



## Illinois

### **FBFM #riskreward**

This project began in 2017, while producers were dealing with the lowest net farm income recorded since the 1940's after recording and enjoying record profits in 2012/2013. Financial professionals from the Illinois Farm Business Farm Management (FBFM) program created financial analysis tools to increase awareness of rapidly changing financial risks for Illinois farmers. Initially, the focus was on 1) Assisting producers create and implement updated financial statements and 2) Sharing information with producers through one-on-one farm visits and small group learning sessions.

Bank loan officers and local FSA district directors reported that because of recent 'extremely profitable' years in farming many borrowers had become lax in updating and following their cash

flow financial statements. Many were not prepared for leaner years. One loan officer said, "We surveyed 30 farmers and two-thirds identified falling gross revenue, shrinking margins, and cash flow challenges as stumbling blocks on debt repayment." Loan grades on many loans dropped due to negative or narrow cash flow margins and less working capital, most specifically for those in business less than 10 years.

As a result, 86 producers took part in sessions to develop new spreadsheets and reports that incorporated prior year history into forward looking statements. This included cash flow, budget and balance sheets as well as ratio analysis. These benchmarking reports were completed and reviewed by FBFM staff and each individual producer. 56 producers then adopted and implemented new management decisions after they reviewed their actual performance vs projected results. Over 40 farmers then started the process for a second year of forward looking statements.

As a result of this project producers were able to provide their lenders with more accurate financial information to document their credit worthiness and to develop a debt management plan.



*"It is great to see our projected 2018 income early in 2018 and the numbers forecasted were reasonable based on our history" - Illinois farmer*



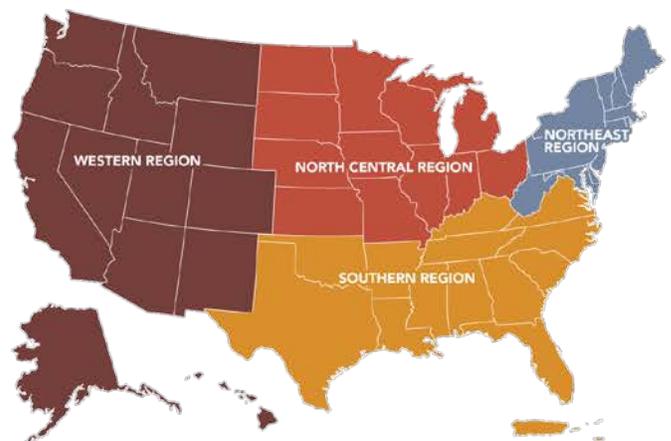


## “Educating America’s farmers and ranchers to manage the unique risks of producing food for the world’s table.”

**Extension Risk Management Education (ERME)** is delivered through four regional centers that provide grant funding and leadership within their regions.

Projects are producer-focused, results-based and encourage public-private partnerships. Funded projects must identify targeted results that will help producers manage risk and then describe how the project will measure those results.

Extension Risk Management Education has funded innovative programs that have generated tangible results for producers in every state. ERME is committed to funding results, providing transparent accountability, and encouraging collaboration. View the accomplishments of all funded projects on our website.  
<http://ExtensionRME.org>



### ERME REGIONAL CENTERS



**NORTH CENTRAL  
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