



FARMS



Financial Analyses and Risk Management Strategies

SWLCF-1

Bridging the Gap Between Ag Policy and Farm Finances

October 1999

Southwest Tennessee Large Cotton Farm



4,000-Acre Cotton Farm
In Haywood County

Land Owned: 1,720 Acres

Land Leased: 2,280 Acres

Cash Rent: 912 Acres

Share Rent: 1,368 Acres

Enterprises

Cotton:
2,508 Acres



Corn:
532 Acres



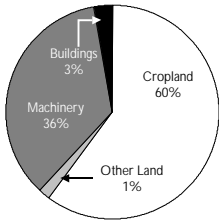
Soybeans:
760 Acres



Double-Crop Wheat:
300 Acres



Farm Assets — \$3,784,100



Cropland
\$2,280,000

Other Land
\$60,000

Machinery
\$1,344,100

Buildings
\$100,000

Assumptions

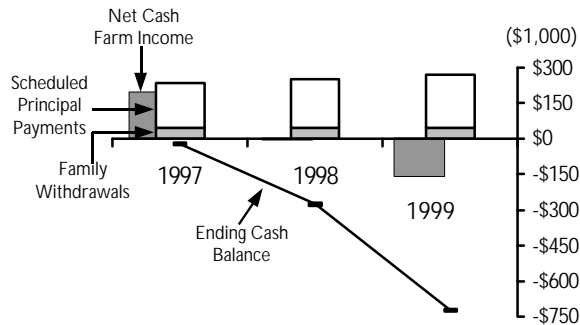
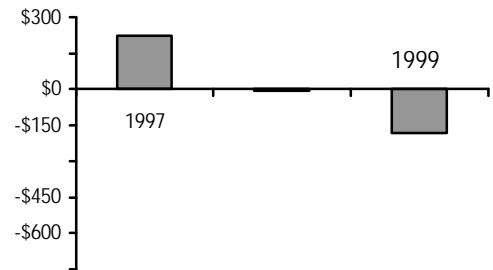
- No 1997 Beginning Cash Reserves
- Debt Load Is 40%
- 1998 Market Loss Payment Is 50% Of 1998 AMTA Payment
- 1999 Special Government Payment Is 100% Of 1999 AMTA Payment
- Family Withdrawal Is \$45,000/Year
- No Off-Farm Income Considered

Southwest Tennessee Large Cotton Farm

Farm Must Restructure Debt To Improve Cash Flow

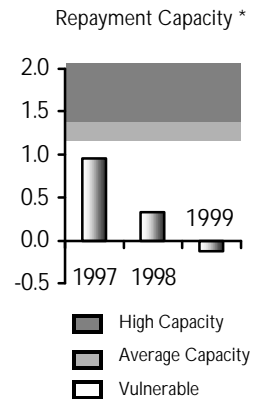
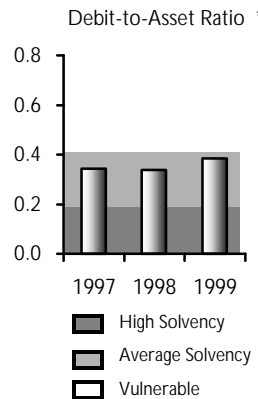
Negative Net Cash Income In 1998 And 1999 Result From Reduced Receipts

Net Cash Farm Income (\$1,000)



Principal Payments And Reduced Net Cash Incomes Cause Cash Flow Problems

Farm Maintains Average Financial Strength But Must Restructure Debt To Cover Scheduled Principal Payments



* See Table 5 for definition.