

Nebraska Farm Business, Inc.

Yielding Success Through Financial Management

Financial Tune-Up: Are You Prepared?

Inside this
Newsletter

Page 1:

- Financial Tune-Up Article
- Personal Property Tax Due Reminder

Page 2:

- Financial Tune-Up article continued
- PC Mars Version 2.5

Page 3:

- Financial Tune-Up article continue
- Important Tax Dates to Remember
- Accounting Reminder

Page 4:

- Crop Insurance Dates

It is common for producers to take their tractors and combines into the shop on an annual basis for a tune-up, but it seems less common for them to take the time for a financial tune-up of their business. While the equipment is worth a lot of money, the financial health of the business could be worth even more.

A worth-while financial tune-up varies for each operation. First you need to figure out where your operation is at. It is important to honestly evaluate where your operation is at the start, because if you try and get accrual records without having accurate books, you'll end up with meaningless data.

Balanced Records:

Balanced records simply mean being reconciled with your bank statements. This also means after you have accounted for outstanding checks and deposits (transactions that have been written or taken to the bank but not yet cleared the bank statement) your account balance will match what the bank shows.

It is also makes sure you have included every transaction including automatic deposits and withdrawals which can be easy to forget. We can't stop at just the farm checking account, each bank account should be reconciled including loan accounts. While it's not recommended, sometimes income gets applied directly to loans or there are transactions such as rollover interest that must be tracked to be deducted. It's also important to have accurate splits on principle and interest for both management and income tax purposes.

(Continued on Page 2)

Personal Property Returns Due May 1st!

Don't forget to File your Personal Property Returns with your county assessor by May 1st, 2017!! If you need helping filing your personal



(continued from Page 1)

Meaningful Records:

When keeping your operations records, whether they are on a computer program, excel, hand-kept, etc. it is important that you have categorized income and expenses correctly otherwise you have records that will be meaningless.

Meaningful records would mean that you have done things like:

1. Split the coop bill accurately, reflecting the chemical, fertilizer, repair, and fuel expenses appropriately (even if the bill can at times be hard to work through!)
2. Split irrigation fuel and repairs from other fuel and repair expenses so the irrigation expenses can be allocated correctly to the irrigated ground
3. Split grain sales by type (separating corn from soybeans from wheat, etc.)
4. Split breeding livestock income from feeding livestock income. This is really important for both tax and management purposes.
5. Include quantities on sales of grain and livestock so you have information needed to reconcile quantities
6. Be sure personal expenses are recorded as personal expenses and are clearly separated from farm expenses.

The most important thing is to record information that can be easily used for a tax return and for making management decisions. Until you are prepared to put in the time, focus on those expenses that are materially different between enterprises, such as seed and chemicals to get the largest impact for the time spent on records.

Make Accrual Adjustments:

From a management standpoint, the true picture of your operation can from accrual adjustments. Accrual income measures the “true earnings” of a business, meaning taking out the income from the previous year’s grain/livestock and separating out the expense paid for the next year’s crop as a prepaid.

From a tax return standpoint, the operations “net income” is what is reflected, but that is really hard to tie to a true profitability of the business. With the majority of farm tax returns filed on a cash basis, a lot of time and money are invested in making that cash basis income be where we want it by prepaying, deferring income, etc.

Balance Sheet

Accurate adjustments can be reassured by having “solid” beginning and ending balance sheets. Creating balance sheets that reflect a similar date are the best to ensure you are comparing apples to apples.

Quantities

The importance in tracking quantities of grain/livestock sold during the year is to provide information necessary to reconcile bushels/head. It might seem like a silly step, but when you realize you have a bin of grain you forgot to haul or bushels at the elevator you forgot to sell, the small steps will payoff!

(Continued on Page 3)

ATTENTION PC Mars User....Software Update Version 2.5 Available

If you use the PC Mars program at home, be aware that your NFBI Consultant will be updating their PC Mars software program to Version 2.5 here in the office. You should’ve received a version update order form from Iowa Farm Business sometime in January. The update does cost \$100. Be aware that if you choose not to update the program at home you and your consultant will not be able to share back-ups as the different versions will no longer be compatible! The program has had a couple of patches; the most current version is 2.5.2!

(continued from page 2)

Accrual Accounting Records

Keeping both a cash and accrual set of books can be time consuming, not to mention a great challenge! Rather than altering your cash basis records, make the accrual adjustments all at year-end in a separate program, at least until you are comfortable with all adjustments necessary

Evaluate your business based on accurate, accrual input information

The Farm Financial Standards Committee have established 21 financial ratios. No one ratio is the perfect indicator as to the financial health of the business, but they really work together to give a dashboard of financial health. These ratios are quick indicators to show if something is a little “off” and what needs to be changed in order to get it corrected.

There are generally accepted goals/levels of each ratio, but every bank/lending institution may differ. It is important to understand that these standards are established for all farms. With so many variables in the ratios, it is very important to figure out what the “normal” is for your operation.

2016 Average Books Coming Soon!!!

NFBI MEMBERS, keep an eye out for the 2016 Nebraska State Average Books and your operations RankEm reports to be in the mail mid-May! If you are not a NFBI member, but are interested in our average numbers, our order form can be found on our website at www.nfbi.net or get in contact with us at the office.



Wedding Announcement

Michelle Greenlee will be getting married to Todd Seifert on April 28th in Las Vegas. Congratulations to Michelle and Todd Seifert!



It's a New Year...

And it's always a good time to get started out on the right foot! Get your accounting in and caught up! Late charges begin to accrue after September 1st if January-June bank statements are still missing. Call our office if you have questions!





Don't forget to Like our Page on Facebook & Follow us on Twitter!!

.....

Don't Forget about IMPORTANT Tax Due Dates!

- June 15, 2017: 2nd Quarter Estimate Due
 - July 31, 2017: Federal Excise (Form 720) Due
 - August 31, 2017: Heavy Highway (Form 2290) Due
 - September 15, 2017: 3rd Quarter Estimate Due
 - January 1, 2018: 4th Quarter Estimate Due
-

Reminders from NFB Crop Insurance Specialist, Brad Heinrichs

Planting Season is Here!

<u>MPCI Plant Dates:</u>	<u>MPCI Final Planting Dates:</u>
Corn - April 10*	Corn - May 25
Soybeans - April 25	Soybeans - June 10
Milo - April 16*	Milo - June 15*

Don't Forget about HAIL insurance!
We offer a variety of options to **MINIMIZE** risk in your operation.
Contact us today – Before the storm hits!

NFB Crop Insurance, Inc.

Brad Heinrichs
Crop Insurance Specialist
brad@nfbi.net - (402) 984-6474

*Initial/final plant dates may vary based on location. Contact us for more information.