Course Syllabus
AEc 465/AEc 565
Agricultural and Food Financial Management
(4 Credits)

Instructors
Clark Seavert - 319 Ballard Extension Hall
TA - TBA

Class Time
Tues. & Thur. 1000-1120
Lab
Thur. 1400-1550

Class Location
TBA

Cell Phone
503-961-4709 (Clark)

Email
clark.seavert@oregonstate.edu
TA - TBA

Office Hours
Appointments with instructor can be arranged.

Course description:
This course is designed to help students apply financial and economic principles to business decisions under diverse and changing circumstances. The course reviews basic financial reporting statements, details accounting and financing practices specific to agricultural and food enterprises. Students will develop risk management strategies utilizing the AgBiz Logic program to reduce the financial, production, marketing, and human resource risks facing agribusinesses.

Course PREREQs:
Pre-requisites for the course are: AEC 211 and AEC 311. Competency with Excel spreadsheets is expected.

Goal:
The goal of this course is to provide students with a knowledge base and skill set that allows them to conduct financial analysis of an agribusiness’s performance, and use this analysis to make more informed economic, operational and strategic management decisions for the business.

Learning outcomes:
Students who complete AEC 465 successfully will be able to:
1. Demonstrate proficiency in the AgBiz Logic suite of decision tools to analyze and evaluate agribusiness investments and management decisions.
2. Compile and present the four primary financial statements of an enterprise, (i.e., the balance sheet, income statement, cash flow statement and statement of owner equity), with specific considerations for ag sector enterprises
3. Extrapolate relevant information from financial statements within AgBiz Logic in order to calculate measures of firm performance, including measures of liquidity, solvency, profitability, repayment capacity and financial efficiency
4. Analyze and interpret these measures of financial performance in order to make more informed managerial decisions
5. Understand and apply capital budgeting terms and concepts of discount rates, net present values, internal rates of return, and annual equivalents to analyzing decision making in new cropping systems, livestock enterprises, conservation practices, technologies and value-added investments.
6. Clearly communicate the analysis and planning of agribusiness decision making in both oral and written form. Demonstrate the ability to communicate results and present recommendations of an AgBiz Logic analysis in a professional, timely, and effective manner.
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Grading¹:  

**Evaluation of Student Performance**

- Written assignments, quizzes, exercises & homework – 20%
- Exam 1 – 20%
- Case Study Project – 20%
- Term Project – 20%
- Class Participation² – 20%

¹Percentages in the “Evaluation of Student Performance” represents a percentage of the final course grade.

²Class participation is a very important part of this course. You will be asked to contribute (which includes active listening) in discussions at all times. You will also lead discussions in class without prior warning, so it is crucial you come to class prepared. Your class participation grade will be comprised of three components:

1. **Preparation** as demonstrated by your familiarity with assigned readings and general course subject matter.
2. **Participation** as demonstrated by your appropriate engagement in class discussions.
3. **Contributions** where your preparation and participation make a positive contribution to the course learning outcomes, which would not have occurred in the absence of your participation.

**Tentative Final Grade Assignment:**

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<th>Grade</th>
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<tbody>
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<td>A</td>
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<td>F</td>
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**Term Project**

Students will develop a ~4,000 word typed project paper exploring a topic related to implementing a potential business investment (chosen by the student) using the *AgBiz Logic* program. Topics must be approved by the instructor in the form of a summary statement that includes the title of your project, situation of the current business, statement of the problem, and potential strategies to solve the problem. If the student cannot select an appropriate project, a case study could be provided.

The term project paper will consist of the following categories: 1) title of the project, 2) situation of current business, 3) statement of the problem/opportunities, 4) possible strategies to address the problem/opportunities, 5) assumptions used in the analysis, 6) results for each course of action, 7) course of action selected and why, 8) summary statement, 9) next steps, and 10) lessons learned.

The report will include all PDF documents from *AgBiz Logic* budgets, plans and scenarios, and summary pages from each *AgBiz Logic* module used in the analysis. The report will be typed using Times New Roman 12-point font, single-spaced, and one-inch margins. (Program printouts, references and appendices are not included in the word limits.)

An outline of the Term Project Paper is provided in Appendix A.

**Required Materials:** See topic/reading list. Readings will also be provided on Canvas and/or in class.

**Course Content:** See topics/reading list.
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Expectations:
Detailed expectations for student conduct, as specified by the University, can be found at: [http://oregonstate.edu/studentconduct/](http://oregonstate.edu/studentconduct/).

In general, professionalism and civility should guide your approach to this course. Professionalism requires that you use the same choice criteria as you would in a work environment. Civility requires that your behavior be guided by respectfulness, humility, empathy and a general approach of treating others as you wish to be treated.

A record of each student’s class attendance and level of in-class engagement will be kept, which at the discretion of the instructor may be used when considering final grades for the course.

The default decision rule for missed and late materials is a grade of zero for a missed examination or missed deadline for an assignment. Absences due to religious holidays/events or official University-sanctioned activities will be accommodated, as long as notice is given sufficiently in advance of the absence to allow time to plan the accommodation. Medical emergencies and other extenuating circumstances will be reviewed on a case-by-case basis, and will require documentation.

Academic Honesty:
If you violate academic honesty in this course, you will receive an F on the work in question and/or in the class. “Academic or Scholarly Dishonesty is defined as an act of deception in which a Student seeks to claim credit for the work or effort of another person, or uses unauthorized materials or fabricated information in any academic work or research, either through the Student's own efforts or the efforts of another.” The full OSU Statement on Academic Misconduct is available at: [http://studentlife.oregonstate.edu/studentconduct/academicmisconduct](http://studentlife.oregonstate.edu/studentconduct/academicmisconduct)

Statement Regarding Students with Disabilities:
Accommodations for students with disabilities are determined and approved by Disability Access Services (DAS). If you, as a student, believe you are eligible for accommodations but have not obtained approval please contact DAS immediately at 541-737-4098 or at [http://ds.oregonstate.edu](http://ds.oregonstate.edu). DAS notifies students and faculty members of approved academic accommodations and coordinates implementation of those accommodations. While not required, students and faculty members are encouraged to discuss details of the implementation of individual accommodations.
### Topic List and Activities for the course – a general guideline

<table>
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<tr>
<th>Dates</th>
<th>Topics/activities</th>
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| **Week 0** Sept 26 | **Class:** Course overview, general background, and scope of and motivation for course  
Lab: Introduction to *AgBiz Logic* and Data Collection, Business and Enterprise Allocation to create commodity budgets. Mayberry Farms,  
Homework #1: Schedule F, Tables 1 & 2 (due Sept 30th): Mayberry Farms Case Study, Part 1  
Resources: Meet Andy and Helen Taylor of Mayberry Farms |
| **Week 1:** Oct 1 | **Class:** You Can’t Manage What You Don’t Measure: Knowing and managing your costs and margins using enterprise budgets  
Resources: Management Accounting Guidelines for Agriculture; From Cash Records to Cost of Production; Budgets: Their Use in Farm Management |
| Oct 3 | **Class:** You Can’t Manage or Control What You Don’t Measure, continued  
Lab: Modifying commodity-level budgets to field-level budgets. Mayberry Farms, Homework #2: Tables 3 & 4 (due Oct 7th) Mayberry Farms Case Study, Part 2 |
| **Week 2:** Oct 8 | **Class:** Cash Flow Plans/Statements: Preparing a projected cash flow statement  
Resources: Developing a Cash Flow Plan |
| Oct 10 | **Class:** Balance Sheets: asset valuation, depreciation, deferred taxes  
Resources: Developing a Balance Sheet; Schedule of Assets; Deferred Taxes; The Deferred Tax Monster; Financial Guidelines for Agriculture: Section II, pages 14 to the top of page 46. |
| **Week 3:** Oct 15 | **Class:** Balance Sheets: asset valuation, depreciation, deferred taxes (continued) In-class exercise #1: Balance sheet issues and interpretation. |
| Oct 17 | **Class:** Income Statements: Cash vs Accrual Adjustments  
Lab: Introduction to *AgBiz Finance*  
Resources: Developing an Income Statement; Financial Guidelines for Agriculture: Appendix E, pages E1 to E13 |
| **Week 4:** Oct 22 | **Class:** Income Statements: Cash vs Accrual Adjustments, continued. In-class exercise #2: Accrual Adjustments and Income Statements |
| Oct 24 | **Class:** Are You Playing to Win, or Playing Not To Lose?  
Lab: *AgBizFinance*, continued; *AgBizFinance: Balance Sheets, Income Statements* and Cash Flow Statements. Mayberry Farms, Homework #4: (due Oct 28th)  
Resources: Are Profit and Profitability the Same Thing?"; Owner Equity Section |
| **Week 5:** Oct 29 | **Class:** Exam #1 |
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Oct 31  
Class: Measuring & Analyzing Financial Performance  
Lab: Introduction to *AgBizClimate*. Homework #5: *AgBizClimate* analysis and report for Mayberry Farms (due Nov 4th)  

**Week 6: Nov 5**  
Class: Measuring & Analyzing Financial Performance, continued  
Class Exercise #3: Analyzing Financial Performance

Nov 7  
Class: Case Study Team Project Assigned  
Lab: Introduction to *AgBizProfit*. Homework #6: *AgBizFinance* analysis and report for Mayberry Farms (due Nov 11th)

**Week 7: Nov 12**  
Class: Case Study Team Project Report and Discussion

Nov 14  
Class: Capital Investment Analysis using Time Value of Money  
Resources: Financial Management, Core Concepts; Chapter 3 & 9; Capital Investment Analysis and Project Assessment.  
Lab: *AgBizProfit, continued.*

**Week 8: Nov 19**  
Class: Capital Investment Analysis using Time Value of Money, continued.  
Resources: Budgets: Financial Management, Core Concepts; Chapter 11; Risk Management for Farmers; Mayberry Farms Case Study, Part 2

Nov 21  
Class: Capital Investment Analysis using Time Value of Money, continued  
Lab: Introduction to *AgPlan*

**Week 9: Nov 26**  
Resources: How to Measure Anything: Finding the Value of Intangibles in Business

Nov 28  
Class: Thanksgiving

**Week 10: Dec 3**  
Class: Term Project: Part 3. *AgBiz Logic* Budgets, Plans and Scenarios

Dec 5  
Class: Course review and overview of Final Exam  
Lab: Review of *AgBiz Logic* as a Decision Tool in Agriculture

Finals week  
Online OSU Student Evaluations of Course
Reading List

Week 0
“Meet Andy and Helen Taylor of Mayberry Farms” by Clark Seavert, https://www.agbizlogic.com/resources/

Week 1
“From Cash Records to Cost of Production” – AGEC-242
"Budgets: Their Use in Farm Management" by Damona Doye; available online at, http://agecon.okstate.edu/annie/files/AGEC-139web.pdf

Week 2

Week 3

Week 4
“Are Profit and Profitability the Same Thing?” by Edward Evans. Available online at, http://edis.ifas.ufl.edu/fe939
“Owner Equity Section – AGEC-938” by Randy True and Damona Doye. Available online at http://pods.dasnr.okstate.edu/docushare/dsweb/View/Collection-340

Week 5
“Measuring and Analyzing Farm Financial Performance” By Alan Miller, et al., published by the Department of Agricultural Economics, Purdue University. Available online at https://mdc.itap.purdue.edu/item.asp?itemID=20704
“Farm Financial Scorecard” by K. Becker, et al.; available online at https://www.cffm.umn.edu/Publications/pubs/FarmMgtTopics/FarmFinanceScorecard.pdf
Week 6
TBA

Week 7
“Capital Investment Analysis and Project Assessment”, Purdue Extension EC-731

Week 8
“Risk Management for Farmers”

Week 9

Week 10
TBA
Appendix A: Term Project Outline

Title: Provide a title that describes your project (you can be clever as you like).

Description of the business:
Provide the following information in this section, BUT IN NARRATIVE FORM:
  a) Name of the business
  b) Location of the business
  c) Acres, head of livestock, breeds, and/or crops grown
  d) Who are the owners of this business?
  e) What type of business is this (sole proprietor, partnership, LLC, Corp., or combination?)
  f) If multiple business types: who owns and/or manages each business type
  g) Who is/are the decision-maker(s) and how are decisions made?
  h) Who works in the business: owners, spouses (paid and unpaid) and employees.
  i) Siblings and their families, who may take over the business
  j) Topography of land
  k) Amount of land that’s owned vs. leased by this business, if leased how many landowners
  l) Other relevant information that describes your business

The more I know about your business the better the feedback I can provide to assist you in this project. If your business is not clear (thinking about starting a business), then tell me about what you hope your business will look like in five to ten years, answering the above. WRITE THIS PAPER AS THOUGH YOUR PRESENTING THIS FOR FUNDING – WHETHER FROM A LENDER, CORPORATION BOARD OF DIRECTORS OR PARENTS.

Statement of the Problem/Opportunity:
Provide a paragraph or two about what is/are the problem or opportunities? Why is this a problem(s) or what are the opportunities? What is the so what? YOU MORE LIKELY WILL HAVE MULTIPLE PROBLEMS/OPPORTUNITIES IN YOUR PROJECT.

Possible Strategies to Solve the Problem or Take Advantage of the Opportunities:
Provide possible strategies you think could solve the problem(s), even if you don’t know if they are profitable or not! You will have at least two strategies to analyze – what you are currently doing or want to do and an alternative.
List your strategies as shown below:
  1) 
  2) 
  3) 
  4) 
Be creative and think outside, inside, on-top-of, alongside-the-box!