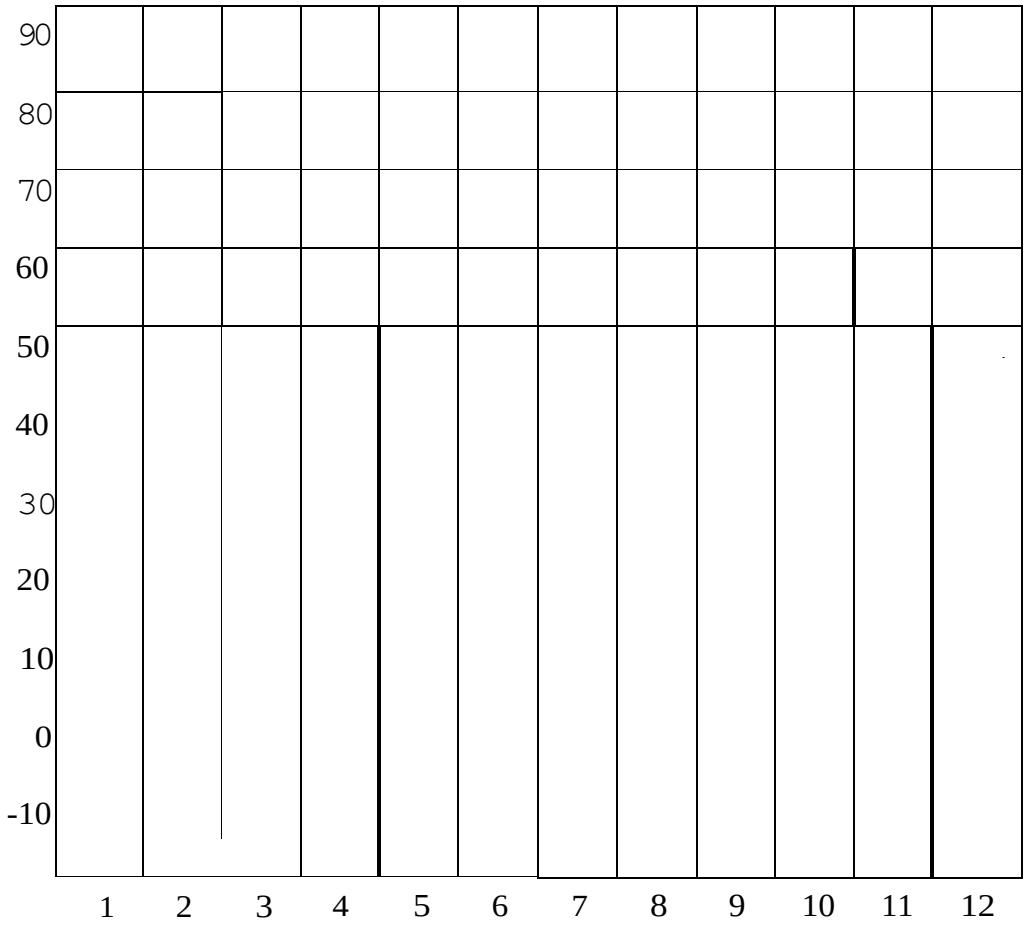
7. What happens to the optimum level of input if the product price drops while the marginal cost remains the same?

   _____

Participant Number_____ State Abbreviation_____

Part C: Graph

Plot the graph of the Production Function using the data from the table above in Part B. Label the graph lines as TPP, APP and MPP. Graph is worth 6 points.



End of Part XI – Economic Principles

Total possible points 29 POINTS EARNED PART XI

Participant Number_____ State Abbreviation_____

Participant Name (please print clearly) **Key**

Important: Before you start this portion of the event, please write your participant number and state abbreviation on the blanks provided at the top of ***each page.***

2015 NATIONAL FFA FARM BUSINESS MANAGEMENT CAREER DEVELOPMENT EVENT

Page Number	Part	Area	Possible Points	Score
3		Financial Statements	28	
8	II	Budgeting	20	
11	III	Cash Flow Planning	22	
13	IV	Marketing	27	
17	V	Income Tax	26	
20	VI	Investment Analysis	24	
22	VII	Risk Management	32	
25	VIII	Farm Business Organization	26	
27	IX	Analyzing the Farm Business	43	
31	X	Family Living	23	
33	XI	Economic Principles	29	
TOTAL POSSIBLE POINTS			**300**	

PARTICIPANT POINTS _____

Participant Number_____ State Abbreviation_____

THIS PAGE IS INTENTIONALLY BLANK

Participant Number_____ State Abbreviation_____

Part I - Financial Statements

NOTE: For the multiple choice questions, circle the letter in front of the BEST answer. Each correct answer in Part I is 1 point. For calculated numbers round to the nea.rest dollar or nearest tenth of a percent(xx.x).

1. For the Balance Sheet of Remington Farms, the intermediate and long-term assets have two different values. These are

   a. Market Value and Book Value.
   b. Market Value and Cost Value.
   c. Market Value and Estimated Value.
   d. Estimated Value and Actual Value.

2. The cost value of intermediate and long-term assets is equal to

   a. **cost of the asset, plus cost of improvements that lengthens the life of the asset minus depreciation.**
   b. cost of the asset, minus cost of improvements that lengthens the life of the asset minus depreciation.
   c. cost of the asset, minus cost of improvements that lengthens the life of the asset plus depreciation.
   d. cost of the asset, plus cost of improvements that lengthens the life of the asset plus depreciation.

3. Current assets include

   a. only cash - and add more to lengthen (parts of the whole).
   b. only grain inventory.
   c. prepaid expenses.
   d. cash, marketable securities, accounts and notes receivable, prepaid expenses, and inventories.

4. The net worth statement or balance sheet reveals

   a. **net worth by subtracting total liabilities from total assets.**
   b. net farm income by subtracting total expenses from total revenue.
   c. cash income by subtracting total cash expenses from total cash receipts.
   d. the increase in retained earnings by subtracting total liabilities from total assets.

5. Another term for net worth is

   a. net return.
   b. net farm income.
   c. owner equity.
   d. owner value.

6. What asset has the highest market value on the Remington Farms LLC, January 1, 2014 balance sheet?

   a. **Machinery and equipment**
   b. Crop inventory
   c. Building and improvements
   d. Farmland

7. A cash accounting system does not provide a good measure of net farm income because it is easy to

   a. delay revenue.
   b. delay expenses.
   c. accelerate expenses.
   d. accelerate revenue.
   e. a**, b, c and d.**

8. Which of the following is not one of the basic financial statements?

   a. Balance Sheet
   b. Monthly bank statement
   c. Income statement
   d. Statement of Cash Flow
   e. Statement of Owner Equity

9. How much cash will be required to make scheduled principal payments on term liabilities during 2014?

   a. $177,566
   b. $810,412
   c. $1,112,605
   d. $1,629,278

10. For 2014 the line of credit or operating loan

    a. increased.
    b. decreased.
    c. remained the same.

11. Accrued interest is

    a. interest that has been paid.
    b. interest on short-term or operating loans.
    c. interest owed but not yet paid.
    d. interest owed but not yet paid on noncurrent loans.

12. Examples of prepaid expenses found on the Remington Farms 2014 balance sheet include all of the following except

    a. seed expenses.
    b. fertilizer spreading expense.
    c. notes receivable.

13. The total market value owner equity (net worth) for Remington Farms at the beginning of 2014 is

    a. $5,101,821.
    b. $1,868,877.
    c. $2,359,938.
    d. $2,741,884.

14. The balance sheets for Remington Farms divide total net worth into two parts: 1) retained earnings/contributed capital and 2) market valuation equity. Retained earnings/contributed capital represent the

    a. increase in equity arising from the increase in the value on noncurrent assets.
    b. unrealized increase in owner equity.
    c. amount of capital that has accumulated in the business since it began.
    d. value left after all assets are sold and all liabilities have been paid.

15. Why does Remington Farms have a zero value for farmland on its balance sheet?

    a. Since all farm businesses own farmland, this is an error that occurred in the preparation of the balance sheet.
    b. The farmland farmed by Remington Farms is all rented by unrelated landowners.
    c. The farmland farmed by Remington Farms is all owned by Remington Real Estate and unrelated landowners.
    d. All the farmland value is used for collateral of the noncurrent liabilities.

16. Net cash income for Remington Farms in 2014 was

    a. $3,151,684
    b. $2,634,163
    c. $517,521
    d. $205,966

17. The net farm income from operations (net farm income) indicates that profitability for 2014 was_____than indicated by net cash income.

    a. higher
    b. lower

18. Which of the following uses of cash are not recognized in the calculation of net farm income from operations?

    a. Additional cash invested in the farm business.
    b. Principal payments made during the year.
    c. Principal and interest payments made during the year.
    d. a and b
    e. a and c

19. Corn sales were the largest cash income source for Remington Farms in 2014. What percent of gross cash income does this represent? (Round to the nearest tenth of a percent.)

    Percent of gross cash income **29.3** % **$922,918 / $3,151,684 = 29.3%**

20. The family living and income tax withdrawal reported in the Remington Farms cash flows for 2014 was $85,000. Using this amount, net farm income, and assuming no other sources of capital were added to Remington Farms in 2014, what are the calculated retained earnings/contributed capital at the end of 2014? (Note: because single entry cash accounting is used on most farms, the calculated retained earnings at the end of the year may not be the same as the valued reported on the balance sheet.)

Net farm income 2014	**$244,505**
Family living and income tax withdrawal	**-$85,000**
2014 retained earnings	**$159,505**
Beginning retained earnings	**$1,868,877**
Calculated ending retained earnings	**$2,028,382**

21. What was the largest cash expense for Remington Farms during 2014? What percent of total cash expense does this represent? (Calculate to the nearest tenth of a percent.)

    Largest cash expense **Land Rent**

    Percent of total cash expense **30.6** % **$805,318 / $2,634,163 = 30.6%**

22. Use the cash flow statement for 2014.

    a. Which month had the largest operating surplus? **December**

    b. Which month had the largest operating deficit?

    c. Which month had the largest total surplus? **November**

23. The $11,717 August operating surplus became an overall $63,917 cash deficit because of which of the following?

    a. **Capital purchases *and* loan payments in exces of capital sales and new borrowing.**
    b. Capital sales and new borrowing in excess of capital purchases and loan payments
    c. Capital purchases and capital sales in excess of loan payments and new borrowing.

24. Which of the following is **not** a characteristic of an amortized loan?

    a. The total principal and interest payment is constant over the repayment period.
    b. More of the total payment is allocated to principal and less to interest over the life of the loan
    c. The same amount of each payment is allocated to principal and interest with each payment made.
    d. The loan balance will be zero at the end of the repayment period.

25. Which of the following financial statements helps managers understand the sources and uses of cash?

    a. Income statement
    b. Statement of cash flows
    c. Statement of owner equity

End of Part I- Financial Statements

Total Possible Points 28 POINTS EARNED PART I

Participant Number_____ State Abbreviation_____

Part II - Budgeting

Make all calculations to the nearest cent or hundredth (0.00). Correct answers are 1 point each.

Historically, the price of corn in this area is about $0.50 per bushel higher in March and April than at harvest. Remington Farms is considering putting in additional storage to take advantage of this seasonal difference. The farm generally stores corn in town for a total cost of $0.12 per bushel for three months and $0.03 per bushel per month after that. As an alternative, they are looking at a 40,000 bushel storage unit which will cost $50,000. The total interest on a loan would be $7,750. They figure the total initial cost of $57,750 could be spread over 15 years. They were also told to figure $0.03 per bushel per year for maintenance, insurance, and operation of an aeration fan. The farm expects to store the corn for five months. Use the partial budget below to determine if storing in town or if building additional storage is a more profitable alternative.

Column One	Column Two
1. Additional Costs **$57,750 divided by 15 = $3,850** **40,000 bu. X $.03 = $1,200** **Total AC = $5,050.**	2. Additional Returns **$0.00**
3. Reduced Returns **$0.00**	4. Reduced Costs **$0.18 x 40,000 bu. = $7,200**
5. Total AC + RR = **$5,050**	6. Total AR + RC = **$7,200**
7. Net Change (Line 6 minus line 5) **$7,200 - $5,050 = $2,150**	

8. Would you recommend that the farm invest in this on-farm storage facility? Circle the correct answer.

Yes No

9. How much would the price of corn have to increase from harvest time to make the on-farm storage facility a break-even proposition?

$5,050 divided by 40,000 = $0.13 or 13 cents per bushel

10. How much additional income would be realized with the on-farm storage compared to storing in town?

$2,150

11. What would it cost the farm per bushel per year to store corn with the on-farm storage facility? Calculate to the nearest cent, $xx.xx.

$5,050 divided by 40,000 bu. = $0.13 or 13 cents per bushel

12. If the farm were to get $0.50 per bushel more for the corn after 5 months compared to selling at harvest, how much would that increase its annual net income? (With the on-farm storage)

($0.50/bu. - $0.13/bu.) x 40,000 = $14,800

Use the Crop Enterprises for the Area Average (R29) for barley to answer questions 13 through 16.

13. What is the net return per acre after accounting for labor and management?

$81 net return / acre

14. What is the break-even yield per acre required to cover total direct and overhead expenses? (Calculate to the nearest one hundredth of a bushel, xx.xx)

$283.84 divided by $4.25 per bushel = 66.79 bu. /acre

15. What is the break-even price per bushel to cover total direct and overhead expenses? (Calculate to the nearest cent, $xx.xx)

$283.84 divided by 87.69 bu./acre = $3.24 per bushel

16. What are the estimated labor-hours per acre on the barley enterprise?

0.99 hrs./acre

17. Partial budgets are useful in evaluating changes such as (Circle the letter in front of all correct answers.)

a. the useful life of an asset.
b. expanding an enterprise.
c. buying new equipment or machinery.
d. determining how to guarantee the profitability of an enterprise.

18. An enterprise budget is

    a. a record of past production performance.
    b. a physical and financial plan for this entire farm business for a specific time period.
    c. the tool used in analyzing only changes in the farm operations and the potential change in net income.
    d. a statement of projected costs and returns associated with one production process, and usually in one production period.

19. When an increase in the level of production of one enterprise causes a reduction in the level of production in another enterprise, these two enterprises are said to be

    a. independent.
    b. supplementary.
    c. competitive.
    d. complimentary.

End of Part II – Budgeting

Total Possible Points 20 POINTS EARNED PART II

Participant Number_____ State Abbreviation_____

Part III - Cash Flow Planning

A cash flow plan is one of many tools used to plan for the upcoming year in a farming operation. The cash flow should be prepared based on known information from the prior year and other information that will influence the upcoming year. Help Remington Farms review their projected 2015 cash flow (starting on R14) to see what it is telling them.

Calculate dollar values to the nearest whole dollar, and percentages to hundreds (00.00%). Correct answers are 1 point each except answer 7 which is 2 points.

1. The 2015 Cash Flow projection shows that the cash balance at the beginning of the year is

   $226,889.

2. In the month of January, they begin the year with their own cash, plus have cash income and cash expenditures including servicing of term debt. Is there a cash surplus or a cash deficit for the month of January? Circle the correct answer.

   Surplus Deficit

3. How does this cash surplus or deficit for January affect the balance of their Annual Operating Loan. Circle the letter in front of the correct answer.

   i. It has nothing to do with the Operating Loan balance.
   ii. It increases the amount borrowed on the Operating Loan.
   iii. It pays down principal on the Operating Loan.
   iv. It shows the profit (loss) for January on an accrual basis.

4. In which month is the corn sales the highest? **February**

5. How much land rent expense is expected for the year? **$850,000**

6. What is the payment on the JDC sprayer (principal plus interest)? **$22,721**

   In which month is it due? **March**

7. What is the total principal plus interest that needs to be paid on all term loans? (Two points)

   $392,907

8. When studying the Executive Summary for 2015 (R27)

   a. What is the Total Operating Inflow? $3,**121,403**

   b. What is the Total Operating Outflow? **$2,664,492**

   c. What was the beginning balance of the Operating Loan? **$818,528**

   d. What was the ending balance of the Operating Loan? **$662,898**

   e. How much was the Net Cash Flow for 2015? **$28,741**

   f. Calculate the Operating Loan Balance change from the beginning of the year to the end of the year for 2015. Circle the word increase or decrease.

      Operating Loan Balance change **$155,630** Increase **Decrease**

Mark each question about a projected Cash Flow statement as True or False. Circle the correct answer.

True **False** 1. Cash inflow vs. outflow properly calculates net income on an accrual basis.

True False 2. Cash outflow is required for equipment purchases.

True False 3. Cash inflow is supplemented by taking on new loans.

True **False** 4. Cash inflow is provided by making payments on existing loans.

True False 5. The actual year can turn out differently than the projected cash flow statement.

True **False** 6. A cash flow projection is often required by a lender, but has little relevance to the farmer.

End of Part III – Cash Flow Planning

Total possible points 22 POINTS EARNED PART III

Participant Number_____ State Abbreviation_____

Part IV - Marketing

Circle the letter in front of the correct multiple choice answer and follow the directions for the other questions. Correct answers are 1 point each.

1. What are the three types of Utility? Place an X in front of them.

Producing ___
- **X** Form
- _____ Consuming
- _____ Retailing
- **X** Time
- **X** Place

2. The_____is King in the market place.

   a. Farmer
   b. Consumer
   c. Advertiser
   d. Processor

3. The middlemen in the marketing system operate on

   a. trust.
   b. loans.
   c. price.
   d. margin.

4. Elements of the past several agriculture government programs have tried to reduce the influence that the program would have on

   a. local markets.
   b. ethanol markets.
   c. world markets.
   d. livestock markets.

5. Price movements over time occur because of

   a. demand shifts.
   b. supply shifts.
   c. both a & **b.**
   d. none the above

6. The most common way that farmers do forward pricing is through

   a. futures contracts.
   b. cash contracts.
   c. options contracts.
   d. hedge contracts.

7. Based on Remington Farms corn production plan, how many corn contracts are needed to hedge the corn?

   a. 10
   b. 20
   c. 40
   d. 60

8. Given the Crop Enterprise Analysis for Remington Farms, should Remington Farms plan to grow more corn or Roundup Ready soybeans?

   Roundup Ready Soybeans

9. A market that consists of many buyers and sellers trading a uniform commodity like corn is called

   a. a monopoly.
   b. pure competition.
   c. monopolistic competition.
   d. an oligopoly.

10. The operator knows that the value of the dollar on the world market can have an impact on grain markets. If the dollar increases in value related to other currencies, it will impact U.S. corn and wheat prices in which way?

    a. **Make corn and wheat prices higher on world market.**
    b. Make corn and wheat prices lower on world market.
    c. Make no difference on world market.
    d. Make rest of world prices higher.

11. Comparing the retail price to the farm price for an agricultural commodity allows you to determine the portion of each dollar spent at the retail level that farmers receive for their commodities. The difference between retail value and the farm value is

    a. profit.
    b. net farm revenue.
    c. farm to city transportation cost.
    d. marketing margin.

12. A farmer who is willing to pay a set dollar amount to establish floor or base price to be received would do what?

    a. Purchase a call option.
    b. Purchase a put option.
    c. Purchase a basis contract.
    d. Purchase a supply contract.

13. If a producer decides to use the futures market to hedge the price of corn to be sold in the fall, what would he do in May?

    a. Buy futures contracts expecting to buy more contracts when the corn is sold.
    b. Buy futures contracts expecting to sell those contracts when the corn is sold.
    c. Sell futures contracts expecting to buy them back when the corn is sold.
    d. Sell futures contracts expecting to sell more contracts when the corn is sold.

14. The only major factor that would change the price that he may receive after using the correct answer in question 13 would be a

    a. bumper crop.
    b. below average crop.
    c. run up in the market.
    d. basis change.

Use the information below to answer questions 15 through 17.

At one of the production sites, this year's crop looks to be average or b!:ltter, and the estimated production is

Corn 58,000 Bu.
Roundup Ready Soybeans 36,000 Bu.
Non-GMO Soybeans 6,500 Bu.
Barley 9,500 Bu.

The following grain storage bins are on that production site and can be used for all or any part of the year.

1 - 40,000 bu. bin
2 - 25,000 bu. bins
2 - 10,000 bu. bins

Based on the crops and the bin space, what crops should be stored and in which bins to make the best use of all his space? The interest cost in cents per month is

Corn $0.03
Roundup Ready Soybeans $0.06
Non-GMO $0.08
Barley $0.04

Market Price projections are below.

	Corn	Roundup Ready Soybeans	Non-GMO Soybeans	Barley
Oct	3.60	8.50	10.00	5.55
Nov	3.75	9.00	10.45	5.60
Dec	3.92	9.05	10.30	5.40
Jan	3.40	8.80	9.45	5.15
Mar	3.65	9.15	10.15	5.75
May	3.90	9.50	10.50	5.65
July	4.00	9.60	10.80	5.80

15. Which bin should be used for each crop to maximize profitability and use of all the storage available?

    a. 40,000 bu. bin **RounduQ Readll SoJlbeans**

    b. 25,000 bu. bin **Corn**

    c. 25,000 bu. bin **Corn**

    d. 10,000 bu. bin **Non-GMO SoJlbeans** **(Note d and e can be**

    e. 10,000 bu. bin **Bariell** **in either order.)**

16. In addition to the sunflowers, what other crop would need to be sold out of the field?

    Crop **Corn** How many bushels? **8000 bu.**

17. Considering the storage costs, to have the highest return to the operation in what month should each of the stored crops be sold?

    Corn **December**

    Roundup Ready Soybeans **Julll**

    Non-GMO Soybeans **November**

    Barley **March**

End of Part IV – Marketing

Total Possible Points 27 POINTS EARNED PART IV

Participant Number_____ State Abbreviation_____

Part V - Income Taxes

For multiple choice circle the letter in front of the correct answer or answers that apply. For True/False, circle the correct answer. For matching, fill in the blank. Correct answers are 1 point each.

1. Generally, unless an LLC chooses to be taxed as a corporation, it is taxed as a partnership. Remington Farms LLC did not choose to be taxed as a corporation. Circle the answer that best describes the taxation of the profits of Remington Farms LLC.

   a. The LLC pays tax on the income so the individual member does not have to.
   b. The earnings are distributed to members and taxed as personal income.
   c. LLC's are not allowed to make profits, so therefore there is no tax to be paid.
   d. LLC's are exempt from federal income tax.

2. A sole-proprietor farmer pays self-employment tax on income generated by which of the following? (Circle the letter in front of all correct answers.)

   a. **Sale of raised beef calves.**
   b. Sale of cull stock cows.
   c. Custom work done for a relative.
   d. Sale of farm land.

3. Match the Recovery Period in Years with the Assets shown below, using the General Depreciation System (GOS).

E	Field tile for drainage	A. 3 years
C	New grain storage bin	B. 5 years
B	Computer printer	C. 7 years
D	Single purpose greenhouse	D. 10 years
C	Used farm machinery	E. 15 years
A	Breeding hogs	F. 20 years

4. For tax years when 50% bonus depreciation is available, which of the following purchases would qualify?

   У **N** Used tractor (purchased from father)
   У N New grain bin
   У **N** Farm land
   У N Field tile for drainage
   У N New multi-purpose farm building

5. On March 3, 2014, a producer traded in his old tractor for a better used tractor and paid $65,000 to boot. The old tractor was not yet fully depreciated, and at the time of sale had a remaining basis of $18,000.

   A. What is the original basis of this tractor that he bought in 2014? **$83,000**

   B. If he chose to use straight line depreciation (GOS), and did not take any of the rapid depreciation that was available to him in 2014, how much depreciation will he receive on the tractor in the second year? (Round to the nearest whole dollar)

   $11,857

   C. If the producer later sells the tractor to a neighbor for $50,000, but he still has a remaining basis on the tractor of $17,787, then how much taxable income will be generated?

   $32,213

   D. How much of the taxable income generated in question C above will be treated as "ordinary income" for federal income taxes?

   $32,213

6. Which of the following are tax deductible farm expenses for the cash basis, sole proprietor farmer? (Circle the letter of all correct answers.)

   a. Seed

   b. Fertilizer for next year's crop

   c. Groceries for the family

   d. Interest paid on an operating line of credit loan

   e. Principal paid on a combine loan to John Deere Credit

   f. Repairs made on an irrigation pump

   g. Depreciation on equipment

7. Which of the following sound tax management practices might a cash basis, sole proprietor farmer consider to lower his taxable income prior to year's end? (Circle the letter of each correct answer or answers.)

   a. Paying some bills prior to year's end.
   b. Use allowable accelerated depreciation on equipment purchased during that year.
   c. Wait until next year to deposit a grain check that was received late in December, to keep it out of this year's income.
   d. Delay selling fat cattle that are ready for market.
   e. Deduct the purchase price of feeder pigs purchased this year, but that won't be ready for market until next year.

End of Part V – Income Tax

Total Possible Points 26 POINTS EARNED PART V

Participant Number_____ State Abbreviation_____

Part VI - Investment Analysis

Two points for each correct answer.

The Remingtons decided to parcel off a farmstead from land purchased in 2008, and they sold it to a family from the area on a contract for deed. They sold the 20 acres and the farmstead home and buildings for $250,000. The purchasers paid 20% down and financed it for 4% on a 20-year note with a balloon payment in ten years. The payments are due annually with equal payments and the first payment to be made in 2009. Payments are due January 1. Use the information above and the amortization schedule provided to fill out the payment table below. Round to the nearest hundredth or cent and then answer the questions on the following page.

Year	Annual Payment Amount	Interest Amount	Principal Amount	Outstanding Balance
2008				**200,000.00**
2009	**14,716.35**	**8,000.00**	**6,716.35**	**193,283.65**
2010	Same as above	7,731.35	6,985.00	186,298.65
2011	Same as above	7,451.95	7,264.40	179,034.25
2012	Same as above	7,161.37	7,554.98	171,479.27
2013	Same as above	6,859.17	7,857.18	163,622.09
2014	Same as above	6,544.88	8,171.47	155,450.62
2015	Same as above	6,218.02	8,498.33	146,952.29
2016	Same as above	5,878.09	8,838.26	138,114.03
2017	Same as above	5.524.56	9,191.79	128,922.24
2018	Same as above	5,156.89	9,559.46	**119,362.78**

Participant Number_____ State Abbreviation_____

1. What is the balance due on the balloon payment anniversary date?

$119,362.78

2. How much interest will the buyers pay on this transaction?

$66,526.28

3. What would be the balance on their contract for deed if the year was 2015?

$146,952.29

4. With the sellers carrying the note, it really is a savings to the buyers because the note is due annually. (Circle the correct answer)

True **False**

5. If the buyers need to renegotiate the loan for a duration of the full 20 years, how much total interest will be paid?

$94,327.00

6. The purchasers are considering making monthly payments instead of annual payments. If the term of the loan remains 20 years, what impact would monthly payments have on the loan? Circle the letter in front of the correct answer.

a. The total amount of interest paid would increase.
b. The total amount of interest paid would decrease.
c. The total amount of principal paid would increase.
d. The total amount of principal paid would decrease.

End of Part VI – Investment Analysis

Total Possible Points 24 POINTS EARNED PART VI

Participant Number_____ State Abbreviation_____

Part VII ·Risk Management

For multiple choice questions circle the letter in front of the correct answer. Correct answers are 2 points each.

1. How far a set of numbers is spread out around the mean can be measured by the

   a. **variance.**
   b. skewness.
   c. frequency.
   d. modality.

2. Risk management is a process by which a business

   a. identifies potential risk exposure.
   b. prioritizes the risk faced by the business.
   c. develops a plan to mitigate the exposure.
   d. a and c
   e. a, b and c

3. Managers of a farm business can use which of the following as part of their risk management strategy?

   a. Avoidance
   b. Transfer
   c. Insurance
   d. a, b and c.

4. Which of the following is not a market risk?

   a. Changes in input prices.
   b. Changes in product prices.
   c. Not being able to gain access to a market for a specific specialty crop.
   d. Changes in cost of production per unit due to yield changes.

5. The production of several special soybean varieties is an example of what type of risk management strategy?

   a. Specialization
   b. Diversification
   c. Hedging
   d. Contracting

6. If a manager is willing to take a bigger risk, many managers would expect to receive

   a. a lower average net return.
   b. the same average net return.
   c. a higher average net return.

7. Which of the following risks can be protected against through the use of insurance? (Circle the letter of each correct answer or answers.)

   a. **Fire**
   b. **Crop failures**
   c. A three year period of low prices
   d. The inability to make debt payments
   e. A farm accident that leaves the manager with a physical disability
   f. The death of a partner or key employee

8. The management team has organized the farm business as two separate Limited Liability Companies (LLC). Which of the following are advantages of such an organization? (Circle the letter of each correct answer or answers.)

   a. **Farmland is protected from the tort liabilities of the operating unit.**
   b. The farmland will always be available to serve as collateral for the loans taken out by the operating unit.
   c. Organizing as an LLC makes filing income taxes easier.
   d. Avoids the double taxation experienced by some entities.

9. A risk assessment requires managers to consider the

   a. ways to avoid a bad decision.
   b. what to do if you are wrong.
   c. magnitude of a bad outcome and the likelihood of a bad outcome.

10. Crop revenue insurance

    a. **protects against declines in price or yield.**
    b. only protects against a decline in price.
    c. only protects against a decline in yield.

11. Lower than average yields are an example of

    a. **production risks.**
    b. market risks.
    c. human risks.
    d. financial risks.

12. The amount of debt relative to the value of total assets is an example of

a. production risks.
b. market risks.
c. human risks.
d. financial risks.

End of Part VII - Risk Management

Total Possible Points 32 POINTS EARNED PART VII

Participant Number_____ State Abbreviation_____

Part VIII - Farm Business Organization

For multiple choice questions circle the letter in front of the correct answer. Correct answers are 1 point each.

1. Remington Farms is operated as an LLC. What does LLC stand for?

   Limited Liability Company

2. Which of the following are the two major advantages of an LLC?

   a. Limited liability for individual members or owners.
   b. Can be more complex to create than other corporations.
   c. Generally treated as a **pass through entity for taxation.**
   d. LLC income is not taxed at all.

3. All 50 states treat LLCs the same. (Circle the correct answer.) True **False**

4. Which of the following can be a member of an LLC? (Place an X in front of all correct answers.)

   X Individuals
   X Partnerships
   X Trusts
   X Estates
   X Corporations
   X Other LLCs

5. Which of the following formalities normally imposed upon corporations do not apply to LLCs? (Place an X in front of all correct answers.)

   X Produce an annual report
   X Hold directors meetings
   _____ Keep a separate bank account
   X Meet shareholder requirements
   _____ Keep records for income taxes

6. Are there tax liabilities incurred when a sole proprietorship places their assets into an LLC? (Circle the correct answer.)

   Yes

7. What is the most common form of ownership for most farmers and ranchers?

   a. Corporations
   b. Sole proprietorships
   c. Partnerships

8. In a Limited Partnership, what are the two types of partners?

   General **Limited**

9. In a Limited Partnership, which type of partner is responsible for management?

   General

10. Investors in a Limited Partnership who do not have management responsibilities see an advantage because they have limited liability. (Circle the correct answer.)

    True False

11. Regular corporations pay tax on income. Subchapter S Corporations are structured as a corporation and file an informational tax return but do not pay taxes. (Circle the correct answer.)

    True False

Matching – Match the items on the left with the terms on the right by placing the letter of the term in front of the item.

E	Owner of an LLC	A.	Articles of Incorporation
G	Owner of a Partnership	B.	Shareholder
B	Owner of a Corporation	**C.**	Articles of Organization
A	Creating document of a Corporation	D.	Stock
C	Creating document of an LLC	E.	Member
D	A share in ownership	F.	Partnership Agreement
		G.	Partner

End of Part VIII – Farm Business Organization

Total Possible Points 26 POINTS EARNED PART VIII

Participant Number_____ State Abbreviation_____

Part IX - Analyzing the Farm Business

Calculated answers are 2 points each, other answers are 1 point each.

1. Remington Farms is much larger than the average farm in the area report. There are some factors that can be compared to the average, but other factors require a comparison to farms of a similar size or income level. Answer the questions below for Remington Farms and compare the data with the appropriate other group when requested. Use the Financial Standards Measures (R30) and the Executive Summary (R27) for your calculations. (Round to whole dollars and percentages to one decimal (xx.x%).

   a. What is the Working Capital for Remington Farms? **$520,762**

   b. What is the Working Capital as a % of Gross Income for Remington Farms?

   15.7%

   c. What is the Working Capital as a % of Gross Income for farms grossing more than $1,000,000?

   30.6%

   d. Is the Remington Farms' Working Capital as a % of Gross Income **stronger** or **weaker** than it is for farms grossing more than $1,000,000?

   Weaker

   e. What is the Farm Debt to Asset Ratio for Remington Farms on the Cost Basis?

   61%

   f. What is the Farm Debt to Asset Ratio for the high return farms?

   34%

   g. Is the Remington Farms Debt to Asset Ratio **stronger or weaker** than it is for the high return farms?

   Weaker

   h. Would their Equity to Asset Ratio be **stronger or weaker** than it is for the high return farms?

   Weaker

   i. For which factor in questions a through h, is Remington Farms in a stronger position than the farms grossing more than $1,000,000?

   Working Capital

Participant Number_____ State Abbreviation_____

2. Efficiency measures are an important part of analyzing the business. Calculate the following efficiency measures by dividing the dollar amount of each item by the Gross Farm Income to determine the ratio. (Round percentages to xx.x%)

a. Depreciation Expense Ratio	**($478,982 /** $3,**151,683)**	**15.2%**
b. Net Farm Income Ratio	**($244,505 / $3,151,683)**	**7.8%**

c. Are these numbers **stronger or weaker** than those for the High Income Farms?

Weaker

3. Remington Farms raised both Roundup Ready soybeans and non-GMO soybeans in their crop rotation. Roundup Ready soybeans had a 35 bushel per acre yield while non-GMO soybeans had a 25 bushel per acre yield. Based on the data provided in the Resource Information, list the primary reason why the non-GMO soybeans generated a greater net return per acre than the Roundup Ready soybeans, even though the yield was less.

Higher Value or Higher Gross

4. For which two crop enterprises did Remington Farms have a higher yield than the area average?

a. Soybeans
b. Sunflowers

5. Which crop enterprise on Remington Farms has the highest net return per acre and which has the lowest?

a. Highest	**Sunflowers**
b. Lowest	**Barley**

6. Machinery cost per acre is a factor that is becoming more important as the cost of machinery increases. This factor is calculated by adding fuel & oil, repairs, custom hire, machinery leases, interest on machinery debt, and machinery depreciation. Review the Income Statement in the Resource Information and calculate the machinery cost per acre. (Assume that the crop enterprises are required to cover the following costs.)

a. Fuel & oil total	**$135,005**
b. Repair total	**$49,242**
c. Custom hire total	**$93,876**
d. Machinery lease total	**$114,974**
e. Interest on machinery debt total	$100,000
f. Machinery depreciation total	**$416,385 .**
g. Total crop acres	9,500
h. Machinery cost per acre (Round to cents)	**$95.73 or $95.74**
	($909,482 / 9,500)

7. Which crop from the area averages has a higher Machine Cost per Acre than Remington Farms?

Corn

8. In the Resource Information, use the Statement of Cash Flows (R19) for the Remington Farm to answer the following questions.

   a. What is the Net Cash Provided by Operating Activities? **$432,521**

   b. What is the Net Cash provided by Financing Activities? **$412,147**

   c. As a total, the Net Cash provided by Operating Activities plus the Net Cash provided by Financing Activities is positive. Does the negative amount from Net Cash provided by Investing Activities exceed that total? (Circle the correct answer.)

   Yes or **No**

   d. Do net cash and cash equivalents increase or decrease? Circle the correct answer.

   Increase Decrease

   e. By how much do cash and cash equivalents change?

   $11.496

9. Farmers need to evaluate their ability to pay back debt. One factor to consider is the Term Debt Coverage Ratio. This ratio is calculated by dividing the Capital Debt Repayment Capacity (dollars available to pay debt} by the scheduled term debt payments. Using the Resource Information found on page R30, answer the questions below.

   a. The Term Debt Coverage Ratio measures

      i. the term, listed in months, required to cover debt.
      ii. the number of years needed to pay down intermediate and long term debt.
      iii. the ability to pay all intermediate and long term debt payments.
      iv. the ability to pay down debts over a given term.

   b. What is the Term Debt Coverage Ratio for the Remington Farm? (Round to the nearest hundredth xx.xx)

   2.98

   c. Is the Remington Farm Term Debt Coverage Ratio **better or worse** than the average farm? (Circle the correct answer.)

   Better or Worse

d. With reduced crop prices, there will probably be a reduction in the dollars available to make payments on term debt. If their dollars available (Capital Debt Repayment Capacity) reduced by $100,000 for the Remington Farms, calculate the Term Debt Coverage Ratio? (Calculate to the nearest hundredth xx.xx)

($593,782 / $232,861) **2.55**

e. With the $100,000 reduction in Capital Debt Repayment Capacity, did the Term Debt Coverage Ratio increase or decrease? (Circle the correct answer.)

Increase or **Decrease**

f. In assessing needs in a down turn, the Remington Farms lender requires a minimum Term Debt Coverage Ratio of 1.5. What would the capital debt repayment capacity need to be to maintain this ratio? (Round to nearest whole dollar.)

($232,861 X 1.5) **$349,292**

10. Review the Remington Farm Projected Monthly Cash Flow for 2015. Respond to the questions below. (Remember to not include the total column in your count.)

A. For how many months were the total inflows greater than the total inflows for the month of January?

3 months

B. For how many months was the operating surplus a positive number?

7 months

End of Part IX – Analyzing the Farm Business

Total possible points 43 POINTS EARNED PART IX

Participant Number_____ State Abbreviation_____

Part X – Family Living

Review the information from the Story of Remington Farms and the 2014 Household & Personal Expense Summary (page R31 in the resource information) before answering the following questions. (Round answers to whole numbers or xx.x for percentages) Answers are 1 point each except for Question 7 which are 2 points each.

1. What are the two primary sources of income to cover the cost of household and personal expenses for the Remington family?

a. **Accounting Firm**

b. **Rental Property**

2. The Remington family consists of 6 members while the average family consists of 2.6 members. For the following expense items, calculate whether the Remington family expenses were more or less than the average on a per family member basis.

a. Clothing **More**

b. Recreation **Less**

c. Life Insurance payments **Less**

3. Total cash family living expenses are considered to be direct expenses paid for normal family living on an annual basis. Total cash family living, investment, and non-farm capital purchases include longer term purchases and investments. What percent of the total cash family living, investment, and non-farm capital purchases is made up of only total cash family living expenses?

a. Remington family **63.1%**

b. Average family **60.6%**

4. What are three (3) annual expenses that the Remingtons would most likely be able to reduce? Circle the letter in front of the correct responses.

a. Medical care

b. Non-farm vehicle purchases

c. Life insurance

d. Miscellaneous

e. Cash donations

f. Utilities

5. What are the three (3) annual expenses that the Remingtons would find most difficult to reduce? Circle the letter in front of the correct responses.

   a. Recreation

   b. Household Real Estate Taxes

   c. Gifts

   d. Food and meals expenses

   e. Clothing

   f. Health insurance

6. What is the total family living, investment, & nonfarm capital purchase amount per family member?

   Remington family **$38,868**

   Average family **$23,182**

7. Medical care, health insurance, and life insurance expenses generally increase with age. What percent of total cash family living, investment, and non-farm capital purchases was spent on these three items? Round answer to two decimal places.

   a. Percent of total expenses Remingtons spent on health items **19.6** %
   ($6,272 + $14,346 + $6,631) = $27,249 / $139,091 * 100 =

   b. Percent of total expenses area average spent on health items **14.6** %
   ($4,226 + $7,484 + $3,040)= $14,750 / $101,056 * 100 =

8. In the list below, indicate which expenses account for **more or less** than 5% of the total cash family living expenses. (1 point each)

   ($87,746 * .05 = $4,387.30; Area Average ($61,159 * .05 = $3,057.95)

   a. Life Insurance payments (area average) **Less**
   b. Education (Remingtons') **Less**
   c. Personal Vehicle Operating Expense (Remingtons') **Less**
   d. Utilities (area average) **More**

End of Part X - Family Living

Total possible points 23 POINTS EARNED PART X

Participant Number_____ State Abbreviation_____

Part XI - Economic Principles

Part A: Multiple Choice. Circle the letter in front of the correct answer. Correct answers are 1 point each.

1. What can an agriculture producer determine from the Production Function?

   a. How much to produce.
   b. Whether or not to operate in the long run.
   c. How to allocate resources throughout an enterprise.
   d. All the above

2. There are two economic principles that make up the Production Function. (Circle the letters in front of the the correct two answers.)

   a. The opportunity cost.
   b. The law of diminishing returns.
   c. The law of production.
   d. The law of diminishing physical output.

3. Marginal cost measures which of the following?

   a. The output cost from production at the average level of input.
   b. The change in cost from one enterprise to another.
   c. The change in cost by producing another unit of output.
   d. The change in cost by producing another unit of input.

4. On the Production Function graph, the MC=MR, tells the producer?

   a. The point where the losses will be the least.
   b. That Marginal Cost = Marginal Return.
   c. The point where the profits are the greatest.
   d. All the above

5. What is Stage II on the Production Function?

   a. The lowest point in the production process.
   b. The highest point in the production process.
   c. The point of diminishing returns.
   d. The decision making stage.

Participant Number_____ State Abbreviation_____

Part B: Complete the Table (calculate to nearest tenth xx.x)

Variable Input	Total Physical Product	Average Physical Product	Marginal Physical Product
0	0	0	0
1	10	**10**	**10**
2	22	**11**	**12**
3	36	**12**	**14**
4	52	**13**	**16**
5	66	**13.2**	**14**
6	76	**12.7**	**10**
7	80	**11.4**	**4**
8	82	**10.3**	**2**
9	82	**9.1**	**0**
10	78	**7.8**	**-4**

1. In which Stage should production occur? **Stage II**

2. Where do Stage II and Stage III separate? **between 9 & 10**

3. At what input level should production occur if the input is free? **Level 9**

4. The addition of more input beyond 9 units will cause the Total Production to (Circle the letter in front of the correct answer.)

   a. increase.
   b. stay the same.
   c. decrease.

5. Assuming hay is at $75 per ton and each unit of input costs $750, the MC=MR at which unit of input? **(10 X $75 = $750)**

   Input Unit **6**

6. What happens to the optimum level of input if the output price increases while the marginal cost remains the same?

   increase input use and production

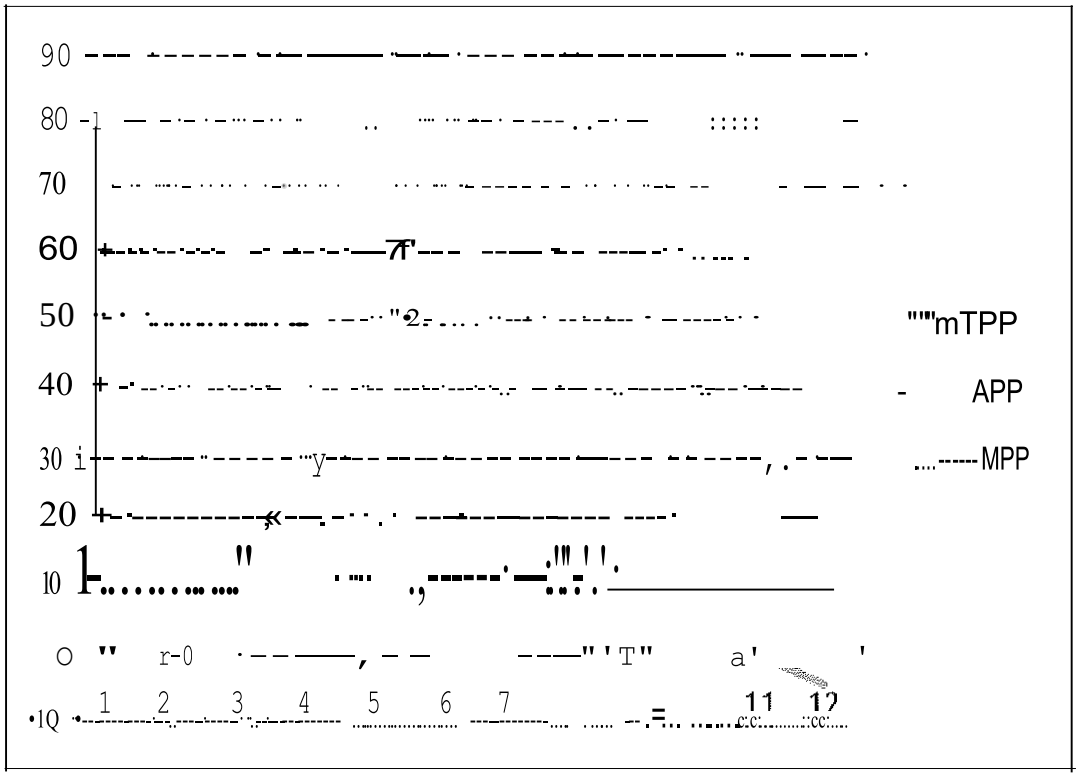
7. What happens to the optimum level of input if the product price drops while the marginal cost remains the same?

   decrease input use and production

Participant Number_____ State Abbreviation_____

Part C: Graph

Plot the graph of the Production Function using the data from the table above in Part B. Label the graph lines as TPP, APP and MPP. Graph is worth 6 points.



For scoring each line is worth 2 points.

End of Part XI - Economic Principles

Total possible points 29 POINTS EARNED PART XI

State Team Number

Please mark your state and team number in the blank in the upper right corner of each page.

Each team will complete and turn in only one copy of these pages.
Other copies can be used to make notes and calculations.

2015 National FFA Farm Business Management Career Development Event Team Activity

Expectations: The team activity evaluates the ability of team members to work together to use decision making and problem analysis skills while applying economic principles and concepts taught in farm business management.

Evaluation: The team activity portion is evaluated as follows:

- involve all members of the team
- organize the team effort
- communicate with each other in resolving issues relating to the current situation
- reach consensus and agreement
- complete the analysis of possible alternatives and solutions
- communicate and submit in writing the team's consensus of solutions

Team Activity Focus: Explore the Remington Farm businesses. Review the current situation, considering what you have learned from the Resource Information and working on the problem.

Points:		
	Part 1- Remington Enterprises Strengths	16 points
	Part 2 - Remington Enterprises Weaknesses	16 points
	Part 3 - Security Measures to Reduce Risk	12 points
	Part 4 - Decision Making	18 points
	Part 5 - Dual Business Advantages	8 points
	Part 6 - Dual Business Disadvantages	16 points
	Part 7 - Separate LLCs	8 points
	Part 8 - Marketing Strategies	16 points
	Part 9 - Risk Management Strategies	16 points
	Part 10 - Reason for Liquidating Cattle	16 points
	Part 11 - Factors to Get Back Into Cattle	16 points
	Part 12 - CSP Factors	12 points
	Part 13 - CSP Benefits	12 points
	Part 14 - Wind Farm Expansion	18 points
	Total	200 points

State_____Team Number_____

Please mark your state and team number in the blank in the upper right corner of each page.

1. List four strengths of the Remington enterprises; (Four points each, 16 points total)

2, List four possible weaknesses of Remington enterprises, (Four points each, 16 points total)

3. The owners of the farm business recognize that their farm equipment, commodity storage, fuels, chemicals and tools are located in an isolated location considerable distance from where the owners live. List four security measures that could be established to reduce their risk. (Three points each, 12 points total)

4. Making decisions is an important part of owning and operating a business. Each year the owners make hundreds of decisions regarding their farm business. What are the six steps in a systematic approach to making decisions? (Three points each, 18 points total)

State_____Team Number_____

Please mark your state and team number in the blank in the upper right corner of each page.

5. What are two possible advirntages to the owners of the business being involved in both a farm business and an accounting business? (Four points each, 8 points total)

6. What are four possible disadvantages of the owners being involved in both a farm business and an accounting business? (Four points each, 16 points total)

7. List two reasons why the owners established a separate LLC to hold the land and another LLC to operate the farm business. (Four points each,8 points total)

8. What four marketing strategies could the business use to minimizerisk in marketing the products produced on the farm? (Four points each, 16 points total)

9. List four risk management strategies that could be used by this farm business? (Four points each, 16 points total)

10. What are four possible reasons why the owners liquidated the cattle part of the business? (Four points each, 16 points total).

11. List four factors that should be considered if they want to get back into the cattle business? (Four points each, 16 points total)

12. One of the programs the Natural Resource Conservation Service (NRCS) sponsors is the Conservation Stewardship Program (CSP). List four activities the CSP encourages landowners to conduct on their land? (Three points each, 12 points total)

13. What are four possible benefits to the landowners for initiating and conducting CSP activities on their land? (Three points each, 12 points total)

14. As the owners of the business enter into further exploration and a possible long-term contract for wind farm expansion consider the following questions:

a. What would be an advantage to the farm business? (Two points)

b. What are four potential problems or concerns that should be considered when establishing a wind farm for the farm business? (Four points each, 16 points total)

State_____Team Number — KEY

Please mark your state and team number in the blank in the upper right corner of each page.

Each team will complete and turn in only one copy of these pages.
Other copies can be used to make notes and calculations

2015 National FFA Farm Business Management Career Development Event Team Activity

Expectations: The team activity evaluates the ability of team members to work together to use decision making and problem analysis skills while applying economic principles and concepts taught in farm business management.

Evaluation: The team activity portion is evaluated as follows:

- involve all members of the team
- organize the team effort
- communicate with each other in resolving issues relating to the current situation
- reach consensus and agreement
- complete the analysis of possible alternatives and solutions
- communicate and submit in writing the team's consensus of solutions

Team Activity Focus: Explore the Remington Farm businesses. Review the current situation, considering what you have learned from the Resource Information and working on the problem.

Points:		
	Part 1- Remington Enterprises Strengths	16 points
	Part 2 - Remington Enterprises Weaknesses	16 points
	Part 3 - Security Measures to Reduce Risk	12 points
	Part 4 - Decision Making	18 points
	Part 5 - Dual Business Advantages	8 points
	Part 6 - Dual Business Disadvantages	16 points
	Part 7 - Separate LLCs	8 points
	Part 8 - Marketing Strategies	16 points
	Part 9 - Risk Management Strategies	16 points
	Part 10 - Reason for Liquidating Cattle	16 points
	Part 11 - Factors to Get Back Into Cattle	16 points
	Part 12 - CSP Factors	12 points
	Part 13 - CSP Benefits	12 points
	Part 14 - Wind Farm Expansion	18 points
	Total	200 points

State Team Number KEY

Please mark your state and team number in the blank in the upper right corner of each page.

1,. Ust four strengths of the.Remington enterprises.. (Four points each, 16 points total)
• Youthfulness and energy of the owners • Off farm income • Good land base • Diversification - o within crop enterprise o income streams • Highly educated • New technology

2, List four possible weaknesses of Remington enterprises. (Four points each, 16 points total)
• Significant debt • Liquidity is weak • The operation is spread out • CPA business (off farm business) is considerable distance from his home • Distance to market • Communication issues over distance • Security issues related to farm equipment, storage facilities, fuel, chemicals, etc.

3. The owners of the farm business recognize that their farm equipment, commodity storage, fuels, chemicals and tools are located in an isolated location considerable distance from where the owners live. List four security measures that could be est<tblished to reduce their risk. (Three points each, 12 points total)

- Building locked
- Security cameras
- Locked security gates
- Alarm systems
- Housing an employee on location

4. Making decisions is an important part of owning and operating a business. Each year the owners make hundreds of decisions regarding their farm business. What are the $ix steps in a systematic approach to making decisions? (Three point$ each, 18 points total)

- Define the problem
- Gather information
- Evaluate solutions
- Make decisions
- Take action
- Evaluate decisions

5. Whatare two possible advantages to the owners of the business beillg involved in both a farm business and an accounting business? (Four points each, 8 points total)

- So the owners can experience the joys and discomforts of an agricultural life
- Supplemental & varied income sources
- Utilizes the owners education and background in accounting
- Enables the owners to be aware business opportunities

6. What are four possible disadvantages ofthe owners being involved in both a farm business and an accounting business? (Four points each, 16 points total)

- Potential conflict of interest
- Time management
- Hard to stay current with both farm business and accounting business
- Reduced time with family
- Reduced personal recreational time
- Potential negative effect on the businesses
- Stress of the owners
- Must hire/manage employees

7. List two reasons why the owners established a separate LLC to hold the land and another LLC to operate the farm business. {Four points each, 8 points total)

- Flexibility of ownership
- Insulate the land from liabilities of the farming operation and other enterprises
- Flexibility in tax alternatives
- Liability protection

8. What four marketing strategies could the business use to minimize risk in marketing the products produced on the farm? (Four points each, 16 points total)

- Forward contracting
- Non-GMO Soybeans marketed to the Pacific rim
- On farm commodity storage
- Futures markets
- Options

9. List four risk management strategies that could be used by this farm business? (Four points each, 16 points total)

- Diversification
- Forward contracting
- Crop insurance
- Hail insurance
- Liability insurance
- Distance between fields
- Off farm income
- On farm commodity storage
- Life insurance

10. What are four possible reasons why the owners liquidated the cattle part of the business? (Four points each, 16 points total)

- Distance from home to operation
- Labor requirements
- Price of cattle
- Interest &/or expertise
- Small number of cattle not worth the effort
- Facilities/equipment requirement
- Access to markets

11. List four factors that should be considered if they want to get back into the cattl business? (Four points each, 16 points total)
• Profit potential • Cost of replacement heifers • Facilities • Feed resources • Labor requirements

12. One of the programs the Natural Resource Conservation Service (NRCS) sponsors is the Conservation Stewardship Program (CSP). List four activities the CSP encourages landowners to conduct on their land? (Three points each, 12 points total)
• Crop rotation • GPS targeted spray application • Rotational grazing • Cover crops • No-till farming • Nitrogen stabilizers • Recycling of lubricants

13. What are four possible benefits fo the landowners for initiating and conducting CSP activities on their land? (Three points each, 12 points total)

- Grant payment
- Improve soil quality and conservation
- Improve water quality and quantity
- Improve air quality
- Energy conservation
- Habitat quality

14. As the owners of the business enter into further exploration and a possible long term contract for wind farm expansionanswer the following questions:

a. What would be an advantage to the farm business? (Two points)

- Increased income

b. What are four potential problems or concerns that should be considered when establishing a wind farm for the farm business? (Four points each, 16 points total)

- Wind towers are not aesthetically pleasing to the environment
- Potentially damaging to bird wildlife
- Potential problems with neighbors
- Noise pollution
- Potential height restrictions for buildings or trees that may block the wind