JUNE-JULY 2020

NEBRASKA FARM BUSINESS, INC.

PcMars Update

PcMars recently updated their software to version 3.0. There is no longer a disc required to use this software, it is now fully downloadable from the internet. They are moving to a yearly subscription fee, based on each set of books. Please note:

- When converting to 3.0, after 50 entries are entered into each set of books, you will be prompted for payment.
- It is $75 per set of books, but code **NFBI15** will give you $15 off each set of books.
- In order to download version 3.0, you must have Windows 10 and at least a 64 bit operating system.

For those of you who use PC Mars as your accounting system, we **strongly encourage** you to do this software update sooner rather than later. The NFBI staff have now updated their software, so if you send a backup of your books to your consultant and they make any changes in them, you will need to have your software updated in order to restore.

We will have instructional videos on navigating the new software up on our website very soon, so please keep an eye out for that.

2020 Accounting Reminder

In Office Accounting

It's getting to be that time of the year to get caught up on your accounting. The end of the year will be here before we know it, so to avoid those last minute coding sessions, get caught up today. This also helps spread the workload out for our staff to help prevent being overloaded during November and December.

Late Policy

We prefer to receive your bank statements monthly or quarterly so we can provide you timely, updated reports. As a reminder, our late policy kicks in during the month of October and any statements we receive that are over 3 months late will be charged at **double** the hourly rate. This is to help cover extra overtime that we must pay to get late statements processed timely.

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Paycheck Protection Program—CARES Act 2020

By Alex Medina

The CARES Act was signed into law on March 27th, 2020 in response to the Coronavirus pandemic. The Act provided American citizens with financial support. The CARES Act offered a stimulus payment, student loan relief, and many other benefits, but a very important factor for most businesses, sole proprietor or entity, the Paycheck Protection Program, also known as the PPP.

The Paycheck Protection Program allows business owners with payroll and/or self-employed income to apply for a loan with the chance that it could be forgiven in full. This opportunity is very advantageous to many operators. If the loan is not totally forgiven, it can be paid back over two or five years with a one percent interest rate. If you applied for the loan prior to June 5th, you have a two-year repayment. Loans received after June 5th will have a five-year repayment. In order to receive total loan forgiveness, the operator must track and show proof of eligible expenses over the covered period. You can choose to use the original eight-week period, or the extended 24-week period as changed by the Paycheck Protection Program Flexibility Act on June 5th, 2020.

New applications are only being accepted until June 30th, so if you have not applied yet, you need to do so quickly.

The loan amount is calculated either based on wages paid to employees or 2019 self-employed income. Wages are defined as gross payroll expenses, plus employee health insurance, HSA contributions, retirement contributions, and State unemployment taxes paid by the employer.

The forgiveness of the loan is based on qualified expenses paid during the chosen covered period. In order for an operator to receive full loan forgiveness of the PPP, 60 percent of the total loan amount has to be spent on wages within the covered period. The original law called for a 75% minimum but that was relaxed in the June bill. For self-employed applicants, the payroll portion is figured as 8/52, or eight weeks out of a year's worth of income, of your prior year's Schedule C or Schedule F, which will automatically be forgiven. There are still some unknowns if the PPP Flexibility Act will have an impact on this calculation but if it does, it would make it more beneficial to the applicant.

The remaining 40 percent has to be spent on rent, utilities, and mortgage interest. Eligible rent expense includes cash rent, pasture rent, or machine rent, as long as the contract was in place before February 15, 2020. Utilities can encompass cell phone, electricity, gas, water, internet, telephone, trash, and vehicle fuel. These expenses must be related to the business and cannot be for personal use. Mortgage interest can be any interest that has accrued on mortgage notes (business only) that were in place before February 15, 2020 or any interest that has accrued after

February 15th, but cannot be prepaid.

In addition to the PPP loan, the SBA, Small Business Association, has also introduced the Economic Injury Disaster Loan, EIDL, that allows both self-employed individuals and entities can qualify for.

The EIDL is a program that provides funds based off of need. The application can be found on the SBA's website and is filled out online, not through a bank, like the PPP loan. The EIDL consist of a grant and a loan. The grant can be up to $10,000 based on number of employees and can be dispersed within three days of the application being submitted. The amount of the grant is calculated by multiplying the number of employees for the operation by $1,000, up to $10,000. If the operator is self-employed with no W-2 wage employees, the operator would qualify for a grant of $1,000. This does not have to be paid back but it will reduce your eligible PPP forgiveness. For example, if the PPP loan amount is $5,000 and the operator receives an EIDL grant of $2,000, the PPP loan forgiveness amount automatically decrease to a maximum of $3,000. The loan portion of the program, after the grant is given, is put into a pool and given out based off of need. Each operation's need is determined by their Schedule C/F. The loan amount can be up to $2 million and will be termed out over 30 years. The 30-year note is on a monthly payback period, and the loan has an interest rate of 3.75 percent. This is a good option for refinancing some operating debt or additional debt that the operator may have.

The forgiveness portion of the PPP has to be filed within 10 months after the last day of the covered period (end of your 8 or 24-week period). If forgiveness is not requested by then, you will be required to start making monthly payments. Given this, there is no need to rush to fill out the forgiveness application. The bank that accepted the operation's PPP loan application will assist with forgiveness qualification and the filing of the forgiveness application. In addition, NFBI can also assist with the loan forgiveness application for a fee. Neither the EIDL or the PPP loans will affect eligibility for any USDA payments from the CARES act.

All in all, the CARES Act provided immediate financial support for businesses across the country, helping them stay in business and keep jobs in place. If you have any questions regarding these programs, please contact your consultant or our office with

Grant for Livestock Producers

On Friday, June 12th, the state of Nebraska launched the Small Business Stabilization Grant for Livestock Producers. You can find all the information regarding this grant at the following link. If you have any questions, do not forget to contact your consultant.

https://getnebraskagrowing.nebraska.gov/ag-grants/?fbclid=IwAR0L76Jbw3xkcz4j-75EyVFMbfiub6U5hkNSHFkeli12k_EPW08Lv7b6p9c

Recording PPP Transactions

Within the last couple of months, many clients have applied for and received funds from the Paycheck Protection Program. In order to properly record the transactions related to the PPP in your books, we have come up with a list of steps that should be taken.

- When the deposit for the PPP is received, a short-term loan needs to be created with a loan vendor name that identifies it as the PPP loan. The deposit should be coded to this vendor.
- During the 8 weeks after loan origination, expenses should be coded to the appropriate accounts (labor to labor, utilities to utilities, etc.). This will ensure we still have accurate expense categories.
- Detailed accounting reports of the forgivable expense accounts for the covered period should be enough to prove the expenses, however, the bank may require more information (documentation of utilities, etc.). Each bank will have their own rules at this point.
- Once the amount of the loan forgiveness is determined, a journal entry will need to be made to move the forgiven portion of the loan from the liability account to an income category. The PPP is tax free, however, we need to include it in income so it will offset the expenses that will not be deductible.
- If a portion of the loan is not forgiven, the outstanding portion will remain in the loan account and be treated as a liability. When you make payments on the PPP loan, you will code the payments to this liability.
- If you opened a new checking account for the purposes of the PPP, you will need to set up the new bank account. You should then follow the steps above.

If you have any further questions about recording the PPP transactions in your books, please call our office and an accounting specialist will be happy to help you.

Form 2290

NFBI can e-file the 2290 Heavy Highway Use form AND get an IRS stamped Schedule 1 for you all within the same day. All we need back from you is a signed copy of the 8879, stating that you give us permission to e-file your 2290 return. Contact Anthony (Anthony@nfbi.net) with questions or comments.

Who needs to file the 2290?

- Anyone who drives a vehicle that has a gross weight of 55,000 lbs. or more over public roads– no matter if it is licensed to you or in a LLC, Corporation, Partnership or held by another entity.

Has NFBI filed your 2290 in the past? All we need from you is…

- Whether or not your information has changed since last year
- If you purchased or sold any trucks

Let us know if you would like us to do it again, we will not automatically process without your acknowledgement. Look for a reminder postcard coming your way soon.

Do you want NFBI to file your 2290 for the first time? What we need is…

- Your EIN Number (if your consultant doesn't have it). Don't have one? We can get one for you.
- VIN Numbers for the truck(s)
- Whether or not your truck(s) are suspended
    - If you drive your truck 7,500 miles or less for agriculture (5,000 miles or less for commercial use) during the tax period, you get to claim suspension.

Photo Contest

Nebraska Farm Business would like to expand our photo library! We use many photos in newsletters, articles, on the cover of our average books and client analysis books, as well as on our website.

In order to be entered into this year's photo contest, take photos of an ag related scene such as a crop field, cattle in a field/feedlot, sunset over a hay field, etc., and submit it to Chantelle by email at chantelle@nfbi.net by August 1st. Multiple submissions are welcome! A winner will be chosen and given a $50 Visa gift card.

**By submitting a photo(s) in the contest, NFBI has the right to use the picture in any future publications or on their website.*

Summer Visits

Summer is a great time to sit down and discuss many topics with your consultant; from reviewing your analysis, to beginning some early tax planning. If you participate in the analysis program there is **no additional fee** for a summer visit, and during this time we can work on benchmarking your operation, reviewing your 2020 books, and tax planning. If you don't currently participate in the analysis program you can still request a summer visit, but there will **likely be an additional charge** depending on the length of the visit. This time can also be spent discussing bigger issues such as entity planning, retirement, or transition planning.

USDA Portion of COVID Relief

On May 19, 2020, the details of the Coronavirus Food Assistance Program (CFAP) were introduced. This is the USDA program that provides payments for certain farm commodities that were affected by price loss due to COVID-19. The application period is open through August 28, 2020. There are eligibility requirements in place and payment limitations and structures have changed some from previous USDA programs. There is potentially limited funding so it may be best to apply soon if you have not already done so. The Nebraska Farm Bureau has put together a nice article including examples that can be obtained for reference at https://www.nefb.org/images/FEDeration/COVID-19/CFAP-Guide.pdf. Also, the USDA site at https://www.farmers.gov/cfap#apply provides pertinent information as well.

NEBRASKA FARM BUSINESS, INC.

"Yielding Success Through Financial Management"

Nebraska Farm Business, Inc.

3815 Touzalin Ave
Ste. 105
Lincoln, NE 68507-1600

Phone: (402) 464-6324
Fax: (402) 464-6355
Email: info@nfbi.net

NFBI WILL BE CLOSED ON JULY 3RD!

HAPPY INDEPENDENCE DAY!

NFB Crop Insurance Notes:

Replant: If you are planning on replanting, be sure to contact your insurance agent ASAP, before replanting or destroying any crops. Use Initial Plant date not Re-plant date when certifying at FSA Office.

Wheat Harvest: Contact your agent if you think there may be a loss. Contact your agent as soon as harvest is to complete to report bushels.

Acreage Reporting Deadline:
July 15 – If you have your planted acres and plant dates ready, contact Brad to report acres.

Crop-Hail Coverage:
We do not need to carry your Multi-Peril policy to offer you Crop-Hail coverage. Contact us for rates!

Prevented Planting:
Final Plant Date for Corn: May 25
Final Plant Date for Soybeans: June 10

If you are not able to plant due to field conditions, please contact as soon as possible, to see if eligible for prevented planting. You may choose to also plant during the late planting period.

Late Planting Period for Corn: Until June 14.
Late Planting Period for Soybeans: Until July 5.

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!

Crop Insurance, Inc.

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