

## Questions to Assist Producers with Balance Sheet Preparation

January 2025

*An accurate, up-to-date balance sheet is integral to any loan application. Use these questions to help walk the producer through preparing their list of assets and liabilities for their balance sheet.*

### Balance Sheet Start:

- We need to prepare a current list of what you own and what you owe. Let's walk through these questions to help you consider all business and personal things you own and owe.
- Do you have a previous balance sheet we can look at? That can help as we go through these questions.
- As I ask you these questions, consider the current information as of today.

**Business Assets:** These are all the items you own for your farm or ranch business. These items have value for your business and can be used to help you produce [name of crop or livestock] on your operation. These items help you generate revenue for your business. Provide me with each item you own and its market value. Please inform me if you own any of these assets with someone else. We will want to make note of that.

**Current Farm Assets:** Business assets that will be converted to cash or used up in a year.

- **Cash and Equivalents:** Do you have any cash, or checking or savings accounts? If yes:
  - What do you have? What is the current balance of each?
  - For checking accounts, make sure you remove any checks that have yet to be cashed.
  - Is this a business or personal account? (If only one account, consider it business).
- **Marketable Bonds and Securities:** Does the business have any stocks, bonds, or mutual funds that are not retirement-related, or other business investments not easily sold?
- **Accounts Receivable:** Do you have any money owed to your business that has not been received as of the balance sheet date? E.g.: goods, services, custom work, or insurance payments.
- **Crop Inventory:** Do you have any crops, fruits, or vegetables for sale or for feed that are in storage as of the balance sheet date, either on your property or another location? If so,

will this inventory be sold or seeded?

- **Growing Crops:** Do you have any annual crops, fruits, or vegetables that have been planted as of the balance sheet date, but have not been harvested? E.g.: corn, soybeans, peppers, tomatoes, or other crops planted every year to produce a crop. Also include here the value of crops that will be harvested from perennial plants you have, such as berries, apples, and almonds. What is the cost of annual inputs for these crops? That is how we will put a value on these items. Do not include perennial crops themselves (we add those later).
- **Market Livestock, Poultry, or Livestock Products:** Do you have any inventory of market-type livestock or storable livestock products (such as wool or honey) that you are planning on selling? This does not include breeding stock, replacements, or cull animals.
- **Prepaid Expenses and Supplies:** Do you have any supplies or inputs that you have paid for that you have not yet used, but plan to use approximately within the next 12 months as of the balance sheet date? E.g.: fertilizer, seed, feed, fuel, and other inputs.
- **Other Current Assets:** Do you have any of the following:
  - Brokerage Accounts: Do you have any brokerage accounts used for marketing as of the balance sheet date?
  - Any assets not previously listed that you expect to sell or use in production within the next 12 months as of the balance sheet date?
  - Inventory on hand for any processed or packaged products that you will sell within the next 12 months? E.g.: cheese, baked goods, soaps, canned or jarred products, cider, chips, dried herbs or species, and on-farm meat processing.

**Intermediate Farm Assets:** Assets you expect to remain in profitable service for the next 1 – 7 years.

- **Machinery and Equipment:** Do you have any machinery, equipment, or tools? We will also list items like hoop houses (plastic greenhouses), tobacco barns, and movable coolers. We will need to include the make, model, year, and estimated hours of major pieces of machinery and equipment.
- **Farm Vehicles:** Do you have any vehicles that you use for your farm or ranch operations and for which you have a certificate of title (if applicable) that names you or your business as the legal owner? E.g.: trucks, cars, semi-trailers, SUVs, ATVs, boats, snowmobiles, etc. These should be used for your farm or ranch business. We will list personal vehicles later. We will need to include the make, model, year, and estimated mileage or hours of any of these vehicles.
- **Breeding Stock:** Do you have any livestock used for producing products or offspring? Include replacement animals. We will need to include information like the type of livestock, the livestock breed, how many head you own, and the value on a per-head basis.
- **Notes Receivable:** Do you have a formal promissory note with someone else representing an amount of money they owe you that is due between 1 and 7 years?
- **Not Readily Marketable Bonds and Securities:** Do you have any investments not easily

bought or sold on the public market? E.g.: privately held company shares and partnership investments.

- **Other Intermediate Assets:** Do you have any of the following:
  - Perennial crops, fruits, or vegetables that you've planted and would like to include on the balance sheet? (Perennial crops return year after year without being replanted. E.g.: berries, asparagus, and rhubarb. Do not include orchards or trees.)
  - Co-op stock that will be completely paid out in 7 years or less?
  - Any other assets you expect to be sold or used up in 7 years or less?

**1E. Long-term Farm Assets:** Assets you expect to remain in profitable service for more than 7 years.

- **Buildings and Improvements:** Do you have any buildings, grain storage, or improvements? E.g.: irrigation, wells, fencing, or drainage tile.
- **Real Estate - Land:** Do you own land? We will want to include the address or parcel number for each property. We will need to list the acreage of each parcel, any improvements that have been made to the property, and its estimated value. We will need to list any other owners on the title, if applicable.
- **Other Long-Term Assets:** Do you have any of the following:
  - Orchards, fruit or nut groves, or trees planted you would like to include?
  - Co-op stock that will pay out in more than 7 years from balance sheet date?
  - Other assets not reported elsewhere that you expect to be sold or used in more than 7 years from the balance sheet date? This may include equity in other ag businesses, such as farming LLC with other family members.

**Personal Assets:** These are all the items you own personally, and not related to your farm or ranch business. Provide me with each item you own, important details about the asset, and its market value. These items should be items not listed already as a farm asset.

**Current Personal Assets:** Personal assets that will be converted to cash or used up in a year.

- **Cash and Equivalents:** Do you have any personal cash, or checking or savings accounts?
- **Marketable Bonds and Securities:** Do you have any stocks, bonds, or mutual funds that are not retirement related or other personal investments not easily sold?
- **Cash Value Life Insurance:** Do you have a life insurance policy that has a cash value?
- **Other:** Please specify.

**Intermediate Personal Assets:** Assets you expect to remain in service for the next 1 – 7 years.

- **Household Goods:** Do you have any personal appliances, furniture, or similar items?
- **Cars and Recreational Vehicles:** Do you have any personal vehicles for which you have a certificate of title that names you as the legal owner? E.g.: personal trucks, cars, SUVs, ATVs, boats, snowmobiles, etc. These should be vehicles that you own personally and are not listed on the depreciation schedule for your farm tax return. We will need to include

the make, model, year, and estimated mileage or hours of any of these vehicles.

- **Other:** Please specify.

**Long-term Personal Assets:** Assets you expect to remain in service for more than 10 years.

- **Retirement Accounts:** Do you have any retirement accounts such as a 401(k), 403(b), SEP account, etc. or a 529 college savings account?
- **Non-farm Business:** Do you have any other personally owned business endeavors not related to your farm or ranch operation?
- **Non-farm Real Estate:** Do you own any non-farm real estate? E.g.: home, cabin, hunting ground. We will want to include the address or parcel number for each property. We will need to list the acreage of each parcel, any improvements that have been made to the property, and its estimated value. We will need to list any other owners on the title.
- **Other:** Please specify.

**Business Liabilities:** These are all the expenses and debts you owe for your farm or ranch business. These expenses and debts have been incurred to aid in the revenue generation for your business. Provide me with each item you owe and the additional information I request.

**Current Farm Liabilities:** Business obligations that are expected to be paid within one year.

- **Accounts Payable:** Do you have any credit cards with an outstanding balance that are used for your business? Do you have any other accounts payable? These are outstanding bills as of the balance sheet date. E.g.: feed, veterinary services, supplies, etc.
- **Income Taxes Payable:** Do you owe any income taxes for your business at this time? (If they have employees, ask about employer taxes as well.)
- **Real Estate Taxes Payable:** Do you owe any real estate taxes on land or other real estate for your business at this time?
- **Notes Payable:** Do you have any operating loans, lines of credit, or other loans you have taken out as of the balance sheet date that are scheduled to be fully paid off in the next 12 months? If yes, can we look at the most recent statement for each loan? I will need the following information:
  - Who is the lender or creditor?
  - What is the loan for (loan purpose)?
  - What is the interest rate?
  - What is the principal amount owed as of the balance sheet date? (without interest)
  - What is the accrued interest amount on the loan as of the balance sheet date? What is the daily interest accrual if applicable?
  - When is the next payment date on the loan? Or when is the loan to be paid off?
  - What, if anything, is securing the debt? (What, if anything, is collateral for the debt?)

- **Total Annual Payments of Intermediate Notes Payable:** This is the total payments for the year on all intermediate farm liabilities detailed below. Calculate based on producer's intermediate liabilities.
- **Total Annual Payments of Long Term Notes Payable:** This is the total payments for the year on all long-term farm liabilities detailed below. Calculate based on producer's long-term liabilities.

**Intermediate Farm Liabilities:** Debts your business must pay back within the next 1 to 7 years. Examples typically include loans for machinery and equipment, vehicles, and breeding livestock.

- **Intermediate Farm Liabilities:** Do you have any loans for breeding livestock, machinery and equipment, vehicles (including RVs, ATVs, boats, etc.), tools and other loans? This does not include real estate, building, or improvement loans. (We will ask about these later). If yes, would you share the most recent statement for each loan? The following information is needed:
  - Who is the lender or creditor?
  - What is the loan for (loan purpose)?
  - What is the interest rate?
  - What is the principal amount you owe as of the balance sheet date? (without interest)
  - When did you last make a payment on this loan? (to calculate accrued interest if needed) What is the current interest amount owed and the daily interest accrual if applicable?
  - Are the payments for this loan the same each period (an amortized loan) or does it change with each payment period (fixed principal payment loan)?
    - For Amortized Loans (those with the same payment each period):
      - What is each payment amount?
      - When is the next payment due on this loan?
      - How often do you make a payment? Monthly, Quarterly, Semi-annually, or Annually?
    - For Fixed Principal Payment Loans (those with changing payment each period):
      - What month(s) do you make (a) principal payment(s) on this loan?
      - What month(s) do you make (a) interest payment(s) on this loan?
  - What, if anything, is securing the debt? (What, if anything, is the collateral for this debt?)

**Long-Term Farm Liabilities:** Debts your business must pay back in 7 or more years. Examples typically include loans for real estate or farm buildings.

- **Long-Term Farm Liabilities:** Do you have any loans for land, buildings, or large improvement projects for your land or buildings? If yes, could we look at the most recent statement for each loan? I will need the following information:
  - Who is the lender or creditor?
  - What is the loan for (loan purpose)?
  - What is the interest rate?
  - What is the principal amount you owe as of the balance sheet date? (without interest)
  - When did you last make a payment on this loan? (to calculate accrued interest if needed). What is the current interest amount owed and the daily interest accrual if applicable?
  - Are the payments for this loan the same each period (an amortized loan) or does it change with each payment period (fixed principal payment loan)?
    - For Amortized Loans (those with the same payment each period):
      - What is each payment amount?
      - When is the next payment due on this loan?
      - When do you make payments? Monthly, Quarterly, Semi-annually, or Annually?
    - For Fixed Principal Payment Loans (those with a changing payment each period):
      - What month(s) do you make (a) principal payment(s) on this loan?
      - What month(s) do you make (a) interest payment(s) on this loan?
  - What, if anything, is securing the debt? (What, if anything, is the collateral for this debt?)

**Personal Liabilities:** These are all the debts you owe personally in addition to your business loans. Provide me with each personal item you owe and the additional information I request.

**Current Personal Liabilities:** Personal obligations that are expected to be paid within one year.

- **Notes Payable and Credit Cards:** Do you have any personal loans you have taken out as of the balance sheet date that are scheduled to be fully paid off in the next 12 months? I also need the information about any credit cards you have with a balance on them. If yes, could we look at the most recent statement for each loan? I will need the following information:
  - Who is the lender or creditor?
  - What is the loan/credit card for (loan purpose)?
  - What is the interest rate?

- What is the principal amount you owe as of the balance sheet date? (without interest)
- What is the accrued interest amount on the loan/credit card as of the balance sheet date? What is the current interest amount owed and the daily interest accrual if applicable?
- When is the next payment date on the loan/credit card? When is the loan to be paid off?

**Intermediate Personal Liabilities:** Debts you personally must pay back within the next 1 to 7 years. Examples typically include loans for vehicles, recreational items, or similar.

- **Intermediate Personal Liabilities:** Do you have any loans for personal items like vehicles (including RVs, ATVs, boats, etc.), tools, and other loans? This does not include real estate, building, or improvement loans. (We will ask about these later). If yes, can we look at the most recent statement for each loan? I will need the following information:
  - Who is the lender or creditor?
  - What is the loan for (loan purpose)?
  - What is the interest rate?
  - What is the principal amount you owe as of the balance sheet date? (without interest)
  - When did you last make a payment on this loan? (to calculate accrued interest if needed) What is the current interest amount owed and the daily interest accrual if applicable?
  - Are the payments for this loan the same each period (an amortized loan) or does it change with each payment period (fixed principal payment loan)?
    - \*For Amortized Loans (those with the same payment each period):
      - What is each payment amount?
      - When is the next payment due on this loan?
      - How often do you make a payment? Monthly, Quarterly, Semi-annually, Annually?

**Long-Term Personal Liabilities:** Debts you must personally pay back in 7 or more years. Examples typically include a mortgage on your house.

- **Long-Term Personal Liabilities:** Do you have a loan on your home or other personal real estate type property? If yes, can we look at the most recent statement? I will need the following information:
  - Who is the lender or creditor?
  - What is the loan for (loan purpose)?
  - What is the interest rate?

- What is the principal amount you owe as of the balance sheet date? (without interest)
- When did you last make a payment on this loan? (to calculate accrued interest if needed) What is the current interest amount owed and the daily interest accrual if applicable?
- Are the payments for this loan the same each period (an amortized loan) or does it change with each payment period (fixed principal payment loan)?
  - \*For Amortized Loans (those with the same payment each period):
    - What is each payment amount?
    - When is the next payment due on this loan?
    - When do you make payments? Monthly, Quarterly, Semi-annually, or Annually?

\* Assume personal