

JOHN AND MARY FARMER (Farm Business Only)
BALANCE SHEET
AS OF 12/31/X1 AND 12/31/X2

	<u>12/31/X2</u>	<u>12/31/X1</u>		<u>12/31/X2</u>	<u>12/31/X1</u>
ASSETS			LIABILITIES		
Cash	\$ 101,743	\$ 113,421	Accounts Payable	\$ 6,578	\$ 0
Inventories (Schedule 1)	180,581	149,557	Notes Due Within One Year (Schedule 5)	102,488	113,934
Accounts Receivable	14,300	11,835	Current Portion of Term Debt (Schedule 5)	23,458	21,328
Prepaid Expenses	3,500	3,500	Accrued Interest (Schedule 5)	14,107	18,113
Cash Investment in Growing Crops	21,000	21,000	Income Taxes Payable	6,894	4,134
Other Current Assets	890	890	Current Portion - Deferred Taxes (Schedule 6)	93,187	68,408
			Other Accrued Expenses	0	0
			Other Current Liabilities	0	0
Total Current Assets	322,014	300,203	Total Current Liabilities	246,712	225,917
Breeding Livestock (at market) (Schedule 2)	16,000	14,000	Non-Current Portion -- Notes Payable (Schedule 5)	25,786	36,646
Machinery and Equipment (at market) (Schedule 3)	199,500	199,500	Non-Current Portion -- Real Estate Debt (Schedule 5)	166,180	178,779
Investments in Capital Leases	0	0	Non-Current Portion -- Deferred Taxes (Schedule 6)	157,657	149,980
Investments in Other Entities	0	0	Other Non-Current Liabilities	0	0
Investments in Cooperatives	27,650	27,650			
Real Estate (at market) (Schedule 4)	517,750	517,750			
Buildings and Improvements (at market) (Schedule 4)	5,000	5,000			
Other Assets	0	0			
Total Non-Current Assets	765,900	763,900	Total Non-Current Liabilities	349,623	365,405
			Total Liabilities	\$ 596,335	\$ 591,322
			Retained Capital	\$ 194,330	\$ 188,674
			Valuation Equity	297,249	284,107
			OWNER EQUITY	491,579	472,781
Total Assets	\$1,087,914	\$1,064,103	Total Liabilities and Owner Equity	\$ 1,087,914	\$ 1,064,103

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SUPPLEMENTARY SCHEDULES
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SCHEDULE 1 — INVENTORIES

Commodity	Units	12/31/X2			12/31/X1		
		Number	Price/Unit	Total	Number	Price/Unit	Total
Corn for Sale	Bushels	32,560.00	\$ 2.30	\$ 74,888	29,691.60	\$ 2.30	\$ 68,291
Feed Supplement	Tons	5.20	335.00	1,742	4.30	335.00	1,441
Mkt Cattle/Heifers/1000 lbs	CWT	45.00	68.00	30,600	45.00	68.00	30,600
Mkt Cattle/Steers/1150 lbs	CWT	57.00	70.00	45,885	35.00	70.53	28,389
Feeder Cattle/Steers/850 lbs	CWT	40.00	78.00	26,520	30.00	78.00	19,890
Diesel Fuel	Gallons	860.00	1.10	946	860.00	1.10	946
Total Inventories				\$ 180,581			\$149,557

SCHEDULE 2 — BREEDING LIVESTOCK

Type	As of 12/31/X2							As of 12/31/X1						
	Number	Base Value Per Head	Total Cost/Base	Acc Depr	Total Book Value	Mkt Value Per Head	Total Market	Number	Base Value Per Head	Total Cost/Base	Acc Depr	Total Book Value	Mkt Value Per Head	Total Market
Purchased Breeding Stock														
Angus Bulls	3	N/A	\$ 7,400	\$ 4,200	\$ 3,200	\$ 2,000	\$ 6,000	2	N/A	\$ 4,600	\$ 2,600	\$ 2,000	\$ 2,000	\$ 4,000
Raised Breeding Stock														
Stock Cows	25	500	12,500	N/A	12,500	400	10,000	20	500	10,000	N/A	10,000	500	10,000
Total Breeding Livestock	28		19,900	4,200	15,700	N/A	16,000	22		14,600	2,600	12,000	N/A	14,000

SCHEDULE 3 — MACHINERY AND EQUIPMENT

Type	As of 12/31/X2				As of 12/31/X1			
	Cost	Acc Depr	Net Book	Mkt Value	Cost	Acc Depr	Net Book	Mkt Value
Vehicles	\$ 32,500	\$ 27,688	\$ 4,812	\$ 18,000	\$ 32,500	\$ 22,486	\$ 10,014	\$ 18,000
Machinery	248,759	206,577	42,182	175,000	229,969	180,245	49,724	175,000
Livestock Equipment	45,653	31,225	14,428	6,500	45,653	26,456	19,197	6,500
Total Machinery and Equipment	\$ 326,912	\$ 265,490	\$ 61,422	\$ 199,500	\$ 308,122	\$ 229,187	\$ 78,935	\$ 199,500

SCHEDULE 4 — REAL ESTATE AND IMPROVEMENTS

Type	Acquired	As of 12/31/X2			Mkt Value Per Acre	Total Market	As of 12/31/X1							
		Cost	Acc Depr	Net Book			Cost	Acc Depr	Net Book	Mkt Value Per Acre	Total Market			
Land														
Johnson Farm -- 235 Acres	1975	\$ 152,750		\$ 152,750	\$ 1,250	\$ 293,750	\$ 152,750		\$ 152,750	\$ 1,250	\$ 293,750			
Section 18 Farm -- 160 Acres	1963	32,000		32,000	1,400	224,000	32,000		32,000	1,400	224,000			
Improvements														
Feedlot	1981	78,000	52,000	26,000		5,000	78,000	47,900	30,100		5,000			
Total Real Estate and Improvements		\$ 262,750	\$ 52,000	\$ 210,750		\$ 522,750	\$ 262,750	\$ 47,900	\$ 214,850		\$ 522,750			

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SCHEDULE 5 — DEBT SCHEDULE – 19X2

Creditor	Purpose	Original Term	Inception	Maturity	During 19X2			Payment Date	Interest Rate	Est. Amount of Next Payment	As of 12/31/X2			
					Original Amount	Interest Paid(Cash)	Principal Paid				Current Principal (Within 12 Mo)	Non-Current Principal	Total Principal	Accrued Interest
<i>Notes Due Within One Year</i>														
FNB of Anytown*	Operating	1 Yr	3/1/19X2	3/1/19X3	*	\$ 8,458	\$ 87,000	2/28/90	12%V	N/A	\$ 75,895	\$ 0	\$ 75,895	\$ 3,549
CCC	Inventory	9 Mo	10/15/19X2	5/1/19X3	\$ 26,593	1,472	35,644	5/15/90	7.75%V	N/A	26,593	0	26,593	562
Total Notes Due Within One Year						9,930	122,644				102,488	0	102,488	4,111
<i>Non-Real Estate Debt</i>														
FNB of Anytown	Machinery	5 Yr	2/1/19X0	2/1/19X5	\$55,000	5,561	9,697	15-Feb	12%V	\$ 15,258	10,860	25,786	36,646	3,843
Total Non-Real Estate Debt						5,561	9,697			15,258	10,860	25,786	36,646	3,843
<i>Real Estate Debt</i>														
FLBA of CountySeat	Home Farm	20 Yr	19W5	20Y5	\$120,000	12,174	3,391	15-Nov	11.5%V	15,565	3,781	98,691	102,472	1,485
ABC Insurance	Johnson Farm	20 Yr	19V9	20X9	\$150,000	5,918	8,241	15-Feb	7.0%F	14,159	8,817	67,489	76,306	4,668
Total Real Estate Debt						18,092	11,632			29,724	12,598	166,180	178,778	6,153
Grand Total -- All Debt						\$ 33,583	\$ 143,973			\$ 44,982	\$ 125,946	\$ 191,966	\$ 317,912	\$ 14,107

* This note is a revolving line of credit, with a total available balance of \$150,000

SCHEDULE 5 — DEBT SCHEDULE – 19X1

Creditor	Purpose	Original Term	Inception	Maturity	During 19X1			Payment Date	Interest Rate	Est. Amount of Next Payment	As of 12/31/X1			
					Original Amount	Interest Paid(Cash)	Principal Paid				Current Principal (Within 12 Mo)	Non-Current Principal	Total Principal	Accrued Interest
<i>Notes Due Within One Year</i>														
FNB of Anytown*	Operating	1 Yr	3/1/19X2	3/1/19X3	*	\$ 8,458	\$ 52,000				\$ 78,290	\$ 0	\$ 78,290	\$ 6,120
CCC	Inventory	9 Mo	10/15/19X2	5/1/19X3	\$ 26,593	0	0				35,644	0	35,644	427
Total Notes Due Within One Year						8,458	52,000				113,934	0	113,934	6,547
<i>Non-Real Estate Debt</i>														
FNB of Anytown	Machinery	5 Yr	2/1/19X0	2/1/19X5	\$55,000	6,600	8,658				9,696	36,646	46,342	4,860
Total Non-Real Estate Debt						6,600	8,658				9,696	36,646	46,342	4,860
<i>Real Estate Debt</i>														
FLBA of CountySeat	Home Farm	20 Yr	19W5	20Y5	\$120,000	12,524	3,041				3,391	102,472	105,863	1,534
ABC Insurance	Johnson Farm	20 Yr	19V9	20X9	\$150,000	6,457	7,702				8,241	76,307	84,548	5,172
Total Real Estate Debt						18,981	10,743				11,632	178,779	190,411	6,706
Grand Total -- All Debt						\$ 34,039	\$ 71,401				\$ 135,262	\$ 215,425	\$ 350,687	\$ 18,113

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SCHEDULE 6 — DEFERRED TAXES

Current Portion of Deferred Taxes						
	19X2			19X1		
	Market Value	Tax Basis	Difference	Market Value	Tax Basis	Difference
<i>Deferred Income Items</i>						
Inventories	\$ 180,581	\$ 0	\$ 180,581	\$ 149,557	\$ 0	\$ 149,557
Accounts Receivable	14,300	0	14,300	11,835	0	11,835
Prepaid Expenses	3,500	0	3,500	3,500	0	3,500
Cash Investment in Growing Crops	21,000	0	21,000	21,000	0	21,000
Excess of Carrying Value over Tax Basis of Current Assets			219,381			185,892
Deferred Income Liability on Crop Insurance, Disaster Payments and Contracts			<u>50,000</u>			<u>12,000</u>
Total Deferred Income			269,381			197,892
<i>Deferred Expense Items</i>						
Accounts Payable			6,578			0
Accrued Interest			14,107			18,113
Income Taxes Payable (State and Local Only)			1,379			868
Other Accrued Expenses			<u>0</u>			<u>0</u>
Total Deferred Expenses			22,064			18,981
Net Deferred Income Subject to Income Tax			<u>247,317</u>			<u>178,911</u>
Estimated Federal and State Income Tax			79,623			56,676
Estimated Self-Employment Tax			13,564			11,732
(a) Total Deferred Tax Liability Related to Current Assets and Current Liabilities			<u>\$ 93,187</u>			<u>\$ 68,408</u>

Non-Current Portion of Deferred Taxes Related to Base Value Treatment of Raised Breeding Livestock						
	19X2			19X1		
	Base Value	Tax Basis	Difference	Base Value	Tax Basis	Difference
Raised Breeding Livestock	\$ 12,500	\$ 0	\$ 12,500	\$ 10,000	\$ 0	\$ 10,000
Net Deferred Income Subject to Income Tax			\$ 12,500			\$ 10,000
Estimated Federal and State Income Tax			4,193			3,354
Estimated Self-Employment Tax			335			268
(b) Total Deferred Tax Liability Related to Base Value Treatment of Raised Breeding Livestock			4,528			3,622

Non-Current Portion of Deferred Taxes Related to Valuation Equity						
	19X2			19X1		
	Market Value	Tax Basis/ Base Value	Difference	Market Value	Tax Basis/ Base Value	Difference
Raised Breeding Livestock	\$ 10,000	\$ 12,500	\$ (2,500)	\$ 10,000	\$ 10,000	\$ 0
Purchased Breeding Livestock	6,000	3,200	2,800	4,000	2,000	2,000
Machinery and Equipment	199,500	61,422	138,078	199,500	78,935	120,565
Real Estate and Improvements	522,750	210,750	312,000	522,750	214,850	307,900
Deferred Taxable Income Related to Excess of Market Values Over Base Values or Tax Basis of Capital Assets Other than Raised Breeding Livestock			450,378			430,465
Estimated Tax Rate			34%			34%
(c) Total Deferred Tax Liability Related to Valuation Equity			<u>\$ 153,129</u>			<u>\$ 146,358</u>
Total Non-Current Portion of Deferred Taxes (b+c)			<u>\$ 157,657</u>			<u>\$ 149,980</u>

Reconciliation of Total Change in Deferred Taxes			
	19X2	19X1	Change
Current Portion of Deferred Tax Liability (a)	\$93,187	\$68,408	\$24,779
Non-Current Portion of Deferred Tax Liability Related to Base Value Treatment of Raised Breeding Livestock (b)	4,528	3,622	906
Total Increase (Decrease) in Deferred Tax Liability Used in calculating Total Income Tax Expense in 19X2 (see Income Statement)			<u>25,685</u>
Non-Current Portion of Deferred Tax Liability Related to Valuation Equity (c) (see Statement of Owner Equity)	153,129	146,358	<u>6,771</u>
Total Increase (Decrease) in Deferred Tax Liability			<u>\$ 32,456</u>

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SCHEDULE 7 — VALUATION EQUITY

	19X2			19X1		
	Market Value	Tax Basis/ Base Value	Difference	Market Value	Tax Basis/ Base Value	Difference
Raised Breeding Livestock	\$ 10,000	\$ 12,500	\$ (2,500)	\$ 10,000	\$ 10,000	\$ 0
Purchased Breeding Livestock	6,000	3,200	2,800	4,000	2,000	2,000
Machinery and Equipment	199,500	61,422	138,078	199,500	78,935	120,565
Real Estate and Improvements	522,750	210,750	312,000	522,750	214,850	307,900
Non - Current Portion -- Deferred Taxes	(153,129)		(153,129)	(146,358)		(146,358)
Total Valuation Equity			<u>\$ 297,249</u>			<u>\$ 284,107</u>