



## **‘Farm-Tuning’ your Finances – An FSA Borrower Training**

**Goals:** The goal of ‘Farm-Tuning’ your Finances FSA borrower training is to help producers and processors improve their record keeping and decision making related to agricultural risk management topics. More specifically, the course aims to help participants:

- Understand Whole-Farm Planning and Risk Management as keys to maintaining or improving profitability while enhancing farm/operation sustainability;
- Improve the borrower's understanding of financial analysis and management techniques; and
- Embolden borrowers to better plan, analyze and manage their farming operations through a written financial management plan, and confidently discuss their financial position and overall farm/operation viability with their family, business partners, and lenders.

### **Target Audience:**

The course is intended for FSA Borrowers, and the Agricultural Service Providers that advise them.

The course will cover general topics related to all agricultural businesses including operations with single or multiple enterprises, diversified farms, and value-added operations. Examples include:

- Agronomic Crop Farms
- Dairy Operations
- Livestock Farms
- Horticulture and Nursery Operations, including orchards, high-tunnel/greenhouses, tree farms, and vegetable operations
- Specialty Products – maple, honey, fiber and fiber products, craft beverages and spirits
- Diversified farms producing multiple products – crops, livestock, specialty and value-added products
- Agritourism Operations

### **Course Specifics:**

- **Agricultural Service Providers:** 12 Contact Hours (Six Sessions, Two Hours each) – Virtually
- **Producers/Processors:** 18 Contact Hours (Six Sessions, Three Hours each) – multiple locations and virtually, based on enrollment.

### **Topics Covered:** What will be covered:

- Whole-Farm Planning – the Farm as a System
- Risk Management in Agriculture and Related Operations
- ‘Beginning with the End in Mind’ – Setting Business Goals
- Importance of Record Keeping and Knowing your Farm/Operation ‘Numbers’
- Budgeting and Enterprise Analysis
- Financial Statement - Importance, Developing and Financial Analysis
  - Balance Sheet
  - Income Statement

- Cash Flow Statement
- Financial Ratios and Financial Troubleshooting
- Whole-Farm Record-keeping Systems for Scenario Analysis and Decision Making
- Taxes
- 'Farm-Tuning' your Business Plan

**Expected Outcomes:** Specifically, the borrower will be expected to do the following upon completion of the training:

- Describe the operations as a whole-system with interrelated parts (physical, biological, environmental, economic, and social components) and how they impact each other.
- Describe the major risks affecting an agricultural business and appropriate risk management strategies.
- Describe the specific goals of the business, describe the changes required to attain the goals, and outline how these changes will occur using present and projected budgets.
- Maintain and utilize a financial management information system which includes financial and production records, a household budget, a statement of financial condition, and an accrual adjusted income statement. The borrower shall also be able to use the system to make financial and production decisions.
- Understand and utilize an income statement. Specifically, the borrower must understand the structure and major components of an income statement and its role in analyzing the performance of a business, be familiar with the cash and accrual methods of determining net farm income, and understand the relationship between a balance sheet and an income statement.
- Understand and utilize a balance sheet. Specifically, the borrower must understand the major components of a balance sheet and its role in analyzing the business, be familiar with the categories of assets and liabilities and be able to provide examples of entries under each, and be familiar with the cost and market methods of valuing assets and liabilities and advantages of each method.
- Understand and utilize a cash flow budget. Specifically, the borrower must be able to explain and justify estimates for production and expenses, and analyze the cash flow to identify potential problems.
- Use production records and other production information, be able to identify problems, evaluate alternatives, and make corrections to present production practices to achieve greater efficiency and profitability.

**Responsibilities of Trainer/Vendor:** The vendor (WVU Extension Service) agree to the following responsibilities:

- Make all training arrangements and manage training logistics for in-person or virtual trainings;
- Collecting payments from participants;
- Provide all course materials, supplemental resources and training supplies;
- Assign Regional Advisor (Extension Agent) to work with participant for follow-up support for up to 6 months post-training;
- Provide accommodations for persons with disabilities (physical and/or mental conditions) and translation of materials in Spanish if needed;
- Provide FSA with periodic progress reports on each borrower receiving training - whether the borrower is attending training sessions, completing assignments, and demonstrating an understanding of the course material;

- Administer in-course and final assessments to test borrower's knowledge of the course materials and issue completion certificate; and
- Conduct course evaluation to assess course effectiveness and solicit feedback for course improvements.