

IOWA STATE UNIVERSITY

University Extension

Department of Economics
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Dear Financial Decision Making enrollee:

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

How do I get started?

1. Using either Internet Explorer or another Internet browser, go to the Iowa State University WebCT site at: <https://webct.its.iastate.edu/webct/> .
2. Alternatively, go back to the AMES web site at www.extension.iastate.edu/ames/ and click on the WebCT icon (old schoolhouse).
3. Enter your User Name and password, then click on **login**.
4. Click on **Ames 103 Financial Decision Making**.
5. Click on **Course Content**.
6. Click on any of the 11 modules, although we suggest you complete them in order.

What do we have to do to complete the course?

In order to obtain 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 as long as you want. Your FSA supervisor may specify a different completion date, however. Most people complete the course in 10 to 12 hours. 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?

Use information from your own farm, if possible. If it is not practical 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 financial statements and income tax schedules.

You can complete the financial statements and cash flow 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 FSA financial statement and budget forms or equivalent statements from other lenders.

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:

- | | | | |
|-------------------------------|-----------------|--------------|----------------------------------------------------------------|
| • Registration, passwords | Julie O'Hara | | ohara@iastate.edu |
| • Registration, course access | Tim Eggers | 712 542-5171 | tegggers@iastate.edu |
| • Course content, exercises | William Edwards | 515 294-6161 | wedwards@iastate.edu |

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

Good luck!

Sincerely,



William Edwards
Extension Economist

Financial Decision Making Home Study Course Completion Checklist

Name _____ County FSA Office _____

Address _____

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

Exercises should be sent to William Edwards at 478 Heady Hall, Iowa State University, Ames, IA 50011. They can also be submitted by e-mail to wedwards@iastate.edu or faxed to 515-294-3838.