

**SCHEDULE F  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Farming**

▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.  
▶ Information about Schedule F and its separate instructions is at [www.irs.gov/schedulef](http://www.irs.gov/schedulef).

OMB No. 1545-0074

**2015**  
Attachment  
Sequence No. **14**

Name of proprietor <b>S &amp; S Farms</b>		Social security number (SSN)	
<b>A</b> Principal crop or activity <b>Vegetables</b>	<b>B</b> Enter code from Part IV ▶	<b>C</b> Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	<b>D</b> Employer ID number (EIN), (see instr)
<b>E</b> Did you "materially participate" in the operation of this business during 2015? If "No," see instructions for limit on passive losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<b>F</b> Did you make any payments in 2015 that would require you to file Form(s) 1099 (see instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>G</b> If "Yes," did you or will you file required Forms 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No			

**Part I Farm Income—Cash Method.** Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

<b>1a</b> Sales of livestock and other resale items (see instructions) . . . . .	<b>1a</b>			
<b>b</b> Cost or other basis of livestock or other items reported on line 1a . . . . .	<b>1b</b>			
<b>c</b> Subtract line 1b from line 1a . . . . .				<b>1c</b>
<b>2</b> Sales of livestock, produce, grains, and other products you raised . . . . .				<b>2</b> 170,000
<b>3a</b> Cooperative distributions (Form(s) 1099-PATR) . . . . .	<b>3a</b>		<b>3b</b> Taxable amount	<b>3b</b>
<b>4a</b> Agricultural program payments (see instructions) . . . . .	<b>4a</b>		<b>4b</b> Taxable amount	<b>4b</b>
<b>5a</b> Commodity Credit Corporation (CCC) loans reported under election . . . . .			<b>5a</b>	<b>5a</b>
<b>b</b> CCC loans forfeited . . . . .	<b>5b</b>		<b>5c</b> Taxable amount	<b>5c</b>
<b>6</b> Crop insurance proceeds and federal crop disaster payments (see instructions)				
<b>a</b> Amount received in 2015 . . . . .	<b>6a</b>		<b>6b</b> Taxable amount	<b>6b</b>
<b>c</b> If election to defer to 2016 is attached, check here <input type="checkbox"/> <b>6d</b> Amount deferred from 2014			<b>6d</b>	<b>6d</b>
<b>7</b> Custom hire (machine work) income . . . . .				<b>7</b>
<b>8</b> Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . .				<b>8</b>
<b>9</b> <b>Gross income.</b> Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50 (see instructions) . . . . .				<b>9</b> 170,000

**Part II Farm Expenses—Cash and Accrual Method.** Do not include personal or living expenses (see instructions).

<b>10</b> Car and truck expenses (see instructions). Also attach <b>Form 4562</b> . . . . .	<b>10</b>			
<b>11</b> Chemicals . . . . .	<b>11</b>	2,200		
<b>12</b> Conservation expenses (see instructions) . . . . .	<b>12</b>			
<b>13</b> Custom hire (machine work) . . . . .	<b>13</b>	25,000		
<b>14</b> Depreciation and section 179 expense (see instructions) . . . . .	<b>14</b>	6,768		
<b>15</b> Employee benefit programs other than on line 23 . . . . .	<b>15</b>			
<b>16</b> Feed . . . . .	<b>16</b>			
<b>17</b> Fertilizers and lime . . . . .	<b>17</b>	3,000		
<b>18</b> Freight and trucking . . . . .	<b>18</b>	5,000		
<b>19</b> Gasoline, fuel, and oil . . . . .	<b>19</b>	7,500		
<b>20</b> Insurance (other than health) . . . . .	<b>20</b>	10,000		
<b>21</b> Interest:				
<b>a</b> Mortgage (paid to banks, etc.) . . . . .	<b>21a</b>	2,265		
<b>b</b> Other . . . . .	<b>21b</b>	3,985		
<b>22</b> Labor hired (less employment credits) . . . . .	<b>22</b>	12,000		
<b>23</b> Pension and profit-sharing plans . . . . .	<b>23</b>			
<b>24</b> Rent or lease (see instructions):				
<b>a</b> Vehicles, machinery, equipment . . . . .	<b>24a</b>			
<b>b</b> Other (land, animals, etc.) . . . . .	<b>24b</b>	500		
<b>25</b> Repairs and maintenance . . . . .	<b>25</b>	7,500		
<b>26</b> Seeds and plants . . . . .	<b>26</b>	3,000		
<b>27</b> Storage and warehousing . . . . .	<b>27</b>			
<b>28</b> Supplies . . . . .	<b>28</b>	1,500		
<b>29</b> Taxes . . . . .	<b>29</b>	9,000		
<b>30</b> Utilities . . . . .	<b>30</b>	600		
<b>31</b> Veterinary, breeding, and medicine . . . . .	<b>31</b>			
<b>32</b> Other expenses (specify):				
<b>a</b> Advertising . . . . .	<b>32a</b>	2,000		
<b>b</b> . . . . .	<b>32b</b>			
<b>c</b> . . . . .	<b>32c</b>			
<b>d</b> . . . . .	<b>32d</b>			
<b>e</b> . . . . .	<b>32e</b>			
<b>f</b> . . . . .	<b>32f</b>			
<b>33</b> <b>Total expenses.</b> Add lines 10 through 32f. If line 32f is negative, see instructions . . . . .	<b>33</b>			101,818
<b>34</b> <b>Net farm profit or (loss).</b> Subtract line 33 from line 9 . . . . .	<b>34</b>			68,182

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

**35** Did you receive an applicable subsidy in 2015? (see instructions) . . . . .  Yes  No

**36** Check the box that describes your investment in this activity and see instructions for where to report your loss.

**a**  All investment is at risk. **b**  Some investment is not at risk.

	Year End Balance 12/31/2015	Beginning Balance 1/1/2015
Crops and Feed		
Hay	0	0
Silage	0	0
Grain	0	0
Total	0	0
Livestock Held for Sale		
Steers	0	0
	0	0
	0	0
Total	0	0
Accounts Receivable		
Rusty's Restaurant	0	600
	0	0
	0	0
Total	0	600
Other Inventory		
Ground Cover	1576	2268
Prepaid CSA Shares	3650	2800
	0	0
Total	5226	5068
Prepaid Expenses & Supplies		
	0	0
	0	0
	0	0
Total	0	0

	Year End Balance 12/31/2015	Beginning Balance 1/1/2015
Growing Crops		
Garlic	500	500
	0	0
	0	0
Total	500	500
Accounts Payable		
	0	0
	0	0
	0	0
Total	0	0
Credit Cards		
First National	2260	1523
	0	0
	0	0
Total	2260	1523
Operating Loan		
	0	0
	0	0
	0	0
Total	0	0
Other Current Liab.		
	0	0
	0	0
	0	0
Total	0	0

Income Statement Worksheet

Use this worksheet to convert Schedule F tax information to an accrual adjusted income statement.

<b>Gross Income (Schedule F Line 9)</b>							
Cost of Feeder Livestock Sold (Line 1a)							+
Crop Insurance Reported (Line 6b)							-
Crop Insurance Received (Line 6a)							+
Cull Livestock Income							+
<b>Gross Cash Income</b>						<b>(A)</b>	
					End Invent - Beg Invent		
Crops & Feed							+
Livestock Held For Sale							+
Accounts Receivable							+
Other Inventory							+
<b>Gross Farm Income (Accrual)</b>						<b>(B)</b>	
<b>Total Expense (sched F, line 33)</b>							
Purchases of livestock & other items for resale							+
Depreciation (line 14)							-
<b>Account</b>					Beg Invent - End Invent		
Prepaid Expenses & Supplies							+
Growing Crops							+
<b>Account</b>					End Invent - Beg Invent		
Accounts Payable							+
Accrued Interest							+
<b>Total Operating Expense (Accrual)</b>						<b>(C)</b>	
<b>Depreciation</b>	Begin value	+ Purchases	- Sales	= Value	* % Depr		
Machinery	25,000	0	0	25,000	10		
Vehicles	3,950	0	0	3,950	15		+
Buildings	5,400	0	0	5,400	5		+
Breeding Livestock Replacments							+
<b>Total Depreciation</b>						<b>(D)</b>	
<b>Total Expense (accrual)</b>						<b>(E)</b>	<b>C + D</b>
<b>Net Farm Income (accrual)</b>						<b>(F)</b>	<b>B - E</b>

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 Adapted by Stephen E. Hadcock, Cornell Cooperative Extension

### Calculating Ratios

#### Current Assets

Crops & Feed	0
Livestock Held for Sale	0
Accounts Receivable	0
Other Inventory	5226
Prepaid Expenses & Supplies	0
Growing Crops	500
Total Current Assets	5726

#### Current Liabilities

Accounts Payable	0
Credit Cards	2260
Operating Loan(s)	0
Other Current Liab.	0
Total Current Liabilities	2260

# Key Ratios Worksheet

Use this worksheet with the income statement and ending balance sheet to calculate the key ratios.

## Liquidity: Working Capital to Gross Revenue



Total current assets			
Total current liabilities	-		
Working capital	=		
Gross farm income (B)	÷		
Working capital to gross revenue (%)	=		----- 10% ----- 25% -----

## Solvency: Debt to Asset Ratio

Total liabilities		170,787	
Total assets	÷	414,676	
Debt to asset ratio (%)	=		----- 60% ----- 30% -----

## Profitability: Rate of Return on Assets

Net farm income (F)			
Farm interest expense	+	6,831	
Value of labor and management	-	25,000	
Return on farm assets	=		
Total farm assets	÷		
Rate of return on farm assets (%)	=		----- 4% ----- 8% -----

## Profitability: Rate of Return on Equity

Net farm income (F)			
Value of labor and management	-	25,000	
Return on farm equity	=		
Total farm net worth	÷	243,889	
Rate of return on farm equity (%)	=		----- 3% ----- 10% -----

## Repayment Capacity: Term Debt Coverage Ratio

Net farm income (F)			
Depreciation expense (D)	+		
Interest on term debt	+	6,831	
Personal income	+		
Family living expense	-	50,000	
Income taxes	-	1,628	
Capital debt repayment capacity	=		
Scheduled payments on term debt	÷	10,680	
Term debt coverage ratio	=		----- 1.20 ----- 1.50 -----

## Efficiency: Asset Turnover Rate

Gross farm income (B)			
Total farm assets	÷		
Asset turnover rate (%)	=		----- 30% ----- 45% -----

# Key Ratios Worksheet

Use this worksheet with the income statement and ending balance sheet to calculate the key ratios.

## Liquidity: Working Capital to Gross Revenue



Formula

Total current assets		5,726
Total current liabilities	-	2,260
Working capital	=	3,466
Gross farm income (B)	÷	169,558
Working capital to gross revenue (%)	=	2.0%

----- 10% ----- 25% -----

Working Capital  
/Gross Farm Inc.

## Solvency: Debt to Asset Ratio

Total liabilities		170,787
Total assets	÷	414,676
Debt to asset ratio (%)	=	41.19%

----- 60% ----- 30% -----

Total Liabilities  
/Total Assets

## Profitability: Rate of Return on Assets

Net farm income (F)		71,146
Farm interest expense	+	6,831
Value of labor and management	-	25,000
Return on farm assets	=	52,977
Total farm assets	÷	414,676
Rate of return on farm assets (%)	=	12.78%

----- 4% ----- 8% -----

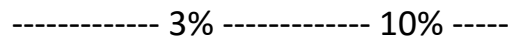
Return on Assets  
/Total Farm Assets



Formula

**Profitability: Rate of Return on Equity**

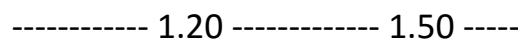
Net farm income (F)		<u>71,146</u>
Value of labor and management	-	<u>25,000</u>
Return on farm equity	=	<u>46,146</u>
Total farm net worth	÷	<u>243,889</u>
Rate of return on farm equity (%)	=	<u>18.92%</u>



Return on Farm Equity  
/Net Worth

**Repayment Capacity: Term Debt Coverage Ratio**

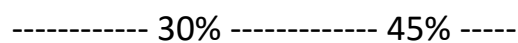
Net farm income (F)		<u>71,146</u>
Depreciation expense (D)	+	<u>3,363</u>
Interest on term debt	+	<u>6,831</u>
Personal income	+	<u>          </u>
Family living expense	-	<u>50,000</u>
Income taxes	-	<u>1,628</u>
Capital debt repayment capacity	=	<u>29,711</u>
Scheduled payments on term debt	÷	<u>10,680</u>
Term debt coverage ratio	=	<u>2.78</u>



Capital Debt Capacity  
/Scheduled Debt

**Efficiency: Asset Turnover Rate**

Gross farm income (B)		<u>169,558</u>
Total farm assets	÷	<u>414,676</u>
Asset turnover rate (%)	=	<u>40.89%</u>



Farm Assets  
/Farm Income