

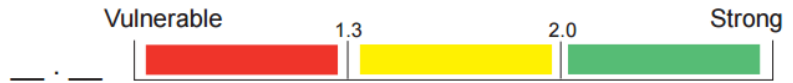


Liquidity Measures

Ratios measuring the ability to meet short term obligations. From the balance sheet, these include:

Liquidity

1. Current ratio



2. Working capital

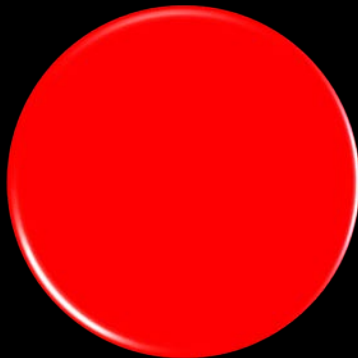
\$ _____

3. Working capital to gross revenues

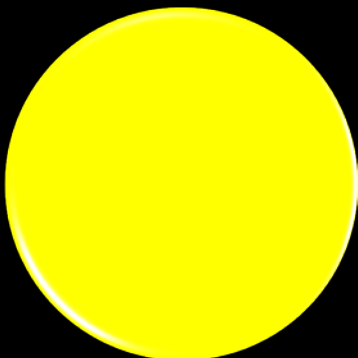
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Below are tips you can consider as you evaluate the liquidity position of your operation.



- Re-Amortize Existing Loans to Lessen Current Payments
- Sell Unneeded Capital Assets, Use Funds to Reduce Current Debts



- Build Cash Reserves on the farm – Ex: Save a Portion of Each Commodity Sale in Cash
- Control Family Living Costs
- Capital Asset Purchases Using Cash
- Financing Capital Assets with Operating Funds



- Maintain Cash Reserves in the Bank
- Monitor Operating Expenses & Keep In Check
- Carefully Consider Capital Purchases & New Debt Obligations
- Watch Personal Draws From the Operation