South Dakota State University

Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange

SDSU Extension Circulars

SDSU Extension

10-1981

Steps in Planning a Farm or Ranch Business

Wallace G. Aanderud

John N. Maher

Ronald Thaden

Follow this and additional works at: https://openprairie.sdstate.edu/extension_circ

Recommended Citation

Aanderud, Wallace G.; Maher, John N.; and Thaden, Ronald, "Steps in Planning a Farm or Ranch Business" (1981). *SDSU Extension Circulars*. 901. https://openprairie.sdstate.edu/extension_circ/901

This Circular is brought to you for free and open access by the SDSU Extension at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in SDSU Extension Circulars by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information, please contact michael.biondo@sdstate.edu.

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.



For current policies and practices, contact SDSU Extension Website: extension.sdstate.edu Phone: 605-688-4792 Email: sdsu.extension@sdstate.edu

SDSU Extension is an equal opportunity provider and employer in accordance with the nondiscrimination policies of South Dakota State University, the South Dakota Board of Regents and the United States Department of Agriculture.





STATE DOCUMENT

SDSU LIBRARY

FEB1 8 1982

STEPS IN PLANNING A FARM OR RANCH BUSINESS



FAMILY FARM ANALYSIS and RESOURCE MANAGEMENT SYSTEMS

Cooperative Extension Service

South Dakota State University

U.S. Department of Agriculture

Planning Step 1. Land Use Planning Information

I. Land Use Information

Columns 1, 2, and 3: Acres of each land use on the farm now or planned acres of each.

Column 4: Three to five year average yield per acre for each land use in terms of bushels, hundred weight, tons or animal unit months (AUM's). See table 1 in the Management Guide for yield of native pasture. Tillable pasture will yield approximately two times the AUM's as the tons of hay that could be harvested from that acre.

Columns 5, 6 and 7: Estimated average per acre invested or needed to get the yields in column 4.

- II. Usual pasture condition based on the kind of grasses that are in the pasture (Excellent, Good, Fair, or Poor) ______.
- III. Average annual precipitation _____ inches.
- IV. Double check to be sure that you have accounted for all of your acres, owned and rented.

Land use	Acres of each crop	Rented Acres	Owned Acres	Yield, bu, cwt, T.	Fertilizer cost	Weedicide cost	Insecticide cost
Wheat							
Oats							
Barley							
Rye							
Flax							
Corn (grain)							
Corn (silage)							
Soybeans	147 19						
Sorghum (grain)							
Sorghum (silage)							
Sunflowers							
Millet							
Fallow							
						C.	
Alfalfa Hay							
Grass Hay							1.
Tillable Pasture							No. 1
TOTAL CROPLAND				xxx	xxx	xxx	xxx
						-	
Native Pasture						-	
Native Hay							
Farmstead				XXX	xxx	xxx	xxx
Other							
TOTAL ACRES				xxx	xxx	xxx	xxx
	1	2	3	4	5	6	7

Planning Step 2. Estimate Direct Costs per Acre for Growing and Harvesting Grain Crops

stacked hav outlings	रकृत्यम	Grain		Winter	Spring	Burgton	BURENA	Alfalla			T	Summor
Item	Corn	Sorghum	Soybeans	Wheat	Wheat	8705 18	yad	or tame			4.65	fallow
1. Value of seed				ogerven	PERVAR	02455	sulous	. 20013				XX
2. Fertilizer		121	12	1.1.							test in suis	XX
3. Herbicides											COMMITTEE .	
4. Insecticides											abijsida.,	1 <u></u>
5. Crop insurance											est leides	XX
6. Fuel, oil, grease					-					200	Entern der	
7. Repairs and service									1	545	24,000,000	2
8. Custom hire					-					3017107	tere suada	
9. Direct costs											ent moles	20.00
10. Cost of fallow					-						10000 10010	XX
11. Adjusted direct cash costs					- AA		- ^^	<u></u>		ANTELLA THE		XX
12. Interest on above costs				-					21	A X X X X X X X X X X X X X X X X X X X	an parents	XX
13. Labor hours per acre									and for	Macros Sixing	- 114) <u>3675-31</u> 5	A CAL
14. Yield expected			;							and and	CARDING ACTURE	XX

Step 2 Instructions

- 1. Value of seed your estimate of average cost of seed for each crop.
- 2. Fertilizer usual cost of fertilizer as you use it to obtain yield shown on line 14.
- 3. Herbicides use either cost shown in step 1 or typical amount.
- 4. Insecticides use either cost shown in step 1 or typical amount.
- 5. Crop insurance premium that you pay per acre.
- 6. Fuel, oil, grease from typical crop budgets or use your own figures.
- 7. Repairs and service from typical crop budgets or use your own figures.

- 8. Custom hire custom hire rate minus fuel, oil, grease, repairs and service if already charged in typical budget figures used in lines 6 and 7. See tables 7 and 8 in the management guide for amount to subtract.
- 9. Direct costs add lines 1 to 8
- 10. Cost of fallow enter fallow costs from line 9 for crops planted on fallow.
- 11. Adjusted direct cash costs add line 10 to line 9.
- 12. Interest on above costs use 8% to 10% of line 11 to represent a 12% to 15% annual rate for use of capital.
- 13. Labor hours per acre your own estimate or use table 9 in the management guide.
- 14. Yield expected from planning step 1 or use new estimate if you have reason to believe it will be different.

amilanthal F. as

Planning Step 3. Estimate Direct Costs per Acre for Growing and Harvesting Forage Crops

	Alfalfa	Annual	Sorghum	Spring	-ystati??		Baled hay cu	ttings	Stacked hay cuttings		
Item	or tame grass	hay crops	or corn silage	Oat haylage	Alfalfa haylage	1	2	3	1	2	3
1. Value of seed					XX	XX	XX	XX	XX	XX	XX
2. Fertilizer											8. Fertilizer
3. Herbicides										29	3. Herbiojd
4. Insecticides							· · · · · · · · · · · · · · · · · · ·			291	Insection
5. Crop insurance										trance	i. Crop ins
6. Fuel, oil, grease			ling on the						-	grease	Fuel, oil
7. Repairs and service				18						eoivree lie	Repairs a
8. Custom hire										ern	. Custom
9 Direct costs										sts	Direct or
10 Appual growing charge	vy	vv	vv	vv						wolli	. Cost of f
11. Adjusted direct each pasts		ΛΛ	ΛΛ	ΛΛ			/		costs	direct cash	Adjusted
11. Adjusted direct cash costs									at	n above cos	Interest
12. Interest on above costs										urs per aere	. Labor he
13. Labor hours per acre										hates	ma hlaiY
14. Yield expected			l			1	l			09199	Tvo piorr
			5-15-54	Kind	of hav						

Step 3 Instructions

- 1. Value of seed your estimate of average cost of seed for each crop.
- 2. Fertilizer usual cost of fertilizer as you use to obtain yield shown on line 14.
- 3. Herbicides use either cost shown in step 1 or typical amount.
- 4. Insecticides use either cost shown in step 1 or typical amount.
- 5. Crop insurance premium that you pay per acre.
- 6. Fuel, oil, grease from typical crop budgets or use your own figures.
- 7. Repairs and service from typical crop budgets or use your own Ofigures.
- 0
- 5
- 824
- +7

- 8. Custom hire custom hire rate minus fuel, oil, grease, repairs and service if already charged in typical budget figures used in lines 6 and 7. See tables 7 and 8 in the management guide for amount to subtract.
- 9. Direct costs-add lines 1 to 8
- 10. Annual growing charge for alfalfa hay direct costs for alfalfa divided by years alfalfa is maintained before plowing up again.
- 11. Adjusted direct cash costs add line 10 to line 9.
- 12. Interest on above costs use 8% to 10% of line 11 to represent a 12% to 15% annual rate for use of capital.
- 13. Labor hours per acre your own estimate or use table 9 in the management guide.
- 14. Yield expected from planning step 1 or use new estimate if you have reason to believe it will be different.

Work Table—Estimate per Acre Profitability of Adapted Grain and Forage Crops

This is a supplementary table-It will not affect the rest of the workbook. Do not use this table for figures needed in Step 4.

		110.	inger in	Charles and the Alles	and and all						1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
1.	Crop	equivalent	r costs	cani	operator's		perator's		Т	Ne la			
2.	Yield	deud	insome	per	(4x5)	unie	product	(2)	I)	s ser	rid to	Crop.	
3.	Price		(8)	31.55	(2)	(2)	(85)			9			
4.	Gross value				-				ud				
5.	Direct cash c	eosts											nuniu we s
<u>6.</u>	Overhead cos	sts											Constant of the second s
7.	TOTAL CAS	SH COSTS	4						ber .				tend to
8.	Interest on li	ne 7							nd				<u>_</u>
9.	Drying-stora	ge							be				6.
1 <u>0.</u>	Fixed machin	ne							JW:				<u> </u>
11.	Land charge												ð.
1 <u>2.</u>	Labor charge	e				1			100				
13.	Total costs	5A.5							·····				
14.	MANAGEM	ENT RETURN							top	//			ent athitis .
15.	Return over	cash costs								/			

- 1. List cash grain, feed grain and forage crops adapted to your farm or ranch.
- 2. Estimate typical average yield expected for each crop analyzed.
- 3. Use prices from current outlook info guide tables, or your own estimate.
- 4. Gross value equals yield on line 2 times price on line 3.
- 5. Use adjusted direct cash costs from line 11, planning steps 2 and 3 (pages 3 & 4).
- 6. In 1981 estimated at \$4 to \$6 per acre.
- 7. Total cash operating costs equals line 5 plus line 6.
- 8. Use 8% to 10% of cash costs (line 7) to estimate cost of investing cash in operating costs (equal to annual rate 12% to 15%).
- 9. Typical for your area and could be from 0-30 cents/bu yield.
- Fixed machine charges include depreciation interest on investment and insurance. One set of estimates that can be used follows: Corn grain, \$25 to \$30; Soybeans, \$23 to \$28; Small

grain, \$22 to \$27; Corn silage, \$26 to \$32; Small grain silage, \$25 to \$30; Stacked hay, \$14 to \$19; Baled hay, \$15 to \$20. For crops grown on fallow add \$4 to \$6 per acre to above charges.

- 11. Fixed land costs include a return on land investment and real estate taxes. Use actual taxes plus 3.5% to 4.5% of current land value. If taxes are not available use 4.5% to 5.5% of current value as a total estimate. For crops grown on fallow include charges for 2 acres.
- 12. Calculate labor charge by multiplying the local hourly rate times labor hours in line 13, steps 2 and 3.
- 13. Add lines 7 through 12 for total costs.
- 14. Subtract total costs line 13 from gross value line 4 to estimate return for risk and management.
- 15. Calculate return over cash costs by subtracting total cash costs line 7 from gross value line 4.

Planning Step 4. Prepare Land Use and Cropping System

		Yield	Total	Operator's	Price per	Value of operator's share	Di cash	rect costs	Corn equivalent		Income over direct costs
Сгор	Acres	acre	(1x2)	product	unit	(4 x 5)	per acre	amount (1 x 7)	factor	bushels (4 x 9)	(6 minus 8)
Column No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Corn	-	bu				-				90	A. GOOR VE
2. Sorghum		bu								do	
3. Soybeans		bu								1 00805	<u>b. Overnea</u>
4. Wheat		bu							XXX	xxx	1.101.1
5.		bu								m fine 7	8. Interest
6.		bu								orage	9. Deving-s
7.		cwt								chine	10 Fixed m
8.										9971	do boad . D
9.										-	in model 1.91
10. Corn silage		ton							xxx	xxx	a tasiri nt
11.											
12. Alfalfa hay		ton							xxx	xxx	CONTRACTOR CONTRACTOR
13.						lel				S RED YER	o aminora del
14. Tillable pasture		AUM							xxx	xxx	
15. Aftermath grazing*		AUM	8: Small grain si hay. \$15 to \$50	silage, \$25 to \$3 \$14 to \$19; Bale	to 427: Cong Steckes have	122 gala, 393 • 395 to 300	tio your	oropa, adapt o	XXX	XXX	g dam tetal unit no Nadel
16. TOTAL CROPLAND		xxx	xxx	xxx	xxx	etom gjov 11. Filopi land eviste tuno valos II.1	xxx	tor each orng lide tables, or r orice on lin	xxx	XXX	A of States A Use prices estimate A Gross calo
17.		lude	en on fallow in	Por orops gro	lotal estimat	vane as a oharris.lu	loga 2 ago	annaeig , i i	xxx	xxx	5. Canada S
18. Native hay		ton	he local bourty	by multiplying. (3. steps 2 and	ably: ohargo hours in Har	12. Critiniato times labo		plus line 6	xxx	xxx	Berth 1991 of a state of the st
19. Native pasture		AUM	ine of 5 and an	ni tokal posts. 13 fermi dimes te	taliony in the second	 Add lines Folimetric 	ताण्ड(स) (१९७४)	stimate-cost of trate 19% to	xxx	xxx	
20. Farmsteads, roads, waste		xxx	XXX	xxx	XXX	XXX	xxx	xxx	xxx	xxx	xxx
21. TOTALS		xxx	XXX	xxx	XXX	Hort I Colle	xxx	natis that circ name, \$23 to 5	xxx	paurance. O a la grain, 121	meni and fallows: Ce

*Do not add aftermath grazing acres in total cropland acres.

.

Guide for Planning Step 4.

- Column 1—Enter the number of acres under each crop and land use. Total acres on Line 21 should equal the total acres in your farm unit (Step 1, page 2, column 1)
- Column 2-Yield per acre should represent the average yield for 3 to 5 years for your farm or area. Table 1 in the Management Guide may be used to estimate AUM's (Animal Unit Months) of grazing produced.
- Column 3—Multiply acres in Column 1 by yield per acre in Column 2.
- Column 4—If you are an owner operator the figures in Column 4 will be the same as Column 3. If you rent land, Column 4 will be your part of the crop or Column 3 times your

share $(\frac{1}{2}, \frac{2}{3}, \text{ or } \frac{3}{4}$ as the case may be).

- Column 5–Use prices suggested in current guide tables. If another price series is used the costs and returns for the livestock budgets will also have to be changed.
- Column 6—Operator's share of the product (Column 4) times price per unit (Column 5).
- Column 7—Total cash costs per acre should be taken from Line 14, Step 2, page 3, and Line 14, Step 3, page 4. When you are paying cash rent on a per acre basis add this to total cash costs and use this figure for per acre cash costs. Column 8—Acres (Column 1) times per acre
 - total cash costs (Column 7).

Rental Arrangements

- Column 9—To convert grain crops to corn equivalent bushels you need an estimate of the percentage that each crop is of corn in feeding value. Table 4 in the Management Guide has these factors for different classes of livestock. Average factors that you can use are: Corn 1.00, Barley .80, Oats .50, Wheat 1.10, and Sorghum .95.
- Column 10—Operator's share (Column 4) times corn equivalent factor (Column 9).
- Column 11-Value of operator's share (Column 6) minus total cash costs (Column 8).

		Landlord's Share of Crops and Production Expenses											
	Rental	Terms				Other Chemicals Used			2. Dairy cow, libs. milk				
Сгор	Cash	Share	Seed Cost	Fertilizer		Weeds	In	sects	Harvest Expense				
							I we		11. Hogs, litter system				
						4	- 01. 281	I 1	2. Berder pigs				
									14 Sheen Buck				
								Į	15. Freder Iambe				
	a Minister Career	hand and have	237	xxx	xxx	XXX	XXX XX	2					

Planning Step 5. Plan the Livestock Enterprises

nate of the period are that each	Prod	Prod Number		Grazing AUM's		Hay equiv.		Corn equiv.		Gross income		t costs	Income over
Livestock enterprise	unit	of units	Per unit	Total (1x2)	Per unit	Total (1x4)	Per unit	Total (1x6)	Per unit	Total (1x8)	Per unit	Total (1x10)	direct costs (9 minus 11)
Column numbers	xxx	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Budget No. 1. Beef cow herd, feeder calf sold	1 cow		AUM	AUM	ton	ton	bu	bu	\$	\$	\$	\$	\$
2	1.120 	-	d be	re shou	ts per a	cash co	Tota	umn	oO	roduced.	azing p	Months) of g	
3. Beef calves, wintering and summer grazing	1 head	illinio:)	ge 35 [hen [per	eep 2, pe age 4, V ent on	ne ra, c step 3, p g cash	nom n ine 14, re pavie	and I vou			olumn 1 by mn 2.	es in C in Colt	Multiply act yield per acre	Column 3-
me of operator's share (C.P	11V	Column	cash	lator o	d this	basis ad	acre			operator the	owner	If you are ar	Column 4-
5. Steer calves, full fed drylot, lbs. gain	1 head		per acre	gure roi		anti us ash cost (Colut	costs acree	denti		If you rent be your part	ann 3. Inn 3.	ngores in O same as Col fand Colum	
6				(Saa	s (Colu	cash cos	total			.3 times your	Column	of the crop or	
7. Yearling feeder steer drylot, lbs. gain	1 head			8	nemeg	i Arran	Rento						
8			nses	tion Exp	d Produ	Crops a	s stare e	(and/ord			C.		
9. Dairy cow, lbs. milk	1 cow	Chemicals	Othe							Terms	Rental		
10	Insect		Vecds							Share	Cano.)		
11. Hogs, litter system	1 sow		1.000										
12. Feeder pigs	pigs 10										e AF sta	- Agent	and the second
13													
14. Sheep flock,	1 ewe				·							1 the	
15. Feeder lambs	100 head												
16													and the second
17. Laying flock, farm	100 hens												
18													
19													
20. TOTALS	XXX	xxx	xxx	12.20	xxx	-	xxx		xxx		xxx		

Guide for Planning Step 5

Livestock Enterprise Column—For all livestock enterprises record the number of the budget used. On Lines 5 and 7 indicate pounds of gain during the feeding period. On Line 9 indicate pounds of milk to be produced. On Line 11 indicate the kind of litter system. On Line 14 indicate market or feeder lambs.

Column 1—Indicate the number of production units of each livestock enterprise produced. Production unit is defined here as cow and calf, one head of beef stocker or feeder animals, one sow, 10 feeder pigs, ewe and lamb, 100 feeder lambs, 100 hens (farm flock) or 1,000 hens (commercial flock). In the case of breeding animals the budgets usually include feed costs and other costs for specified replacements plus bull, ram or boar costs.

Column 2—Grazing AUM's (animal unit months) required per production unit from livestock enterprise budgets.

- Column 3—Number of production units (Column 1) times gazing AUM's per production unit (Column 2).
- Column 4—Hay equivalent required per production unit from livestock enterprise budgets.
- Column 5—Number of production units (Column 1) times hay equivalent per production unit (Column 4).
- Column 6—Corn equivalent required per production unit from livestock enterprise budgets.

- Column 7—Number of production units (Column 1) times corn equivalent per unit (Column 6).
- Column 8–Gross income per production unit from livestock enterprise budgets.
- Column 9-Number of production units (Column 1) times gross income per unit (Column 8).
- Column 10— Direct cost per production unit is total operating costs from livestock budgets.
- Column 11—Number of production units (Column 1) times direct costs per unit (Column 10).
- Column 12—Income over direct costs for each enterprise is equal to total gross income for each enterprise (Column 9) minus total direct costs for each enterprise (Column 11).

Livestock on Farm Now											
	Enterprise	. 223	Number								
From Stron 5 Column 3	Fram Step 5 Colump 5	Total (Iz4)	Per Unit (See Bidgels)								
Contraction of the local division of the loc											

Summary of Feed Grain Requirements and Production

A. Corn Equivalent Produced (Line 21, Step 4, Col. 10)

B. Corn Equivalent Needed (Line 20, Step 5, Col. 7)

C. Corn Equivalent Sold (A minus B, if A is greater)

D. Corn Equivalent Bought (B minus A, if B is greater)

Labor (hours) Forage supplies and requirements Number Enterprise of Tons of Total Hay equiv. Per Factor Pasture AUM's units (Table 2) (1x2)forage (4x5)(Step 4, Col. 4) unit (1) (3) (4) (5) (7) Column no. (2) (6) (Guide (Guide (Step 4, Col. 4) (Step 4, Col. 4) XXX XXX Crops and forage XXX Table 9) Table 2) 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. XXX XXX XXX 14. TOTALS (Lines 1 to 13) XXX **Average Operating Capital** From Step 5 From Step 5 Total Per Unit (Guide Tb. 10) XXX XXX Livestock Enterprises Column 5 Column 3 Budget No. (See Budgets) (1x4)Budget No. 16. 17. Budget No. 18. Budget No. Budget No. 19. 20. Budget No. XXX XXX XXX 21. TOTALS (Lines 16 to 20) XXX

Planning Step 6. Calculate Labor Requirements, Forage Supplies and Requirements, and Capital Requirements for Livestock

22. Hay equivalent excess or deficit (Line 14 minus Line 21, Column 6)

NOTE: Hay tons and pasture can be substituted at the rate of 1 ton to 3 AUM's. See Table 2 in Guide.

23. Pasture animal unit grazing excess or deficit (Line 14 minus Line 21, Column 7)

Guide for Planning Step 6

- Enterprise Column and Column 1—Enter in these two columns the enterprises and the number of acres or number of production units planned for your farm in Step 4, page 7, and Step 5, page 9.
- Column 2—Use actual labor per crop acre from your records or use Table 9 in the Management Guide to estimate labor per acre. For livestock labor, circle the hours that apply to your farm in Table 10 and use this figure for labor per production unit in your plan.
- Column 3—Number of production units (Column 1) times labor per unit (Column 2).
- Column 4—Copy tons of forage produced from Column 4, Step 4, for each forage crop.
- Column 5—Hay equivalent factors needed to convert other forages to alfalfa hay equivalent are estimated in Table 2 in the Management Guide.
- Column 6—Tons of forage (Column 4) times grass hay equivalent factor (Column 5) gives the supply of harvested forage in terms of tons of hay. Transfer hay equivalent requirements for your livestock from Column 5, Step 5.
- Column 7—Copy AUM's of grazing available from Column 4, Step 4. Transfer AUM requirements for livestock from Column 3, Step 5.

Capital Dollars for Livestock

- Column 4—Use the operating capital requirements specified in reference budgets for livestock to estimate per unit capital dollars.
- Column 5—Number of production units (Column 1) times capital dollars per unit (Column 4).

Calculate Forage Balance

- Line 22, Column 6—Compute excess or deficit in forage supplies to indicate the need for purchase or sale of hay and to suggest changes needed in land use.
- Line 23, Column 7—Compute excess or deficit AUM's of grazing to use as a basis for planning changes in your farm plan. The value of unused AUM's is deducted from income in Step 9, Item 23, because the crop plan was credited with income for all AUM's produced.

Planning Step 7. Calculate Business and Personal Net Worth

FARM CAPITAL

- 1. Value of bare land owned (purchase price or present conservative market value)
- 2. Value of buildings and improvements owned (your estimate or use insure value; do not include farm dwelling)
- 3. TOTAL capital investment in real estate (Line 1 plus Line 2)
- 4. Operating capital requirements for crops (Step 4, Line 21, Column 8)
- 5. Operating capital requirements for livestock (Step 6, Line 21, Column 5)
- 6. Value of crop machinery and equipment (from your depreciation schedule or use Table 5 in the Management Guide)
- 7. Value of livestock equipment (from your depreciation schedule or use livestock budget summary table)
- 8. Value of irrigation system
- 9. TOTAL enterprise capital (add Line 4 through 8)
- 10. TOTAL farm capital (Line 3 plus Line 9)
- 11. Real estate mortgage (actual from your records)
- 12. Irrigation development loan
- 13. Enterprise capital borrowed (intermediate term and other farm business debts)
- 14. TOTAL farm liability (Add lines 11, 12, and 13)

- 15. Operator's EQUITY in farm or ranch business (Line 10 minus Line 14)
- 16. Personal assets A. Cash-checking and savings account B. Life insurance—(cash value) C. Stocks and bonds (present value) D. Farm dwelling (present value) E. Household goods (present value) F. Automobile (personal share) G. Notes and accounts due you H. Other 17. TOTAL personal assets (add lines 16A through 16H 18. Personal liabilities (other than Lines 11 to 13) A. Loans on life insurance B. Personal notes C. Income tax-due D. Taxes - past due E. Other 19. TOTAL personal liabilities (add Lines 18A through 18E) 20. PERSONAL NET WORTH (Line 17 minus Line 19)
- 21. TOTAL NET WORTH (Line 15 plus Line 20)

Planning Step 8. Summarize Costs and Returns for Your Plan

INCOME OVER DIRECT CASH COSTS	DEDUCT ANNUAL DEPRECIATION FROM CASH INCOME
1. Crop income over direct costs (Step 4, Line 21, Column 11)	23. Depreciation on buildings and improvements (from current depreciation schedule or use 6% of
2. Livestock income over direct costs (Step 5, Line	24. Depreciation on crop machinery and equipment
3. Landlord's share of direct costs (Part of costs land-	(from current depreciation schedule or use 15% of
lord pays shown as expenses in Step 4, Column 8 and Step 5, Column 11)	25. Depreciation on livestock equipment (from cur-
4. Other farm related income (custom work for	rent depreciation schedule or use 18% of Line 7, Step 7)
others minus cash operating costs for example)	26. Depreciation on irrigation system (from current
AUM's Line 23x\$AUM)	depreciation schedule or use 15% of Line 8, Step
3. TOTAL farm income over direct costs (Add lines	
1 through 4 and subtract line 5)	- 27. TOTAL DEPRECIATION (Add Lines 23 to 26)
CALCULATE INCOME OVER ALL CASH COSTS 7. Machine service and custom work hired	EQUITY, AND MANAGEMENT RETURN (Line 22 minus Line 27)
8. Farm building repairs	29. OTHER FAMILY INCOME
	A. Operator
9. Livestock equipment repairs	- C. Other
). Real estate taxes	30. TOTAL OFF FARM INCOME (add 50A to 50C)
1. Form insurance other than crop	31. TOTAL FUNDS AVAILABLE (Line 28 plus Line
	32. IRS Payments
2. Cash rent paid to others	A. Federal income tax
3 Hired labor	B. Social security tax
	33. Cash remaining for family living, debt retirement,
4. Fuel for crop drying and livestock	— new investment and savings (Line 31 minus Line 32)
5. Utilities	
6. Commercial storage and crop marketing	34. Principal Payments (include A, B, C, & D)
	B. Machinery and equipment
7. Farm overhead	C. Breeding stock notes
8. Special irrigation cash costs	D. Irrigation development
9. Others	35. Cash remaining for family living, savings, and new investment (Line 33 minus Line 34)
20. Interest paid to others	36. Cash normally used annually for family living
21. TOTAL RELATED CASH COSTS (Add lines 7 through 20)	or an estimate of current amount needed during
22. CASH INCOME OVER ALL CASH COSTS (Line	37. Cash available for savings and new investment
6 minus line 21)	(Line 35 minus line 36)

13

COMPUTER INPUT FORM

(page 1 of 2)

(type) EDIT SODAP ____

_ (press return key)

_ (any 8 character name you choose)

(type) INPUT

14

	1 1 2	- Training of the	Name of farmer
inges in also in also in also	(G %	risting xo bine	No. of alternatives Primary source of cash income code
Alt. No. 1	Alt. No. 2	Alt. No. 3	ITEM (8 spaces maximum for each Alt.)
Strike Lang			
	ings in the		Value of bare land
	A land		Value of buildings and improvements
		101 (H)	Operating capital requirements for crops
			Operating capital requirements for livestock
		A The start	Value of crop machinery and equipment
	LARSE L		Value of livestock equipment
3 <u>3 5 5 8 0</u>			Farm non-real estate liabilities
8 8 8	<u> </u>	<u>8</u> 6	Farm real estate mortgage
			Personal assets (including farm dwelling)
		5	Personal liabilities
			Total depreciation
			Depreciation for tax purposes
			Related operating expense
	* <u></u>		Interest on related operating expense
	, 	·	Interest on R.E. and non R.E. debt
B F		· · · · · · · · · · · · · · · · · · ·	Government payments and other farm income
R R		*	Capital gains income (full amount)
3	8	crob	Net nonfarm income
EH .	consta		Value of family labor and management
6 g			Family living expense
		of a	Number of families involved
	1 <u>14212</u>		Total number tax exemptions (all families)
	H H	dui li	Annual real estate princ. paymet. (exist & new)
	bacq arian outri	des les	Desired amount of debt to be paid off (\$)
E HO R			Desired years to pay off desired amount of debt
	1		Interest rate on the debt (%)

COMPUTER INPUT FORM (Page 2 of 2)

Data Bank	ta Bank Enterprise			Number Acres or Units of Livestock						
Name	Number			Alt. No. 1	Alt. No. 2	Alt. No. 3				
Itallic				Star Star Star						
	<u> </u>			The second second						
1100 March 199										
A Contraction										
A. S. Barres						1990				
74. 2										
The string watches										
	T T									
The second second						A TANK A				
						P. Carlos and				
						•				
a martine and the second						•				
	99									

CHANGES IN LIVESTOCK AND CROPS DATA BANKS

Ente	erprise	Value	New	Ent	erprise	Value	New
Name	Number	Number	Value	Name	Number	Number	Value
							<u></u>
E States							
			· · · · · · · · · · · · · · · · · · ·	Colorado en la la la			
We all a share			\mathcal{F}	All and all			
					and the second second		<u> (1977) (1977)</u>
			Contraction of the second				
1							

CHANGE ENTERPRISE NAMES

Enterprise				
Name	Number		New Enterprise Name	
		08		
		08		
A CONSTRUCTION		08		
		08		
		08		
		08		
(type) file				
(type) Save S	ODAP	(file name)		

CONTENTS

Step 1	Land use planning information	2	
Step 2	Estimate direct costs per acre for growing and harvesting grain crops		
Step 3	Estimate direct costs per acre for growing and harvesting forage crops		
Work Table	Estimate per acre total costs and profitability of selected grain and forage crops		
Step 4	Prepare land use and cropping system	6	
Step 5	Plan the livestock enterprises	8	
Step 6	Calculate labor requirements, forage supplies and requirements, and capital requirements for livestock	10	
Step 7	Calculate business and personal net worth	12	
Step 8	Summarize costs and returns for your plan	13	
	Computer input forms	14	

Wallace G. Aanderud, Extension economist, farm management, and John N. Maher and Ronald Thaden, area farm management specialists

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the USDA, Hollis D. Hall, Director of Cooperative Extension Service, SDSU, Brookings. Educational programs and materials offered without regard to age, race, color, religion, sex, handicap or national origin. An Equal Opportunity Employer. File: 5.2-1-2M-10-81mb-274.