

I. C. TROUBLE FARM

I. C. Trouble has been farming since 1984. His father passed away at a young age and I. C. took over the home farm operation without much guidance. I. C. is married with three children and is in his mid forties. I. C.'s land base has varied slightly over the years but recently has declined fairly drastically. He has owned 160 acres through the years on land purchased from his mother and aunt. He also rents (some cash-some share) from his mother and other family members. Over the past 5 years, his land base has decreased as farms he was renting were sold and he could not come up with the financing to purchase them.

His home farm has 134 tillable acres. He has 167 acres of cash rented ground at \$160 per acre and 196 acres 60-40 share, for a total of 497 acres in the operation. His normal cropping plan is a 50/50 corn/soybean rotation.

I. C.'s only cash flow enhancement in the last several years has been a 2,000 head finish building he put up in 2001. He gets a monthly cash flow from a contract with a large pork production company for the pig spaces in the new facility and a much smaller facility he remodeled a few years earlier. This contract generates around \$80,000 of gross income to the operation. His other cash flow help is his wife, who earns \$28,000 off the farm. I. C. does several part-time jobs, earning \$5,000 per year. They figure their family living runs around \$49,000 per year.

In early January, I.C. got word from the pork production company's lawyer that they were filing for bankruptcy and the hogs currently in the buildings would be the last group. So much for the six years left on the contract. A week later, I.C. met with his operating lender to arrange financing for the year ahead. He shared the news about the failed hog contractor. His lender informed I.C. that there were not interested in financing the operation in 2009, and the outstanding operating note was due on March 15th.

I.C. shared his knowledge of his lenders security interests. Ida and Mary have a 1st and 2nd mortgage respectively on the home farm. Before they headed into the hog building deal, they decided the family members needed to secure their positions. FCS has a 1st mortgage on the 5 acre site where the leased hog building is located. In addition, they have a blanket lien on the current inventory and machinery.



	Jan 1, 2007	Jan 1, 2008	Jan 1, 2009
Current Assets			
Cash and checking	2,814	3,210	1,532
Prepaid expenses and supplies	1,100	685	5,131
Accounts receivable	2,987	4,682	3,598
Crop inventory	76,271	70,989	74,103
Crops under gov't loan	-	-	45,000
Total Current Assets	83,172	79,566	129,364
Intermediate Assets			
Machinery and equipment	183,500	167,000	180,000
Titled vehicles	20,000	18,000	15,000
Total Intermediate Assets	203,500	185,000	195,000
Long Term Assets			
Land	560,000	560,000	560,000
Buildings and improvements	119,066	114,887	108,278
Other long term assets	31,112	35,521	37,878
Total Long Term Assets	710,178	710,408	706,156
Total Farm / Business Assets	996,850	974,974	1,030,520
Total Personal Assets	120,865	120,865	121,180
Total Assets	1,117,715	1,095,839	1,151,700
Current Liabilities			
Accrued interest	21,553	20,709	18,252
Accounts payable and other accrued exp.	465	2,682	5,012
Current Loans			
Farm Credit Services-operating	201,562	199,231	189,341
Total Current Loans	201,562	199,231	189,341
Government crop loans	-	-	21,840
Principal due within 12 months on term loans	28,269	30,319	33,726
Total Current Liabilities	251,849	252,941	268,171
Intermediate Loans			
Farm Credit Services-tractor	38,835	35,788	32,606
John Deere Credit-combine	47,671	40,853	33,416
Total Intermediate Loans	86,506	76,641	66,022
Long Term Loans			
Ida Trouble	107,498	103,354	97,898
Mary Trouble	54,744	48,782	41,540
Farm Credit Services-lease bldg	48,704	41,008	31,827
Farm Credit Services-lease pit	17,909	14,766	11,060
Total Long Term Loans	228,855	207,910	182,325
Total Farm Liabilities	567,210	537,492	516,518
Personal liabilities	30,006	28,145	25,995
Total Liabilities (including deferreds)	597,216	565,637	542,513
Equity			
Net worth	520,499	530,201	609,186

	Jan 1, 2007	Jan 1, 2008	Jan 1, 2009
Net worth change	0	9,702	78,985

Ratio Analysis

Current ratio	0.3	0.3	0.5
Working capital	-168,677	-173,376	-138,807
Current pct in debt	303 %	318 %	207 %
Intermediate pct in debt	43 %	41 %	34 %
Current & interm. % in debt	118 %	125 %	103 %
Long term pct in debt	32 %	29 %	26 %
Total debt to asset ratio	53 %	52 %	47 %
Total equity to asset ratio	47 %	48 %	53 %
Total debt to equity ratio	1.15	1.07	0.89



Current Assets			Value	Current Liabilities					Balance
Cash and checking			1,532	Accrued interest				18,252	
Prepaid exp. & suppl. (Schd B)			5,131	Payables & accr exp (Schd S)					
Growing crops			-	Hometown Fuel & Oil				1,367	
Accounts receivable (Schd D)			3,598	County Co-op				3,645	
Hedging accounts			-						
Other current assets			-						
Crops (Schd G)	Quantity	Value/Unit			Int	P & I		Principal	
Native Grass	40	37.50/ton	1,500	Current loans (Schd T)	Rate	Due		Balance	
Soybeans	3,790	8.50/bu.	32,215	FCS-operating	6.00	-		189,341	
Corn	10,770	3.75/bu.	40,388	Government crop loans (Schd R)				21,840	
Crops under gov't loan (Schd R)			45,000	Principal due within 12 months on term liabilities				33,726	
Livestock held for sale			-						
Total Current Assets			129,364	Total Current Liabilities				268,171	
Intermediate Assets			Market	Intermediate Liabilities (Schd U)					
			Value	Loan	Int	Principal	P & I	Principal	Intermed
Breeding livestock			-	FCS-tractor	Rate	Balance	Due	Due	Balance
Machinery and equipment			180,000	John Deere Credit-combine	7.40	35,714	5,742	3,108	32,606
Titled vehicles			15,000		7.90	40,299	10,067	6,883	33,416
Other intermediate assets			-						
Total Intermediate Assets			195,000	Total Intermediate Liabilities					66,022
Long Term Assets			Market	Long Term Liabilities (Schd V)					
			Value	Loan	Int	Principal	P & I	Principal	Lg Term
Land (Schd M)	Acres			Ida Trouble	Rate	Balance	Due	Due	Balance
Home farm	160		560,000	Mary Trouble	7.00	103,013	12,326	5,115	97,898
Bldgs & improve. (Schd N)			108,278	FCS-lease bldg	7.00	48,291	10,131	6,751	41,540
Other long term (Schd O)			37,878	FCS-lease bldg	8.24	40,273	11,448	8,446	31,827
				FCS-lease pit	8.65	14,483	4,716	3,423	11,060
Total Long Term Assets			706,156	Total Long Term Liabilities					182,325
Total Farm Assets			1,030,520	Total Farm Liabilities					516,518
Personal Assets (Schd P)			121,180	Personal Liabilities (Schd W)					25,995
Total Assets			1,151,700	Total Liabilities					542,513
				Net Worth					609,186

I certify that my statements on this balance sheet are true, complete, and correct to the best of my knowledge and belief.

Signature(s) _____ Date _____

Schedule B: Prepaid expenses and supplies

Expense Category	Quantity	Value Per		Value
		Unit		
Fertilizer	-	-		4,875
Fuel	-	-		256
Total prepaid expenses and supplies				5,131

Schedule D: Accounts receivable

	Quantity	Value Per		Value
		Unit		
Hog contract incentive	-	-		3,598
Total accounts receivable				3,598

Schedule G: Crop inventory

Crop Description	Quantity	Value Per		Value
		Unit		
Native Grass	40 ton	37.50		1,500
Soybeans	3,790 bu.	8.50		32,215
Corn	10,770 bu.	3.75		40,388
Total crop inventory				74,103

Schedule M: Land

	Acres	Mkt Value		Market Value
		Per Acr		
Home farm	160	3,500		560,000
Total land				560,000

Schedule N: Buildings and improvements

	Year Built		Market
			Value
Buildings & tile	-		32,499
2000 hd hog facility	2000		69,125
Building improvement	1997		6,654
Total buildings and improvements			108,278

Schedule O: Other long term assets

	Quantity	Mkt Value		Market Value
		Per Unit		
Co-op equity	-	-		36,878
FCS stock	-	-		1,000
Total other long term assets				37,878

Schedule P: Personal assets

	Quantity	Mkt Value		Market Value
		Per Unit		
Savings and checking				-
Stocks and bonds				-
Other personal current assets				-
Furnishings and appliances				30,000
Personal vehicles				1,500
Cash value of life insurance				10,845
Retirement accounts				
Retirement fund	-	-		4,800
Spouse's pension	-	-		7,135
Spouse's vacation	-	-		2,400
Personal business investment				-
Other intermediate assets				
Lot down south	-	-		3,000
Time share	-	-		4,000
Personal real estate				-
Other long term assets				
Home	-	-		57,500
Total personal assets				121,180

Schedule R: Crops under gov't loan

Crop	Description	Quantity	Loan Rate	Interest Rate	Mo/Year Entered	Value Per Unit	Total Value	Loan Principal	Accrued Interest	Net Value	Treat As Loan
Corn		12,000 bu.	1.82	1.250 %	12/2008	3.75	45,000	21,840	23	23,137	Loan
Total crops under gov't loan							45,000	21,840	23	23,137	

Schedule S: Accounts payable and other accrued expenses

Expense Category	Balance
Hometown Fuel & Oil	1,367
County Co-op	3,645
Total accounts payable and other accrued expe	5,012

Schedule T: Current loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Balance
FCS-operating	6.00 %	189,341	7,117	-	-	-	189,341
Total current loans		189,341	7,117	-	-		189,341

Schedule U: Intermediate loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Intermed Balance
FCS-tractor	7.40 %	35,714	1,982	5,742	-	3	2017	3,108	32,606
John Deere Credit-combine	7.90 %	40,299	-	10,067	-	12	2013	6,883	33,416
Total intermediate loans		76,013	1,982	15,809	-			9,991	66,022

Schedule V: Long term loans

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Lg Term Balance
Ida Trouble	7.00 %	103,013	6,045	12,326	-	3	2021	5,115	97,898
Mary Trouble	7.00 %	48,291	2,834	10,131	-	3	2014	6,751	41,540
FCS-lease bldg	8.24 %	40,273	-	11,448	-	multiple	2013	8,446	31,827
FCS-lease pit	8.65 %	14,483	251	4,716	-	multiple	2014	3,423	11,060
Total long term loans		206,060	9,130	38,621	-			23,735	182,325

Schedule W: Personal loans

Accrued interest	-
Personal accounts payable	-
Principal due within 12 months on term loans	2,150

	Interest Rate	Principal Balance	Accrued Interest	Normal P & I	Past Due P & I	Month Due	Final Year	Principal Due	Balance
Current Loans									
Intermediate									
Long Term									
Home Loan	7.00 %	25,995	-	3,901	-	multiple	2017	2,150	23,845
Total personal loans		25,995	-	3,901	-			2,150	23,845

Schedule Y: Ratio analysis

	Market
Current ratio	0.48
Working capital	-138,807
Current percent in debt	207 %
Intermediate percent in debt	34 %
Long term percent in debt	26 %
Personal percent in debt	21 %
Total debt to asset ratio	47 %
Total equity to asset ratio	53 %
Total debt to equity ratio	0.89