



## Farm Business Planning Guide

Fiscal Year

From:

month	day	year
(Select from drop-down list)		

to:

month	day	year
(Select from drop-down list)		

Projection Period

From:

month	day	year
(Select from drop-down list)		

to:

month	day	year
(Select from drop-down list)		

Name of Farm Business

Name(s) of Owner(s)

Mailing Address

Municipality

Telephone  
(include area code)

CIBC Business Advisor

Branch Address  
and Transit

Prepared by

Telephone

Legal Structure

(Sole proprietorship, Formal Partnership, Corporation, Other)

Date Completed  
(Month, Day, Year)

Notes/comments

**Tabs:**

5502

**Assets**

5503

**Statement of Net Worth (Owner's Equity)**

5504

**Farm Business Plan**

5505

**Cashflow Worksheet**

## Introduction

### Purpose of Guides

These guides are available to help you record past accomplishments, and present resources and commitments. The simplified worksheets also give you an easy way to develop next year's plans and budget. These forms, fully and accurately completed, will assist you in your presentation for a line of credit at your CIBC branch. The forms are not intended to be used to meet financial, tax and other reporting requirements.

### How to complete

Note: Data will flow from beginning input screens to those further back, to reduce inputting requirements.

1. Begin with screen 5502 and proceed through all forms in order.
2. You can only input information into yellow fields.
3. If you over-write a field with a formula, then that formula is lost, and earlier information will no longer flow to that field.  
Cash Flow Worksheet: The Projected Income -Expenses from 5504 will populate the Total Column, as well as the blue December column. Spread the numbers in the December column into the months that portions were expensed, leaving what was expensed in December.
- 4.

### Content

Details of Assets and Liabilities  
Statement of Net Worth  
Last Year's Income and Expense Statement  
Farm Business Plan  
Projected Income and Expense Statement  
Debt Servicing Worksheet  
Cash Flow Worksheet

### List of Assets and Liabilities

**Purpose:** Detailing assets and liabilities lets you keep accurate figures for use in the Statement of Net Worth, as well as provide a record for future reference. Please remember that current market values are used when land and buildings, machinery, equipment, livestock and crop inventories are evaluated. Be sure to include any outstanding interest on loans as well as any payments arrears.

### Statement of Net Worth

**Purpose:** This provides a complete financial picture of your farm operation on any given date. Comparing these statements from year to year also give a good indication of your financial progress over time.

**Assets:** Please remember that all assets are subdivided into 3 categories: Current, Intermediate and Fixed.

**Current Assets:** These are the most liquid, that is, the easiest to convert into cash.

**Intermediate Assets:** These are the resources used primarily in support of farm production, such as breeding stock, quota or machinery.

**Fixed Assets:** These are permanent resources such as land and buildings.

**Liabilities:** Liabilities are also divided into Current, Intermediate and Long-Term debts.

**Current Debts:** Those being payable within 12 months. You should keep in mind that the principal portion of intermediate or long-term debts due within 12 months is considered a current liability.

**Intermediate Debts:** Those repayable over 1 to 10 years.

**Long-Term Debts:** Those repayable over 10 years.

Please note that accountant prepared business balance sheets normally include only current and fixed assets, and current and long-term liabilities. Intermediate assets and liabilities are therefore not segregated in such statements. They are prepared mainly for tax purposes, and not for management purposes.

### Last Year's Income and Expense Statement

**Purpose:** This allows the cash based income statement to be converted to an accrual based income statement, which more clearly illustrates the farm's profitability last year. The resulting Net Farm Income represents your return on labour, capital and farm management.

### Farm Business Plan

**Purpose:** This provides details of your production and spending plans for the coming year. In order to be as accurate as possible, you should include realistic results, objectives, price changes, etc. A good plan of operations will give you the building blocks for both your projected income/expense, and cash flow statements.

### Projected Income and Expense Statement

**Purpose:** This accrual basis statement will provide you with a projected net Farm Income, which illustrates whether or not your farm is profitable. The Net Farm Income represents your return to labour, capital, and farm management, which in turn must be sufficient to cover family living, costs, income taxes, and debt servicing over the longer term.

### Debt Servicing Work Sheet

**Purpose:** The worksheets help you determine the ability of the accrued net farm income to service the total debt. By breaking debts into 3 categories: current, intermediate and long term, it is easier to see the structuring of your loan obligations.

### Cash Flow Projection

**Purpose:** A cash flow worksheet gives you a practical way to predict the amount and time of cash short-falls and surplus. This, in turn, will indicate the amount of farm operating credit you'll be needing next year. Cash flow sheets can be prepared on an annual, semi-annual, quarterly or monthly basis depending on your needs. Keep in mind that all cash transactions are included. Once your cash flow is established, you have an excellent budget to follow through the year or the season.



## Farm Business Planning Guide - Assets and Liabilities

To Aid in the Preparation of the Statement of Net Worth

### A. Notes and Accounts Receivable

By whom owed	How long owed	Due Date	Amount \$
<b>Total A.</b>			

### B. Inventory of Crops

Description	Quantity	Unit	Price per unit	Total Value \$	Location (Legal Description)
<b>1. For Sale</b>					
<b>Total Sale</b>					
<b>2. For Feed/Seed</b>					
<b>Total Feed/Seed</b>					
<b>3. GROWING (input cost to include seed, fertilizer, chemicals, to date)</b>					
<b>Total Growing</b>					
<b>Total Value of Crop Inventory B.</b>					

Farm Business Planning Guide - Assets and Liabilities

**C. Inventory of Purchased Feed and Supplies (Fertilizer, Chemicals, Fuel, etc.)**

Description	Quantity	Unit	Price/Unit	Total Value \$
<b>Total Purchased Feed and Supplies C.</b>				

**D. Inventory of Livestock and Poultry**

1. Market Record

Dairy - Open Heifers, Heifer calves, Bull calves / Beef - Feeder Steers, Feeder Heifers, Calves / Hogs - Feeders, Weaners, Nursing Pigs / Sheep, Goats, Poultry, Mink, Other

Type of Market Livestock	Number of Head	Average Weight	Average Value/Head	Total Value \$
<b>Total Market D. (1)</b>				

2. Breeding Record

Dairy - Cows, Bred Heifers, Bulls / Beef - Cows, Bred Heifers, Bulls / Hogs - Sows, Bred Gilts, Boars / Sheep, Goats, Poultry, Mink, Other

Type of Breeding Livestock	Number of Head	Average Age	Average Value \$	Total Value \$
<b>Total Market D. (2)</b>				

**E. Other Assets**

1. Current		2. Long Term	
Description	Value	Description (Include particulars)	Value
Deposit Accounts		Other Farm Real Estate	
Non-Registered Investments (incl.: GIC's, Mutual Funds, Cda/Ont Svgs Bonds, Stocks, Income Trusts, Gov't/Corp Bonds, Other)		Other Farm or Business Investments (e.g. private shares/investments, etc.)	
<b>Total E. (1)</b>		<b>Total E. (2)</b>	

3. Insurance

(i) Asset Insurance Coverage			Coverage Amount (\$)
<b>Fire</b>	Name of Agency		
	Crops and Content		
	Livestock		
	Buildings		
	Machinery and Equipment		
	Business Interruption		
	<b>Crop Insurance</b>	Name of Agent	
<b>Liability</b>	Name of Agency		
(ii) Life Insurance Coverage			
<b>CIBC Farm Credit Life Insurance</b>	Do you have CIBC Farm Credit Life Insurance?	<input checked="" type="checkbox"/> <input type="checkbox"/>	Coverage (\$)
	Do you require CIBC Farm Credit Life Insurance?	<input checked="" type="checkbox"/> <input type="checkbox"/>	
<b>Other Life Insurance</b>	Name of Insurer		Cash Surrender Value (\$)
	Name(s) of Insured		
<b>Total C.S.V. E. (3)</b>			



**H. (1) Lands and Buildings**

Parcel No.	Legal Description (List Home Farm first)	Registered Owner	Year Acquired	Acres		Assessment (\$)	Present Market Value (incl. Buildings)	Encumbrances (include Tile Loans)
				Total	Cult.			
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20.								
<b>Totals H.</b>								

**(2) Description of Buildings and Improvements (values included in Market Value above)**

Location (Parcel No.)	Description	Size and Capacity	Present Market Value (if not incl. in above)	Fire Insurance Coverage (\$)
<b>Total H. 2</b>				

**(3) Leased Property**

Description	Total Acres	Total Cult.	Landlord	Payment Arrangements	Expiry Date	Annual Payment (\$)
<b>Total Annual Payments</b>						

Farm Business Planning Guide - Assets

**I. Liabilities**

To Whom Owed	Security	Original Loan		Int. Rate	Repay Period	Balance Outstanding	Terms
		Date	Amount				
<b>1. Current (due within 12 months to include all accrued interest)</b>							
Bank Operating Loan							
Accounts Payable (list below)							
Outstanding Cheques							
Taxes Payable							
Cash Advances							
Accrued Interest							
Contingent Liabilities							
Other							
Current Portion - Term Debt (from Below)							
<b>Total Current</b>							
<b>2. Non-current</b>							Principal Due within 12 mths. Incl. Arrears
Intermediate Debt							
<b>Total Intermediate Debt</b>							
<b>Total Intermediate Debt less Princ. Due within 12 mths.</b>							
Long Term Debt							
<b>Total Long Term Debt</b>							
<b>Total Long Term Debt less Princ. Due within 12 mths.</b>							
<b>Total All Liabilities</b>							





**Farm Business Planning Guide**  
**Statement of Net Worth (Owner's Equity)**

Name \_\_\_\_\_

Address \_\_\_\_\_

Primary Enterprise \_\_\_\_\_

Branch and Transit \_\_\_\_\_

**Statement of Affairs as at:** \_\_\_\_\_

Assets		Bank Use	Liabilities	
Current cash on hand/deposits	_____		Current Banking operating loans	_____
Notes and accounts receivable (A)	_____		Accounts payable	_____
Crops (B)	_____		Outstanding cheques	_____
Purchased feed & supplies	_____		Taxes payable	_____
Market livestock (D1)	_____		Cash advances	_____
Other – Investments (E1)	_____		Accrued interest	_____
– Life Insurance C.S.V. (E3)	_____		Contingent Liabilities	_____
			Other	
			Intermediate and long term principal due	
			within 12 mo.	
<b>Total Current</b>			<b>Total Current</b>	
Breeding livestock (D2)	_____		Intermediate debt	_____
Machinery & equipment (F)	_____		Less principal due in 12 mo.	_____
Marketing quota (G)	_____			
<b>Total Intermediate</b>			<b>Total Intermediate</b>	
Fixed land & buildings	_____		Long term debt	_____
Other (E2)	_____		Less principal due in 12 months	_____
<b>Total Fixed</b>			<b>Total Long Term</b>	
			<b>Total Liabilities</b>	
			Bank Use Only	
			Net Worth Owner Equity	_____
			Liability as Guarantor:	_____
				_____
<b>Total Assets</b>			<b>Total Liabilities and Net</b>	

**Owner's Statement**

I certify the above information to be a true and factual statement of my affairs. I certify that my real estate, produce, chattels, etc. are entered therein at fair market evaluation.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

This document is intended to assist clients with their applications for CIBC credit, and is not intended to be used to be used for financial, tax or other reporting purposes.

**Farm Business Planning Guide**  
**Statement of Net Worth (Owner's Equity)**  
For the year ended \_\_\_\_\_

**J. Last Fiscal Year's Income and Expense Statement**  
**(with Accrual Basis Adjustments)**

Farm Income		Farm Expenses	
Crops		<b>Crop Expenses</b>	
		Seeds and plants	
		Fertilizer	
		Chemicals	
Total Crop Sales		Hail/Crop Insurance	
Livestock		Custom Charges	
		Land Rental	
		Other	
Total Livestock Sales		Total Crop Expenses	
Livestock products		<b>Livestock Expenses</b>	
		Feeder livestock purchase	
Total Livestock Products		Feed grain	
Custom Work		Roughage	
		Complete feed/Supplements	
Total Custom Work		Veterinarian and Breeding Fees	
Rent/Share Income		Trucking and Marketing	
		Other	
Total Rental Income		Total Livestock Expenses	
Stabilization Payments		<b>Machinery Expenses</b>	
		Fuel, Oil, Grease	
Total Stabilization Payments		Repairs & Maintenance	
Rebates, Subsidies, Grants (specify)		Lease Payments	
		Other	
Total Rebates, Subsidies, Grants		Total Machinery Expenses	
Other		<b>Overhead Expenses</b>	
		Labour	
		Utilities	
Total Other Income		Supplies	
<b>Total Farm Income</b>		Building & Fence Repairs	
Accrual Adjustments		General Insurance & Licenses	
Ending Accounts Receivable		Property Taxes	
Less beginning Accts Receivable		Accounting, Legal Memberships	
Change in Accts. Receivable		Other	
Ending Market Livestock			
Less beginning Market Livestock			
Ending Crop Inventory		Interest on Operating Loans	
Less beginning Crop Inventory		Interest on Term Loans	
Ending Purch. Feed & Supplies		Total Overhead Expense	
Less beg. Purch. Feed & Supplies		<b>Total Farm Cash Expenses</b>	
Change in Inventory Value		Accrual Adjustments	
		Ending Accounts Payable	
<b>Total Accrued Farm Income</b>		Less beg. Accts. Payable	
<b>Total Accrued Farm Expenses</b>		Change in Accts. Payable	
<b>Net Accrued Farm Income/Loss (J)</b>		Plus Depreciation	
		<b>Total Accrued Farm Expenses</b>	

Key Financial Metrics	
EBITDA	
Current Ratio	#DIV/0!
Debt to Tangible Net Worth	#DIV/0!
Debt Service Coverage Ratio	#DIV/0!
Interest Coverage Ratio	#DIV/0!

EBITDA	Earning before interest, tax, depreciation and amortization
Current Ratio	A ratio that measures a company's ability to pay short-term obligations
Debt to Tangible Net Worth	A ratio to show a company's debt to the total net worth of the company
Debt Service Coverage Ratio	A ratio of income available for debt servicing to interest, principal and lease payments
Interest Coverage Ratio	A ratio used to determine the company's ability to pay interest on outstanding debt



**Farm Business Plan**

To aid in the preparation of the Income/Expense and Cash Flow Projections

**K. Crop Production Plans**

Crop to be grown	Beginning Inventory (mm/dd/yyyy)			Projected Sources				Uses (in units)			Projected ending inventory (mm/dd/yyyy)		
	Quantity	\$/Unit	Value \$	Acres	Yield/acre	Total Units	Purchases	Feed/Seed	Share/Rent	For Sale	Quantity	\$/Unit	Value
<b>Totals K.(1)</b>													<b>K. (2)</b>

**L. Crop Input Costs**

Crop to be grown	Acres	Seeds and Plants			Fertilizer			Chemicals			Total
		Variety	\$/Acre	Total Cost	Analysis	\$/Acre	Total Cost	Kind	\$/Acre	Total Cost	
		<b>Totals L.</b>									



Farm Business Planning Guide - Farm Business Plan

**O. Projected Capital Purchases and Capitalized Major Repairs**

Description	Purchase Cost	Down Payment or Trade	Net Cost	Month of Purchase	Proposed Financing Terms
<b>1. Land</b>					
<b>2. Buildings</b>					
<b>3. Machinery/Equipment</b>					
<b>4. Breeding Stock</b>					
<b>5. Quota</b>					
<b>6. Other</b>					
<b>7. Capitalized Major Repairs</b>					
<b>Total</b>					

**P. Projected Capital Sales**

Description	Selling Price	Month of Sale	Terms	Use of Proceeds
<b>1. Land/Buildings</b>				
<b>2. Machinery/Equipment</b>				
<b>3. Breeding Stock</b>				
<b>4. Other</b>				
<b>Total</b>				



**Q. Projected Income and Expense Statement (with Accrual basis adjustments)**

Farm Expenses	Units	\$ / Unit	Projected for Year Ending	Actual for Year Ended (mm/ddyyyy)
				(from Section J)
<b>Crop Expenses</b>				
Seeds and Plants				
Fertilizer				
Chemicals				
Hail/Crop Insurance				
Custom Charges				
Land Rental				
Other				
<b>Livestock Expenses</b>				
Feeder livestock purchases				
Feed grain				
Roughage				
Complete Feed/Supplements				
Vet. and breeding fees				
Trucking and marketing fees				
Other				
<b>Machinery Expenses</b>				
Fuel, Oil, Grease				
Repairs and maintenance				
Lease payments				
Other				
<b>Overhead Expenses</b>				
Labour				
Utilities				
Supplies				
Building & Fence Repairs				
General Insurance & Licenses				
Property Taxes				
Accounting, Legal, Memberships				
Other				
Interest on Operating Loans				
Interest on Term Loans (Intermediate and Long term)				
			<b>Total Cash Farm Expenses</b>	
Estimated ending Accounts Payable				
Less beginning Accounts Payable				
Change in Accounts Payable				
Plus Depreciation				
			<b>Total Accrued Farm Expenses</b>	









One Year Horizon		\$ amounts
EBITDA - living expenses expected in next year.		
Capex plans next year		
Debt Servicing needs next year		
<b>Surplus/shortfall.</b>		

Three Year Horizon		\$ amounts
EBITDA - living expenses expected in 3 years		
Capex plans 3 years		
Debt servicing needs 3 years		
<b>Surplus/shortfall</b>		

Five Year Horizon		\$ amounts
EBITDA - living expenses expected in 5 years		
Capex plans next 5 years		
Debt servicing needs 5 years		
<b>Surplus/shortfall</b>		