

IOWA STATE UNIVERSITY

University Extension

Department of Economics
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Dear AMES participant:

Welcome to **Financial Decision Making** (FDM)! You will have a chance to try the latest in educational technology while learning how to manage your farm and family finances better.

FDM will teach you how to develop accurate and useful financial statements for your farm business. You will learn about principles of leverage, cash management, and asset investment. FDM is available completely online, 24 hours per day and 7 days per week, anywhere you can make an Internet connection. FDM is just one of the courses available in the Agricultural Management E-School (AMES) offered by Iowa State University Extension.

What does FDM contain?

FDM contains 11 separate modules. You can complete them in any order, but they will probably make more sense if you do them in the order they are listed.

1. Introduction to Financial Decision Making
2. Developing Financial Statements
3. Analyzing Financial Statements
4. Production Records Analysis
5. Financial Trouble Shooting
6. Three Case Studies
7. 12 Steps to Cash Flow Budgeting
8. Cash Management
9. Financing Capital Assets
10. Working with Your Lender
11. USDA Commodity Program Payments

What do we have to do to complete the course?

In order to attain your financial management certification, you must complete all 11 modules. In addition to the reading material, there are several exercises and quizzes that will help you master the concepts. You can keep track of your progress on the checklist that is attached to this letter.

How long do we have to complete the course?

You will have access to Financial Decision Making for 90 days. Your FSA supervisor may specify a different time frame, however. Most people complete the course in less than 90 days. There is no fixed schedule—you can work at your own pace.

What do we do with the quizzes and exercises?

You can complete the **quizzes** online. The questions are all multiple choice or true-false type questions. Your answers are automatically recorded. You will immediately see the correct answers and a short explanation for each question. You can retake each quiz as many times as you want to. Only your last score will be recorded.

The **exercises** must be completed and sent to **William Edwards** at 478 Heady Hall, Iowa State University, Ames, IA 50011, faxed to 515 294-3838, or sent as an e-mail attachment to wedwards@iastate.edu.

Where do we get the financial information?

For the four financial statements and the cash flow budget, use information from your own farm, if possible. If it is not possible to use your own information, you can use the **Mayer Farm example** case study that is provided in the lessons.

Much of the information for completing the financial statements and cash flow budget can be taken from your FSA Farm and Home Plan. Be sure to use actual numbers, not the planned values.

You can complete the statements and budget in any of three ways:

1. You can use electronic spreadsheet templates that are linked in the modules to complete them. You will need to have access to a computer with Excel software installed on it (note—Microsoft Works will not work).
2. If you cannot use the Excel spreadsheets, there are also links to forms that you can print and complete by hand.
3. You can use the new FSA financial management software, Web Equity Manager, working in cooperation with your FSA loan manager.

Who will see our financial information?

Your financial statements are confidential. Only an ISU Extension specialist will look at them, to verify that they have been completed. They will be returned to you, with comments and suggestions.

What if I have questions?

You can contact any of the following ISU Extension specialists:

Tim Eggers	712 542-5171	teggere@iastate.edu	registration, course access
Julie O'Hara		ohara@iastate.edu	registration, passwords
William Edwards	515 294-6161	wedwards@iastate.edu	course content, exercises
Ann Holste	515 294-4197	aholste@iastate.edu	WebCT, computer questions

How do I get started?

Using either Internet Explorer or Netscape Navigator, go to the Agricultural Management E-School web site at www.extension.iastate.edu/ames/. Click on **Financial Decision Making**, then **Registration**, and complete the registration form. In a few days you will receive an invoice for the \$100 course fee. After you pay it, you will receive a course identification and password. Then go back to the AMES web site, click on the **WebCT** icon (old schoolhouse), click on **Click to Login**, enter your ID and password, and you are on your way! If you decide later that you would like to enroll in one of the other AMES courses, you can do so for the half-price fee of \$50.

Once you have completed all the requirements (quizzes and exercises) I will send you a certificate of completion and notify your county FSA credit supervisor of your success.

Good luck!

Sincerely,

William Edwards
Extension Economist

Financial Decision Making home study course completion checklist

Name _____ County _____
 Address _____

<u>Module</u>	<u>Quiz or Exercise</u>	<u>Quiz Score or Date Exercise Completed</u>
1. Introduction to FDM	None	
2. Developing Financial Statements	Net Worth Statement quiz	
	Income Statement quiz	
	Other Statements quiz	
	Net Worth Statement exercise (use your own farm or the Mayer farm example)	
	Income Statement exercise (own or Mayer farm)	
	Statement of Cash Flows exercise (own or Mayer farm)	
	Statement of Owner Equity exercise (own or Mayer farm)	
3. Analyzing Financial Statements	Analyzing Financial Statements quiz	
	Farm Business Analysis exercise	
4. Production Records Analysis	Return on Assets quiz	
	Grain Case Study quiz	
	Pork Case Study quiz	
	Relationship Quiz	
5. Improving Financial Performance	Improving Financial Performance exercise	
	Financial Trouble Shooting Quiz	
6. Three Case Studies	Grand Acres Rating quiz	
	Pork Haven Rating quiz	
	Hillandale Dairy Rating Quiz	
7. 12 Steps to Cash Flow Budgeting	12 Steps quiz	
	Cash Flow Budget exercise (own farm or Mayer Farm)	
8. Cash Management	Cash Management quiz	
9. Financing Capital Assets	Capital Assets Financing quiz	
	Financing Alternatives exercise	
10. Working with Your Lender	Working with Your Lender quiz	
11. USDA Commodity Programs	USDA Commodity Programs quiz	

Quizzes can be completed on line. **Exercises in bold should be sent or faxed to William Edwards.**