

# Custom Harvester Meeting

February 23-2017

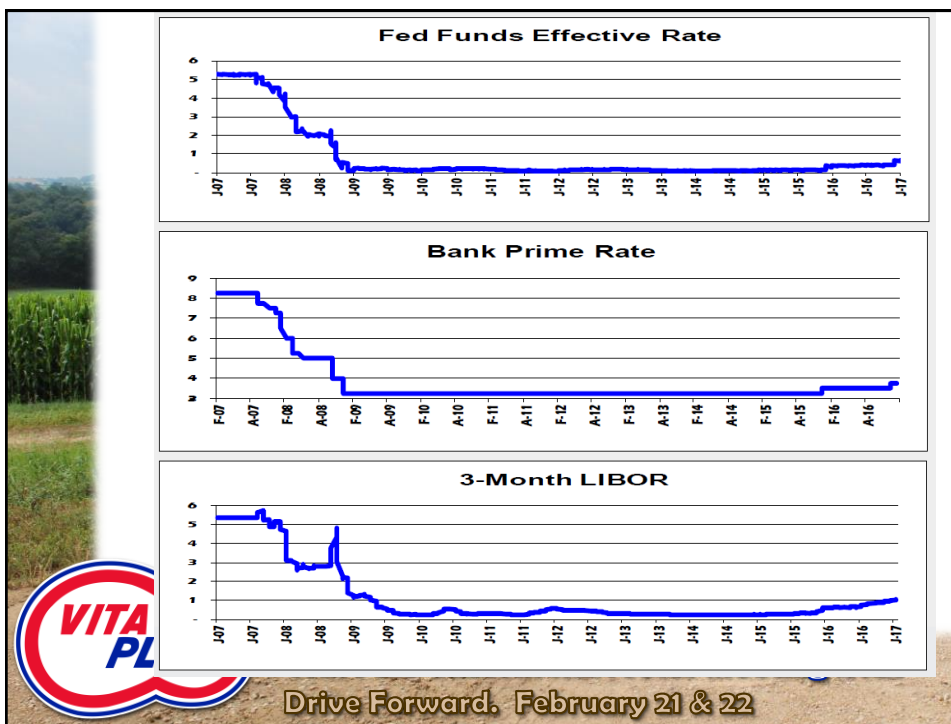


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## Profit "IS" "NOT" a Dirty Word

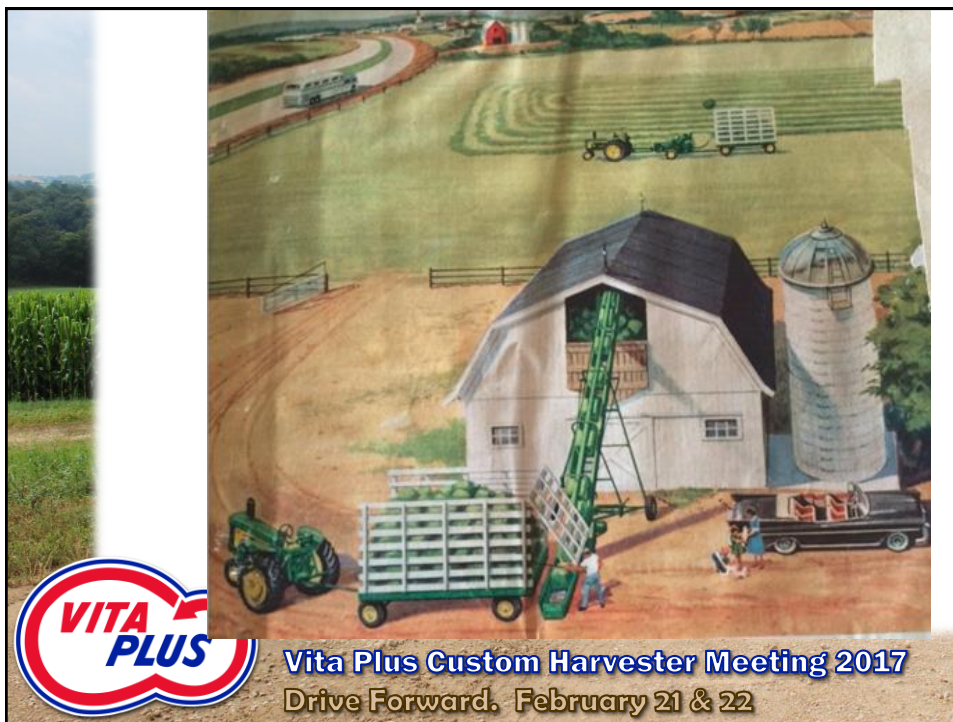


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	2016	2017	Action
Fed Funds Target	0.6	1.4	2017 higher
GDP	1.9	2.1	both years higher
Inflation - PCE	1.5	1.9	2016 higher
Unemployment	4.7	4.5	both years lower

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## Financial Clock is ticking!



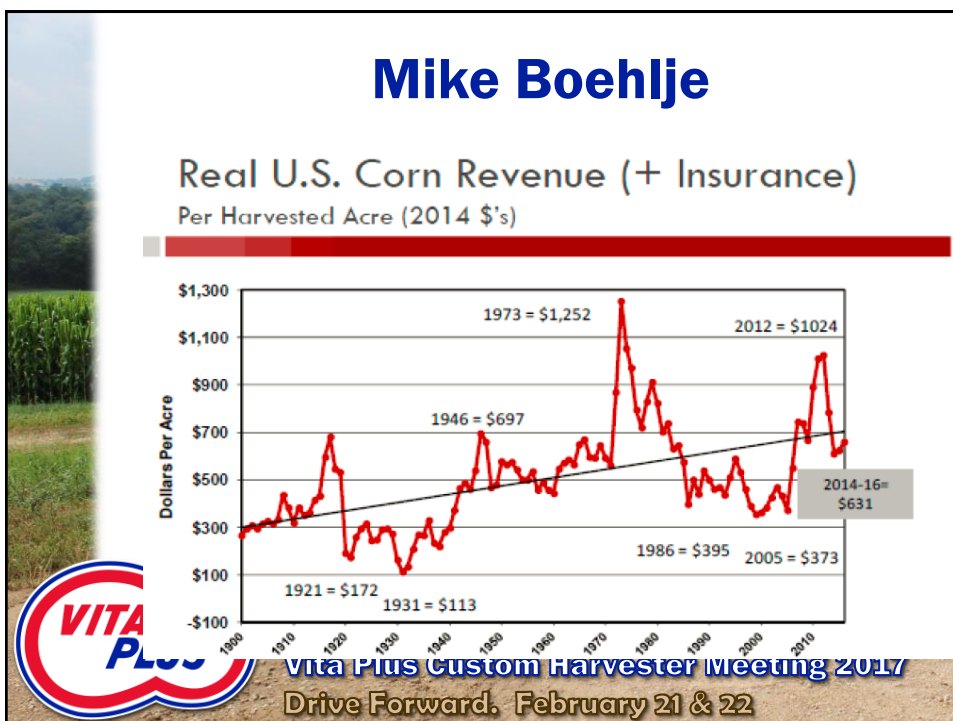
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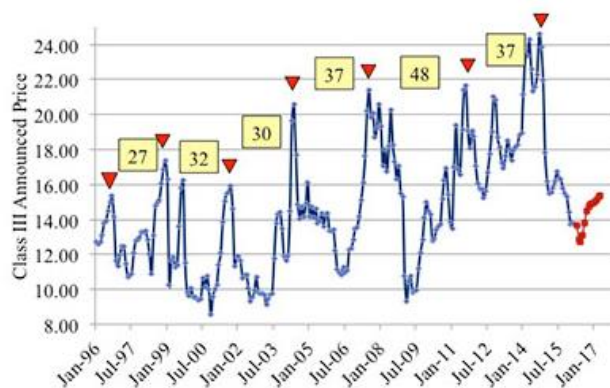



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Class III Announced Prices, 1996 to **HOARD'S DAIRYMAN**  
Futures Prices to April 2017 as of May 22, 2017



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**Your Financial Advisors are  
VERY IMPORTANT!**



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## What are Lenders Thinking?

<b>• Rating</b>	<b><u>Equity</u></b>	<b><u>D/R</u></b>	<b><u>Liquidity</u></b>
• Ex	+75%	2:1	2:1
• Good	+60%	1.75:1	1.75:1
• Normal	+50%	1.25:1	1.25:1
• Watch	30%	1.00:1	1.00:1
• Sub Std	<25%>	0.90:1	0.90:1



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## What to be aware of:

- Does the amortization equal LIFE or VALUE?
- Leasing, hours, condition, contract details?



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## Profitability? Or !

- **Appreciated or Earned?**
- **80% expenses**
- **20% Net**



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## What to Do?

- **Know YOUR Numbers**
- **Current Balance Sheet**
- **Take a hard look at 2016 Cash Flow**
- **Do a 2017 Projection**
- **Work with Your Accountant**
- **Know what ratios are important**
- **Communicate with Your Lender**
- **Marketing Anyone**



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## Ratios?

- Equity
- COP
- Liquidity
- ROA
- ROE
- Margin



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## Key Ratios

1. Net Worth (3:00 pm December 31<sup>st</sup>)
2. Current Equity, 2:1, 1.5:1, 1:1
3. Operating Cost, Labor
4. Debt Coverage, <20% of Income, Debt/Income
5. Asset Turnover, ROA, ROE



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