

## Put Cash Flow Projections To Work On Farm

NEWARK, Del. — For many farmers, a cash-flow projection is merely something to show when asking lenders for credit. In some

cases, borrowers prepare the projection alone and then submit it to lenders. Sometimes, both borrower and lender work on it.

### Horse Clinic, Tack Sale Slated

LANCASTER — The Pennsylvania Saddlebred Horse Association will be holding a Horsemanship Clinic and Tack & Clothing Sale in conjunction with their Open Horse show on Saturday, June 6, 1987 at Laranbo Farm, Lancaster.

The horse show is scheduled to begin at 10 a.m. with classes for hunters, morgans, western pleasure, saddlebreds, lead line, and walk & trot. A special feature at this horse show will be that the judges will announce their reasons for all ribbon placings in all the classes.

The clinic will be held immediately following the horse show. Individual and group instruction will be provided by two professional equitation instructors and trainers for those interested in improving their horsemanship skills and proper presentation of

their horse for a horse show. Training tips will also be given on methods to improve their horse's performance. There will be a \$5 registration charge for those wishing to participate with their horse.

The Tack & Clothing Sale will be held in conjunction with the clinic. There will be riding attire such as suits, hats, boots and miscellaneous used tack.

An indoor arena is available in the event of inclement weather. Anyone interested in obtaining prize lists or consigning items for the tack & clothing sale can contact Ann Boyd at 393-5161 or Marlene Sweigart at 215-267-2326.

Too often, the completed cash-flow projection is consigned to the credit file and never again sees the light of day, unless it's used to generate the numbers for next year's projection.

Producers who fail to use this document for routine planning are overlooking a valuable management tool— one that can help them reduce the financial risks associated with farming.

"It's worth taking some time to closely examine your cash-flow projection," says University of Delaware extension agricultural economist Gerald F. Vaughn. "It can help you identify changes that could reduce costs, increase revenue and/or keep your operating debt levels at a minimum."

Vaughn suggests farmers use the following questions to stimulate thinking about their anticipated cash flow in 1987.

- When producing crops, could you reduce purchased inputs

without sharply reducing yield? If so, what changes might you make and how would these changes affect costs? When would any new costs be paid?

- In your livestock operation, are there changes that would reduce the cost of purchased feeds or animal care, reduce the cost of purchased livestock or change the timing of stock or feed purchases, thus reducing the use of borrowed funds? If so, how would these changes affect cash flow?

- In your plans for marketing crops and livestock, are there acceptable ways to lock in satisfactory prices while reducing price risk?

- Could you change your intended marketing pattern to bring in revenues earlier in the year, making it possible to reduce operating debt levels?

- Could the amounts or timing of family living expenses be changed to reduce your level of borrowing, or to defer borrowing until later in the year, thus reducing interest

costs?

- Could the timing of payments for purchased inputs be changed in ways that would reduce your use of borrowed funds early in the year without increasing total costs?

- If you have cash-rental arrangements under which you pay part or all cash-rent costs early in the year, are you willing to negotiate for share-rent agreements, or to negotiate changes in the amount or timing of the cash-rent payments? If so, how will doing this affect up-front cash costs?

- Are there other changes in your intended pattern of income and expenses that would reduce the need for borrowed funds early in the year?

As you examine your cash-flow projection and answer these questions, note all the changes that seem feasible, the economist says. Do the needed number-crunching and negotiating. Then, re-project cash flow to reflect the changes you actually can make.

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