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General Partnership for Agricultural Producers – Agreement Worksheet
Michigan State University Cooperative Extension Service
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General Partnership

*for
Agricultural
Producers*

Agreement Worksheet

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I. PRELIMINARY STATEMENTS

A. Introduction

1. Names and addresses of the partners: _____

Have the partners been in business together previously? _____ Where and When? _____

2. Will the partnership replace an existing business? _____ Who owned the business? _____

3. Will a new partner acquire property from the existing business? _____ What property? _____

(a) What property will be purchased? _____

At what price? _____

What are the repayment terms? _____

(b) What property will be a gift? _____

Gift value? _____ Cost basis of gift property: _____

B. Name and Address of Business

1. What name has been selected for the partnership? _____

2. What is the address of the principal place of business? _____

C. Nature of Business

1. What is to be the principal business activity? _____

2. What future expansion, especially into other activities, is contemplated? _____

3. Are there any limits on business activities? _____

D. Duration

1. On what date will the partnership begin? _____

2. The term of the agreement shall be from _____ to _____,
and from year to year thereafter unless written notice of termination or change is given by a partner to the
others at least _____ months before the end of the agreement year.

II. CONTRIBUTIONS

A. Personal Property Contributions

1. What are the personal property contributions by each partner to the partnership?

| | Name: | | Name: | | Name: | | Name: | |
|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|-----------------------|
| | Market Value | Income Tax Cost Basis | Market Value | Income Tax Cost Basis | Market Value | Income Tax Cost Basis | Market Value | Income Tax Cost Basis |
| Feed and Crops | | | | | | | | |
| Livestock | | | | | | | | |
| Machinery & Equipment | | | | | | | | |
| Other: | | | | | | | | |
| Total | | | | | | | | |

2. If any personal property is to be leased to the partnership by a partner, what is the market value of the property, the lease payment, when due, lease period, responsibility for maintenance, who will purchase replacement property and other lease terms? _____

B. Real Property Contributions

1. If any "use only" real property is being contributed to the partnership, what is its description and market value? _____

(a) Fixed real estate expenses are to be paid by whom? _____

(b) How will compensation for use of the real estate be calculated? (Interest return and depreciation allocation or share of ordinary income?) _____

(c) When will compensation for use of the real estate be paid? _____

(d) Who will purchase new capital improvements? _____

(e) If the improvements are purchased by a non-real estate owner, how will he be reimbursed for his equity when the property is no longer used? _____

2. If any real property is contributed outright to the partnership, what is its description, market value and income tax cost basis? _____

3. If any real property is leased to the partnership, by a partner, what is its description, the lease payment, when due, lease period, responsibility for real estate expenses, and who will purchase new capital improvements?

C. Cash Contributions

1. What outright cash contributions will be made to the partnership, and by whom? _____

2. What cash loans will be made to the partnership by a partner? What is the interest rate and repayment terms?

D. Future Capital Contributions

1. Can a partner make additional capital contributions? _____

Under what conditions? _____

2. Is it planned that partners will reinvest profits in the same proportion as capital contribution? _____

If not, capital accounts should reflect annually the change in capital contributions.

E. Withdrawals of Capital Contributions

1. Can a partner withdraw capital contributions? _____ Under what conditions? _____

F. Labor Contributions

| Name | Proportion of Working Time Devoted To Partnership | If Less Than Full Time in the Partnership, Give Details of Labor Contribution |
|------|---|---|
| | | |
| | | |
| | | |
| | | |

III. DISTRIBUTION

A. Salaries

| 1. Name | Salary | When Payable |
|---------|--------|--------------|
| | | |
| | | |
| | | |
| | | |

2. Will salary be paid a disabled partner, and for how long? _____

3. Are salaries considered a payment to partners and, therefore, an expense to the partnership to be deducted from total partnership income when arriving at partnership ordinary income? _____

B. Under what conditions may additional funds be withdrawn during the year as a drawing account or advance on ordinary income? _____

C. How will the ordinary income of the business be shared? _____

IV. ACCOUNTS & RECORDS

1. What accounting system will be utilized? _____

Will records be kept on a cash or accrual basis? _____

Calendar or fiscal year? _____

2. Who will be responsible for keeping accounts? _____

When will they be open to inspection? _____

3. Will there be a difference between individual partner and firm accounting—fiscal or calendar years, cash or accrual basis? _____

4. Where will partnership funds be deposited? _____

5. Who will be empowered to sign checks on the partnership account? _____

V. LIMITING PARTNERS' POWER

1. What limitations will be placed on a partner's authority to bind the partnership? _____

2. What limitations will be placed on a partner's personal activities? _____

VI. MANAGEMENT

1. If partners are not to have an equal voice in management, what is the arrangement? _____

2. How are management duties to be divided? _____

3. How will decisions be settled? By mutual agreement? By majority vote? By arbitration? By one designated partner? _____

4. How often and when will partners set time aside for a "business conference" to discuss business progress or problems? _____

VII. DISSOLUTION

A. Buy and Sell Agreements

1. Will a buyout arrangement in case of death or voluntary withdrawal of a partner be part of the agreement?

2. Will the buyout be mandatory or voluntary upon the remaining partners? _____

3. How will value be established? _____

4. How will the departing partner be paid for his interest? _____

5. Will partnership life insurance be part of the agreement? _____

6. If life insurance will be used, what are the provisions? _____

B. Causes of Dissolution

1. What causes of dissolution other than those included in the Buy and Sell Provisions will be covered in the agreement, such as voluntary dissolution or retirement of a partner? _____

2. If the business is liquidated, how should it be handled? (By sale? By distribution of assets?) _____

3. What special provisions will guide each cause? _____

VIII. MISCELLANEOUS

1. How will partners' vacations be handled? _____

2. Is provision for admitting a new member desired? _____

3. Any special provisions for partners' housing? _____

4. Provisions for the continued participation of an incapacitated partner? _____



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