April 2022 - May 2022

Nebraska Farm Business, Inc.

Important Tax Due Dates

Personal Property Tax Due Date

- May 1, 2022 — If you need help filing your personal property schedule, be sure to contact your consultant.

General Due Dates

- June 15, 2022 — 2nd Quarter Estimated Tax Payment
- July 31, 2022— Federal Excise Tax (Form 720)
- Aug. 31, 2022 — Heavy Highway Vehicle Use-Form 2290)
- Sept.15, 2022 — 3rd Quarter Estimated Tax Payment
- Jan, 17, 2023 — 4th Quarter Estimated Tax Payment

2021 Average Books

NFBI Members, keep an eye out for the 2021 Nebraska State Average Books. Also, if you are enrolled in our analysis program, watch for your operation's RankEm reports. The books and reports are scheduled to be in the mail by mid-May. If you are not a Nebraska Farm Business Member, but you are interested in our average numbers, you can order a report on our website (nfbi.net) or contact our office at (402) 464-6324.

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Important Office Dates

- NFBI will be closed Monday, May 30th in observance of Memorial Day.

Financial Tune-up: Are you Prepared?

By: Tina Barrett

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 beginning. 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 your records are reconciled with your bank statements. This helps ensure you have included every transaction, including automatic deposits and withdrawals, which can be easily forgotten. It is also important to account for outstanding checks and deposits (transactions that have been written or taken to the bank but not yet cleared the bank statement). We can't stop at just the farm checking account; each bank account should be reconciled including loan accounts. While it is 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 principal and interest for both management and income tax purposes.

Meaningful Records:

When keeping your operation's records, whether they are on a computer program, excel, hand-kept, etc., it is important that you have categorized income and expenses correctly. Without this information your records have less meaning. Examples of meaningful records would be:

- 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!)
- Split irrigation fuel and repairs from other fuel and repair expenses so the irrigation expenses can be allocated correctly to the irrigated ground
- Split grain sales by type (separating corn from soybeans from wheat, etc.)
- Split breeding livestock income from feeding livestock income. This is really important for both tax and management purposes.
- Include quantities on sales of grain and livestock so you have information needed to reconcile quantities
- Be sure personal expenses are recorded as personal expenses and are clearly separated from farm expenses.

It is most important 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. These could include seed, fertilizer, and chemicals. Splitting these expenses will get you the largest impact for the amount of time spent on records.

Make Accrual Adjustments:
From a management standpoint, the true picture of your operation can come 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 the 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 of 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!

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 of the adjustments that are necessary.

Evaluate your business based on accurate, accrual input information:
The Farm Financial Standards Committee has 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.

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"Yielding Success Through Financial Management"

NFB Crop Insurance, Inc.

Spring 2022 Notes

By: Brad Heinrichs
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Planting Season is Here!

MPCI Initial Plant Dates:
Corn - April 10*
Soybeans - April 25
Milo - April 16*

MPCI Final Planting Dates:
Corn - May 25
Soybeans - June 10
Milo - June 15*

*Initial/final plant dates may vary slightly based on location within the state. Contact Brad for more information.

Prevented Planting:

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.

Review Crop-Hail Coverage:

Be sure to review your crop-hail coverage amounts to make sure you're not under-insured. With the increase of commodity and input prices, you have a greater investment in your crop this year than some years. Make sure your protection covers that investment.

Contact me if you are interested in exploring new crop-hail coverage or ensuring you have adequate protection for this 2022 crop year.

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 Replant date when certifying at FSA Office.

After Planting:

When you are finished planting, certify your acres at your local FSA office with the Form 578 and contact Brad to report your acreage.

Have a safe spring planting season!

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