

UPDATES FROM CFFM

2022 FINPACK Annual Release & Closeout Manual Updates



MN FBM FRIDAY WEBINAR - DEC. 2022



Center for Farm Financial Management
UNIVERSITY OF MINNESOTA

FFSC Recent Updates



NEW LEASE ACCOUNTING
STANDARDS



RATIOS & MEASURES
REVIEW

2 Lease Types

- Financing
- Operating



Finance Lease

- AN INSTALLMENT PURCHASE
- PREVIOUSLY A CAPITAL LEASE
- REPORTING REMAINS THE SAME



Operating Lease

- OP. LEASES WITH TERM > 1 YEAR
- NOW REPORTED ON BALANCE SHEET
- LEASE EXPENSE ON INCOME STATEMENT

Comparing Finance & Operating Leases

	Finance Lease	Operating Lease
Has control of the asset passed to the lessee?	Yes	No
Balance sheet	Right-of-use asset Lease Liability	Right-of-use asset Lease Liability
Income statement	Interest expense Amortization expense	Lease expense
Pattern of expense	Front-loaded	Straight-line
Cash Flow statement	Operating – cash paid for interest Financing – cash paid for principal	Operating – cash paid for lease pymts

How to enter leases in FINPACK

z.umn.edu/leases

FINPACK®

Center for Farm Financial Management
UNIVERSITY OF MINNESOTA

Entering Finance Leases in FINPACK

February, 2022

When should a lease be recorded on the balance sheet? If a lease is included on the balance sheet, how do you determine the asset value and loan balance? These are frequent questions as the use of leases for machinery, buildings, and other assets becomes more common. Recent changes in accounting standards suggest that many leases are substitutes for purchasing assets and therefore should be listed on the balance sheet.

There are two types of leases: 1) **Operating leases**, which generally have a shorter life than the asset being leased, and 2) **Finance leases**, sometimes called capital leases, which often span a substantial part of the life of the asset. In agriculture, land rental arrangements are the most common type of operating lease. While accounting standards suggest that some operating leases should be listed on the balance

Lease Reporting Exception

Land leases

- Actual terms are hard to determine, so applying GAAP guidelines is difficult
- Report like an **Operating Lease** on the Income Statement
- Do **NOT** report the ROU Asset and Lease Liability on the Balance Sheet





FFSC Ratio Changes

“The Farmer’s Dozen”

2021 FFSC Ratio Review

- Moving from **21** → **13** recommended ratios
- Including alternate ratios & measures

Previous 21 FFSC Recommended Ratios and Measures

LIQUIDITY MEASURES	Current Ratio	SOLVENCY RATIOS	Debt-to-Asset
	Working Capital (\$)		Equity-to-Asset
	Working Capital as % of Gross Revenue		Debt-to-Equity
PROFITABILITY MEASURES	ROR on Farm Assets	REPAYMENT CAPACITY MEASURES	Term Debt & Cap. Lease Coverage Ratio
	ROR on Farm Equity		Replacement Margin Coverage Ratio
	Operating Profit Margin Ratio		Capital Debt Repayment Capacity
	Net Farm Income (\$)		Capital Debt Repayment Margin
	EBITDA		Replacement Margin
FINANCIAL EFFICIENCY RATIOS	Asset Turnover	Operating Expense	
	Interest Expense	Depreciation & Amortization Expense	
	Income from Operations		

2022 FFSC Recommended & Alternate Ratios/Measures

LIQUIDITY MEASURES	Current Ratio	SOLVENCY RATIOS	Debt-to-Asset
	Working Capital as % of Gross Revenue		<i>Equity-to-Asset</i>
	<i>Working Capital as % of Operating Expenses</i>		<i>Debt-to-Equity</i>
PROFITABILITY MEASURES	ROR on Assets	REPAYMENT CAPACITY RATIOS	Debt Coverage
	ROR on Equity		Replacement Coverage
	Operating Profit Margin Ratio		<i>Term Debt & Finance Lease Coverage</i>
	Asset Turnover Ratio		
FINANCIAL EFFICIENCY RATIOS	Operating Expense	Interest Expense	
	Income from Operations	Depreciation & Amortization Expense	
<div></div> = Acceptable Alternative Measures			

Debt Coverage Calculations Differences

(Total) Debt Coverage – measures the ability of the borrower to cover *all* current interest expenses and scheduled term debt payments.

Term Debt Coverage – measures the ability of the borrower to cover scheduled *term* debt payments.

(Total) Debt coverage includes all interest and term payments.

Term debt coverage only looks at term debt payments.

Debt Coverage Calculations – an example

	Term Debt Coverage	(Total) Debt Coverage
Net Farm Income from Operations	\$443,305	\$443,305
+ Non-farm Income	+ 60,848	+ 60,848
+ Depreciation	+ 131,892	+ 131,892
- Family Living	- 78,031	- 78,031
- Income Taxes	- 29,831	- 29,831
+ Interest	+ 53,187 (term)	+ 86,431 (total)
= (Term) Repayment and Replacement Capacity	\$576,297	\$609,541
Total Principal & Interest on Term Debt	\$160,680	\$160,680
+ Interest on Current Debt	xxxxx	+ 33,244
= Total Debt Repayment	\$160,680	\$193,924
Repayment & Replacement Capacity/Total Debt Repay.	$\$576,297 \div 160,680 = 3.6$	$\$609,541 \div 193,924 = 3.1$



Updated Farm Financial Scorecard

z.umn.edu/Scorecard



Updated Scorecard Recommendations

Liquidity



Repayment Capacity



FINPACK®

Ratio Updates

New FFSC Ratios in FINPACK – FINAN

2021 Financial Analysis Executive Summary		
Left Side - no change		
Financial Standards Measures		
Liquidity		
	Beg	End
Current ratio	1.73	2.43
Working capital to gross revenues	21.3 %	36.9 %
Working capital to operating expense	28.8 %	50.1 %
Solvency (market)		
	Beg	End
Debt to asset ratio	40 %	34 %
Debt to equity ratio	0.66	0.53
Profitability (at market)		
Rate of return on assets		10.7 %
Rate of return on equity		13.8 %
Operating profit margin		32.7 %
Asset turnover rate		32.8 %
Repayment Capacity		
Debt coverage ratio		2.84
Term debt coverage (farm+personal)		3.12
Replacement coverage ratio		2.28
Efficiency		
Operating expense ratio		73.7 %
Depreciation expense ratio		5.3 %
Interest expense ratio		3.3 %
Net farm income ratio		17.7 %
Other		
Term debt to EBITDA		1.29
Information Accuracy		
No Change		

New FFSC Ratios in FINPACK – Repayment Capacity Outputs

Old

New

Repayment Capacity		Farm	Personal and Farm
Net farm income from operations		443,305	443,305
Depreciation	(+)	131,892	131,892
Personal income	(+)	60,848	60,848
Family living expense	(-)	78,031	78,031
Principal payments on personal debt	(-)	7,777	-
Income taxes accrued	(-)	29,831	29,831
Interest on term debt	(+)	53,187	79,798
(N) Capital debt repayment capacity	(=)	573,592	607,981
(O) Scheduled term debt payments		160,680	195,068
(P) Capital debt repayment margin	(N-O)	412,912	412,912
(Q) Cash replacement allowance		55,052	55,052
Replacement margin	(P-Q)	357,860	357,860
Term debt coverage ratio	(N/O)	3.57	3.12
Replacement coverage ratio	(N/O+Q)	2.66	2.43



Repayment Capacity		Total Debt	Term Debt
Net farm income from operations		443,305	443,305
Depreciation	(+)	131,892	131,892
Personal income	(+)	60,848	60,848
Family living expense	(-)	78,031	78,031
Income taxes accrued	(-)	29,831	29,831
Interest	(+)	109,062	79,798
(N) Debt repayment capacity	(=)	637,245	607,981
(O) Debt payments		224,332	195,068
(P) Debt repayment margin	(N-O)	412,912	412,912
(Q) Cash replacement allowance		55,052	55,052
Replacement margin	(P-Q)	357,860	357,860
Debt coverage ratio	(N/O)	2.84	3.12
Replacement coverage ratio	(N/O+Q)	2.28	2.43

New FFSC Ratios in FINPACK – Cash Flows

Monthly Cash Flow Plan Executive Summary			
Projected Cash Flow Summary		Debt Coverage	
Total operating inflow	2,669,020	Total Debt	Term Debt
Total operating outflow	(-) 2,371,054	Net farm income from operations	83,252
Capital purchases	(-) 97,750	Depreciation	141,371
Capital sales	(+) 8,000	Personal income	57,425
New credit	(+) 1,349,426	Family living exp (incl personal int)	(-) 80,817
Loan payments	(-) 1,494,175	Income taxes accrued	(-) 20,000
Net cash flow	(=) 63,469	Interest	(+) 107,758
Beginning cash balance	(+) 76,500	Debt repayment capacity	(=) 288,989
Operating loan borrowings	(+) 607,610	Debt payments	194,175
Operating loan principal payments	(-) 695,473	Debt repayment margin	94,814
Ending cash balance	(=) 52,106	Debt coverage ratio	1.49
Financial Standards Measures			
Beginning operating loan balance	87,863	Liquidity	Beginning Ending
Peak operating loan balance (Oct)	464,221	Current ratio	2.7 3.5
Ending operating loan balance	-	Working capital to gross revenues	36.8 % 40.5 %
Projected Change in Working Capital		Working capital to operating expense	42.4 % 46.6 %
Beginning working capital	958,179	Solvency (market)	
Change in cash	-24,394	Debt to asset ratio	35.8 % 33.7 %
Change in current inventories	(+) 2,594	Debt to equity ratio	0.6 0.5
Change in operating loan balance	(-) -87,863	Profitability (market)	
Change in other current loans	(-) -28,722	Rate of return on assets	2.7 %
Change in princ due on term loans	(-) -165	Rate of return on equity	0.3 %
Estimated change in working capital	(=) 94,950	Operating profit margin	11.9 %
Ending working capital	1,053,129	Asset turnover rate	22.8
Projected Income Statement		Repayment Capacity	
Gross cash farm income	2,611,595	Debt coverage ratio	1.49
Inventory change - income items	(+) -8,977	Term debt coverage (farm+personal)	1.76
Gross farm income	(=) 2,602,618	Replacement coverage ratio	1.07
Cash farm operating expense	2,271,054	Efficiency	
Interest expense	(+) 118,512	Operating expense ratio	87.3 %
Depreciation	(+) 141,371	Depreciation ratio	5.4 %
Inventory change - expense items	(+) -11,571	Interest expense ratio	4.1 %
Total farm expense	(=) 2,519,365	Net farm income ratio	3.2 %
Net farm income from operations	83,252	Other	
Gains or losses on capital sales	-2,996	Term debt to EBITDA	2.97
Net farm income	80,256	Shocks to Debt Coverage Ratio	
Projected Earned Net Worth Change		10% decrease in gross income	0.15
Net farm income	80,256	10% increase in operating expenses	0.32
Personal income	(+) 57,425	3% increase in interest rates	1.19
Family living expense	(-) 80,000		
Income taxes accrued	(-) 20,000		
Personal loan interest expense	(-) 788		
Personal asset depreciation	(-) 5,072		
Earned net worth change	(=) 31,822		

Liquidity		Beginning	Ending
Current ratio		2.7	3.5
Working capital to gross revenues		36.8 %	40.5 %
Working capital to operating expense		42.4 %	46.6 %
Solvency (market)			
Debt to asset ratio		35.8 %	33.7 %
Debt to equity ratio		0.6	0.5
Profitability (market)			
Rate of return on assets			2.7 %
Rate of return on equity			0.3 %
Operating profit margin			11.9 %
Asset turnover rate			22.8
Repayment Capacity			
Debt coverage ratio			1.49
Term debt coverage (farm+personal)			1.76
Replacement coverage ratio			1.07
Efficiency			
Operating expense ratio			87.3 %
Depreciation ratio			5.4 %
Interest expense ratio			4.1 %
Net farm income ratio			3.2 %
Other			
Term debt to EBITDA			2.97

New FFSC Ratios in FINPACK – Cash Flows

Monthly Cash Flow Plan Executive Summary			
Projected Cash Flow Summary		Debt Coverage	
Total operating inflow	2,669,020	Total Debt	Term Debt
Total operating outflow	(-) 2,371,054	Net farm income from operations	83,252
Capital purchases	(-) 97,750	Depreciation	141,371
Capital sales	(+) 8,000	Personal income	57,425
New credit	(+) 1,349,426	Family living exp (incl personal int)	(-) 80,817
Loan payments	(-) 1,494,175	Income taxes accrued	(-) 20,000
Net cash flow	(=) 63,469	Interest	(+) 107,758
Beginning cash balance	(+) 76,500	Debt repayment capacity	(=) 288,989
Operating loan borrowings	(+) 607,610	Debt payments	194,175
Operating loan principal payments	(-) 695,473	Debt repayment margin	94,814
Ending cash balance	(=) 52,106	Debt coverage ratio	1.49
Financial Standards Measures			
Beginning operating loan balance	87,863	Liquidity	Beginning Ending
Peak operating loan balance (Oct)	464,221	Current ratio	2.7 3.5
Ending operating loan balance	-	Working capital to gross revenues	36.8 % 40.5 %
Projected Change in Working Capital		Working capital to operating expense	42.4 % 46.6 %
Beginning working capital	958,179	Solvency (market)	
Change in cash	-24,394	Debt to asset ratio	35.8 % 33.7 %
Change in current inventories	(+) 2,594	Debt to equity ratio	0.6 0.5
Change in operating loan balance	(-) -87,863	Profitability (market)	
Change in other current loans	(-) -28,722	Rate of return on assets	2.7 %
Change in princ due on term loans	(-) -165	Rate of return on equity	0.3 %
Estimated change in working capital	(=) 94,950	Operating profit margin	11.9 %
Ending working capital	1,053,129	Asset turnover rate	22.8
Projected Income Statement		Repayment Capacity	
Gross cash farm income	2,611,595	Debt coverage ratio	1.49
Inventory change - income items	(+) -8,977	Term debt coverage (farm+personal)	1.76
Gross farm income	(=) 2,602,618	Replacement coverage ratio	1.07
Cash farm operating expense	2,271,054	Efficiency	
Interest expense	(+) 118,512	Operating expense ratio	87.3 %
Depreciation	(+) 141,371	Depreciation ratio	5.4 %
Inventory change - expense items	(+) -11,571	Interest expense ratio	4.1 %
Total farm expense	(=) 2,519,365	Net farm income ratio	3.2 %
Net farm income from operations	83,252	Other	
Gains or losses on capital sales	-2,996	Term debt to EBITDA	2.97
Net farm income	80,256	Shocks to Debt Coverage Ratio	
Projected Earned Net Worth Change		10% decrease in gross income	0.15
Net farm income	80,256	10% increase in operating expenses	0.32
Personal income	(+) 57,425	3% increase in interest rates	1.19
Family living expense	(-) 80,000		
Income taxes accrued	(-) 20,000		
Personal loan interest expense	(-) 788		
Personal asset depreciation	(-) 5,072		
Earned net worth change	(=) 31,822		

Debt Coverage		Total Debt	Term Debt
Net farm income from operations		83,252	83,252
Depreciation	(+)	141,371	141,371
Personal income	(+)	57,425	57,425
Family living exp (incl personal int)	(-)	80,817	80,817
Income taxes accrued	(-)	20,000	20,000
Interest	(+)	107,758	60,406
Debt repayment capacity	(=)	288,989	241,637
Debt payments		194,175	137,126
Debt repayment margin		94,814	104,512
Debt coverage ratio		1.49	1.76

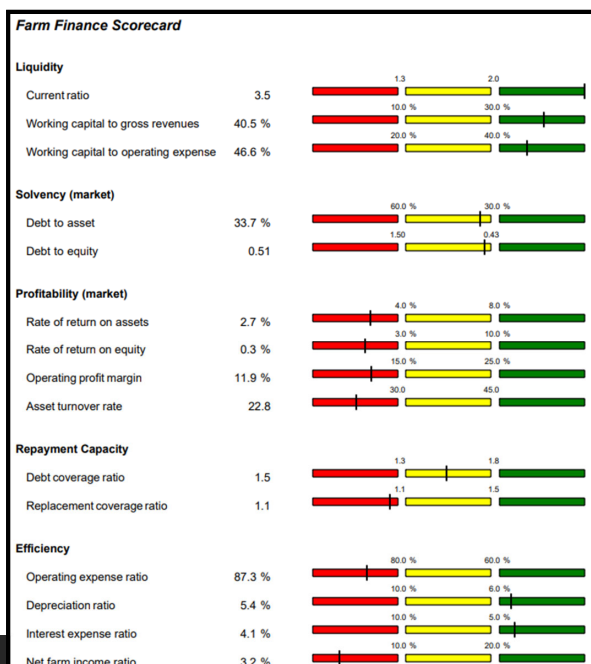
More Working Capital Detail in FINPACK – Cash Flows

Monthly Cash Flow Plan Executive Summary			
Projected Cash Flow Summary		Debt Coverage	
Total operating inflow	2,669,020	Net farm income from operations	83,252
Total operating outflow	(-) 2,371,054	Depreciation	(+) 141,371
Capital purchases	(-) 97,750	Personal income	(+) 57,425
Capital sales	(+) 8,000	Family living exp (incl personal int)	(-) 80,817
New credit	(+) 1,349,426	Income taxes accrued	(-) 20,000
Loan payments	(-) 1,494,175	Interest	(+) 107,758
Net cash flow	(=) 63,469	Debt repayment capacity	(=) 288,989
Beginning cash balance	(+) 76,500	Debt payments	194,175
Operating loan borrowings	(+) 607,610	Debt repayment margin	94,814
Operating loan principal payments	(-) 695,473	Debt coverage ratio	1.49
Ending cash balance	(=) 52,106		
Beginning operating loan balance	87,863	Financial Standards Measures	
Peak operating loan balance (Oct)	464,221	Liquidity	Beginning Ending
Ending operating loan balance	-	Current ratio	2.7 3.5
Projected Change in Working Capital		Working capital to gross revenues	36.8 % 40.5 %
Beginning working capital	958,179	Working capital to operating expense	42.4 % 46.6 %
Change in cash	-24,394	Solvency (market)	
Change in current inventories	(+) 2,594	Debt to asset ratio	35.8 % 33.7 %
Change in operating loan balance	(-) -87,863	Debt to equity ratio	0.6 0.5
Change in other current loans	(-) -28,722	Profitability (market)	
Change in princ due on term loans	(-) -165	Rate of return on assets	2.7 %
Estimated change in working capital	(=) 94,950	Rate of return on equity	0.3 %
Ending working capital	1,053,129	Operating profit margin	11.9 %
Projected Income Statement		Asset turnover rate	22.8
Gross cash farm income	2,611,595	Repayment Capacity	
Inventory change - income items	(+) -8,977	Debt coverage ratio	1.49
Gross farm income	(=) 2,602,618	Term debt coverage - (farm+personal)	1.76
Cash farm operating expense	2,271,054	Replacement coverage ratio	1.07
Interest expense	(+) 119,512	Efficiency	
Depreciation	(+) 141,371	Operating expense ratio	87.3 %
Inventory change - expense items	(+) -11,571	Depreciation ratio	5.4 %
Total farm expense	(=) 2,519,362	Interest expense ratio	4.1 %
Net farm income from operations	83,252	Net farm income ratio	3.2 %
Gains or losses on capital sales	-2,996	Other	
Net farm income	80,256	Term debt to EBITDA	2.97
Projected Earned Net Worth Change		Shocks to Debt Coverage Ratio	
Net farm income	80,256	10% decrease in gross income	0.15
Personal income	(+) 57,425	10% increase in operating expenses	0.32
Family living expense	(-) 80,000	3% increase in interest rates	1.19
Income taxes accrued	(-) 20,000		
Personal loan interest expense	(-) 788		
Personal asset depreciation	(-) 5,072		
Earned net worth change	(=) 31,822		

Projected Change in Working Capital

Beginning working capital	958,179
Change in cash	-24,394
Change in current inventories	(+) 2,594
Change in operating loan balance	(-) -87,863
Change in other current loans	(-) -28,722
Change in princ due on term loans	(-) -165
Estimated change in working capital	(=) 94,950
Ending working capital	1,053,129

New FFSC Ratios in FINPACK Scorecards





Annual Update



 Center for Farm Financial Management
Copyright © University of Minnesota

FINPACK Annual Update

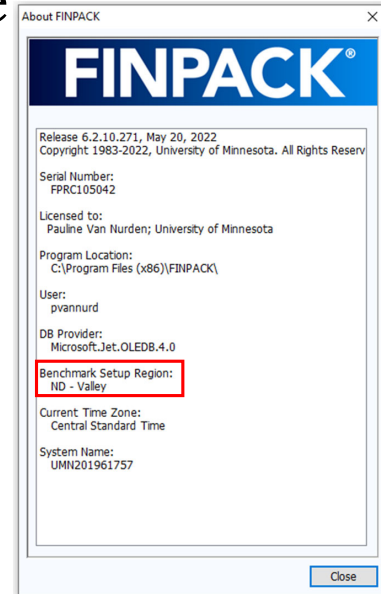
- Now available – you should've already updated.
- Pending update is Version 6.3.4
- Uniform Set-up Files
 - **Automatically** included as part of update.
 - During initial installation you selected your State/Region.
- What does this mean?
 - **Verify Benchmark Setup Region in FINPACK**
 - Go to **Help + About FINPACK**. The Benchmark Setup Region will be displayed if installed.

 Center for Farm Financial Management
Copyright © University of Minnesota



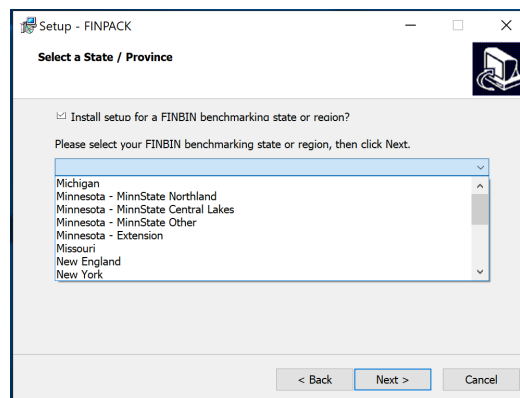
FINPACK Annual Update

- Go to **Help + About FINPACK**. The Benchmark Setup Region will be displayed if installed.
- *If you don't see a 'Benchmark Setup Region' then you have to do a full FINPACK install.*



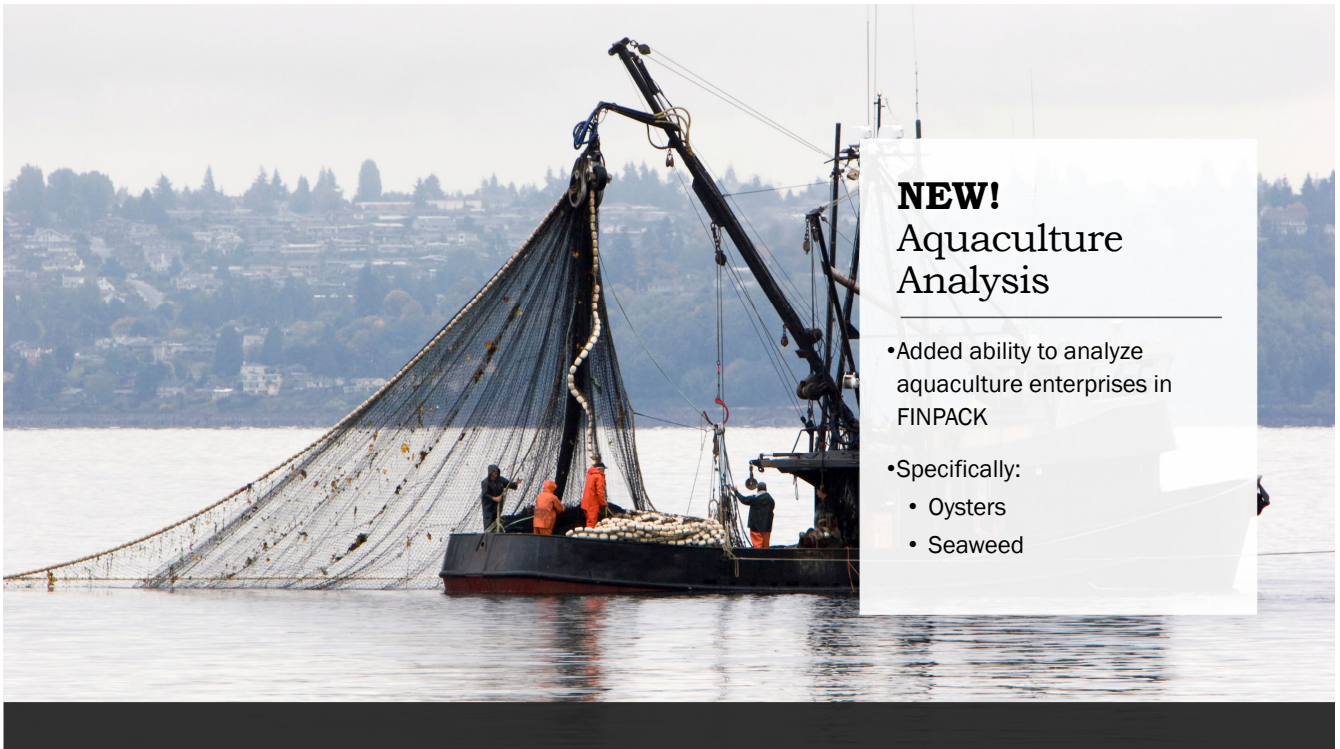
FINPACK Annual Update

- Uniform Setup File installation:





New Analysis Types in 2022



NEW! Aquaculture Analysis

- Added ability to analyze aquaculture enterprises in FINPACK
- Specifically:
 - Oysters
 - Seaweed

NEW! Market Channel Analysis

•Evaluating marketing method
instead of individual crops sold

•Examples:

- Farmers Market
- Roadside Stand
- CSA
- Pick Your Own
- Wholesale

Sample Report

Marketing Channel Analysis - Total					
Market Channel Description	Farmers Mkt Apples	Farm Stand	CSA	pyo	wholesale
Returns					
Total Lbs Sold	196,001	159,500	100,100	27,600	20,550
Total Sales	154,000	207,300	273,640	112,400	41,000
Other Income (Memberships, etc)	75	75	75	75	50
Gross Revenue	154,075	207,375	273,715	112,475	41,050
Marketing Channel Direct Expenses					
Hired marketing labor	5,000	-	5,000	-	-
Advertising	-	-	14,010	-	-
Trucking & hauling	1,065	-	2,500	-	8,000
Vendor fees	17,730	-	-	-	-
Transaction fees	32,427	-	-	-	-
Packaging and supplies	5,000	15,000	26,000	640	-
Purchase for resale items	-	-	-	-	-
Misc marketing exp	-	-	-	-	1
Total direct expenses	61,222	15,000	47,510	640	8,001
Return over direct expenses	92,778	192,300	226,130	111,760	32,999
Overhead Expenses					
Fuel and oil	1,014	1,110	920	104	28
Repairs	1,405	930	366	28	15
Hired labor	79,880	24,511	15,383	4,241	3,158
Owner wages & benefits	-	-	-	-	-
Building leases	735	226	142	39	29
Farm insurance	2,705	830	521	144	107
Utilities	539	165	104	29	21
Dues & professional fees	-	-	-	-	-
Operating interest	-	-	-	-	-
Interest on interm. debt	2,088	641	402	111	83
Machinery depreciation	6,540	2,007	1,259	347	259
Building depreciation	4,839	1,485	932	257	191
Misc.	-	-	-	-	-
Total overhead expenses	99,745	31,905	20,029	5,300	3,892
Total marketing expenses	160,967	46,905	67,539	5,940	11,893
Net return to production costs	(6,967)	160,395	206,101	106,460	29,107
Labor & management charge	8,344	2,560	1,607	443	330
Net return to prod over lbr & mgt	(15,311)	157,834	204,494	106,017	28,778

FINPACK updates of interest...

• General FINAN –

- Added **Market Channel** as an enterprise analysis type.
- You now select the enterprise analysis types to include in the analysis.

Year of analysis	2022
Beginning balance sheet	January 1, 2021
Ending balance sheet	January 1, 2022
Cash flow plan for comparison (optional)	

Enterprise Analysis (optional)

☒ Crop
☒ Livestock
☒ Market Channel
☒ Value Added / Nonfarm

Note! In 2022, a **NEW FINAN** will need to be created when including Market Channel Analysis.

You **CAN NOT** copy forward a previous FINAN and add Market Channel Analysis.

Enterprise Analysis Options – the impacts

Turning Enterprise Input On/Off

<< Crop Sales
 Livestock Sales
Market Channel Sales
 Other Farm Income
 Direct Crop Expense
 Direct Livestock Exp...
Direct Market Channel...
 Related Operating E...

Crop Enterprise ...
 Direct Crop Expe...
 Allocated Crop E...
 Other Crop Infor...
 1 - Beef Finishing
 Blank livestock en...
 Feed Fed
 Direct Livestock E...
 Allocated Livesto...
 Direct Market Ex...
 Labor & Alloc...
 Allocated Market ...
 Value Added / Non...
 Value Added / Non...
 Value Added / Non...

Related Operating Expense Allocations

	Total amount to be allocated	Percent allocated to Crops	Percent allocated to Livestock	Percent allocated to Mkt Channel	Percent allocated to Value Added	Percent Remaining
Irrigation energy	100,000					
Fuel & oil	51,256	64.00	31.00	2.00	3.00	
Repairs	49,888	79.00	16.00		5.00	
Hired labor	37,500	40.00	55.00	2.00	3.00	
Machinery leases	2,855	100.00				
Building leases		100.00				
Real estate taxes	12,121	60.00	35.00	2.00	3.00	
Personal property taxes		100.00				
Farm insurance	13,000	60.00	35.00		5.00	
Utilities	8,445	70.00	25.00	2.00	3.00	
Dues & professional fees	5,600	50.00	45.00	2.00	3.00	
Operating interest	30,411	26.00	69.00	2.00	3.00	
Interest on term debt	7,493	85.00	10.00	2.00	3.00	
Interest on long term debt	42,225	70.00	25.00	2.00	3.00	
Machinery depreciation		80.00	15.00	2.00	3.00	
Building depreciation		20.00	75.00	2.00	3.00	
Miscellaneous	4,551	50.00	45.00	2.00	3.00	
Value of labor & mgmt		40.00	55.00	2.00	3.00	
Unpaid operator and family labor	2,500	40.00	40.00	10.00	10.00	
Salaried and management		100.00				
Full time hourly		100.00				
Seasonal hourly	2,000	40.00	40.00	10.00	10.00	
Guest worker		100.00				
Contractor		100.00				
Volunteer		100.00			3.00	

Enterprise Analysis Options – the impacts

- Unselecting a previously activated enterprise? Need to adjust expense allocations.

	Total amount to be allocated	Percent allocated to Crops	Percent allocated to Livestock	Percent allocated to Mkt Channel	Percent allocated to Value Added	Percent Remaining
Irrigation energy		100.00				
Fuel & oil	24,938	85.00	5.00	5.00	5.00	
Repairs	41,633	85.00	5.00	5.00	5.00	
Hired labor		75.00	5.00	15.00	5.00	
Owner wages & benefits		100.00				
Machinery leases		100.00				
Building leases		100.00				
Real estate taxes	10,041	80.00	10.00	5.00	5.00	
Personal property taxes		100.00				
Farm insurance	11,500	85.00	5.00	5.00	5.00	
Utilities	6,943	80.00	10.00	5.00	5.00	
Advertising & promotion		100.00				
Dues & professional fees	2,500	85.00	5.00	5.00	5.00	
Purchase of resale items		100.00				
Operating interest	1,462	85.00	5.00	10.00		
Interest on interm. debt	6,763	91.00	2.00	7.00		
Interest on lng term debt	7,039	91.00	5.00	4.00		
Machinery depreciation	60,480	91.00	2.00	7.00		
Building depreciation	1,564	90.00	2.00	7.00	1.00	
Miscellaneous	8,347	85.00	5.00	8.00	2.00	
Value of labor & mgmt	75,000	75.00	5.00	10.00	10.00	
Unpaid operator and family labor	4,150	75.00	5.00	10.00	10.00	
Salaried and management		100.00				
Full time hourly		100.00				
Seasonal hourly		100.00				
Guest worker		100.00				
Contractor		100.00				
Volunteer		100.00				

Center for Farm Financial Management
Copyright © University of Minnesota



	Total amount to be allocated	Percent allocated to Crops	Percent allocated to Livestock	Percent Remaining
Irrigation energy		100.00		
Fuel & oil	24,938	85.00	5.00	
Repairs	41,633	85.00	5.00	
Hired labor		75.00	5.00	
Owner wages & benefits		100.00		
Machinery leases		100.00		
Building leases		100.00		
Real estate taxes	10,041	80.00	10.00	
Personal property taxes		100.00		
Farm insurance	11,500	85.00	5.00	
Utilities	6,943	80.00	10.00	
Advertising & promotion		100.00		
Dues & professional fees	2,500	85.00	5.00	
Purchase of resale items		100.00		
Operating interest	1,462	85.00	5.00	
Interest on interm. debt	6,763	91.00	2.00	
Interest on lng term debt	7,039	91.00	5.00	
Machinery depreciation	60,480	91.00	2.00	
Building depreciation	1,564	90.00	2.00	
Miscellaneous	8,347	85.00	5.00	
Value of labor & mgmt	75,000	75.00	5.00	
Labor hours	4,150	95.00	5.00	

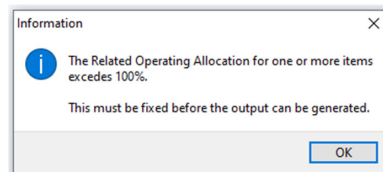
**≠
100%**

Enterprise Analysis Options – the impacts

- Re-selecting previously de-activated enterprise? Need to adjust expense allocations.

	Total amount to be allocated	Percent allocated to Crops	Percent allocated to Livestock	Percent Remaining
Irrigation energy		100.00		
Fuel & oil	24,938	95.00	5.00	
Repairs	41,633	95.00	5.00	
Hired labor		95.00	5.00	
Owner wages & benefits		100.00		
Machinery leases		100.00		
Building leases		100.00		
Real estate taxes	10,041	90.00	10.00	
Personal property taxes		100.00		
Farm insurance	11,500	95.00	5.00	
Utilities	6,943	90.00	10.00	
Advertising & promotion		100.00		
Dues & professional fees	2,500	95.00	5.00	
Purchase of resale items		100.00		
Operating interest	1,462	95.00	5.00	
Interest on interm. debt	6,763	98.00	2.00	
Interest on lng term debt	7,039	95.00	5.00	
Machinery depreciation	60,480	98.00	2.00	
Building depreciation	1,564	98.00	2.00	
Miscellaneous	8,347	95.00	5.00	
Value of labor & mgmt	75,000	95.00	5.00	
Labor hours	4,150	95.00	5.00	

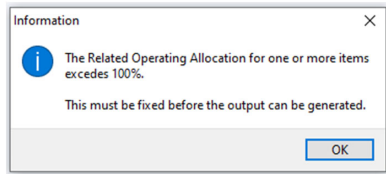
Center for Farm Financial Management
Copyright © University of Minnesota



**FINAN
remembers the
previously
entered
allocations**

Enterprise Analysis Options – the impacts

- Re-selecting previously de-activated enterprise? Need to adjust expense allocations.



FINAN
remembers the
previously
entered
allocations



	Total amount to be allocated	Percent allocated to Crops	Percent allocated to Livestock	Percent allocated to Mkt Channel	Percent allocated to Value Added	Percent Remaining
Irrigation energy		100.00				
Fuel & oil	24,938	95.00	5.00	5.00	5.00	
Repairs	41,633	95.00	5.00	5.00	5.00	
Hired labor		95.00	5.00	15.00	5.00	
Owner wages & benefits	100.00					
Machinery leases	100.00					
Building leases	100.00					
Real estate taxes	10,043	90.00	10.00	5.00	5.00	
Personal property taxes		100.00				
Farm insurance	11,500	95.00	5.00	5.00	5.00	
Utilities	6,943	90.00	10.00	5.00	5.00	
Advertising & promotion	100.00					
Dues & professional fees	2,500	95.00	5.00	5.00	5.00	
Purchase of resale items	100.00					
Operating interest	1,462	95.00	5.00	10.00		
Interest on interm. debt	6,763	98.00	2.00	7.00		
Interest on lng term debt	7,038	95.00	5.00	4.00		
Machinery depreciation	60,480	98.00	2.00	7.00		
Building depreciation	1,560	98.00	2.00	7.00	1.00	
Miscellaneous	8,340	95.00	5.00	8.00	2.00	
Value of labor & mgmt	75,000	95.00	5.00	10.00	10.00	
Unpaid operator and family labor	4,150	75.00	5.00	10.00	10.00	
Salaried and management		100.00				
Full time hourly		100.00				
Seasonal hourly		100.00				
Guest worker		100.00				
Contractor		100.00				
Volunteer		100.00				

100%

FINPACK updates of interest...

- View Crop and Feed Check –
 - Added the ability to view the Crop and Feed Check using the checkmark icon on the toolbar.

Crop	Beg Inv	Produced (+)	Purchased (+)	Sold (-)	Fed (-)	End Inv	Discrepancy
Corn	94,700	35,000		25,000	5,000	94,700	5,000

FINPACK updates of interest...



Summary Information		
Type of business	Sole proprietor	
Farm ID		9876543
State	Minnesota	
County	Redwood	
Total acres owned		151
Number of operators		1
Operator number 1		
Year born		1962
Year started farming		1982
Operator number 2		
Year born		0
Year started farming		0
Operator number 3		
Year born		0
Year started farming		0
Operator number 4		
Year born		0
Year started farming		0
Operator number 5		
Year born		0
Year started farming		0
Special sorts	None	
Analyst Name	Van Nurdén	
Summary Group	Southwest Minnesota Farm Business Management As	

• General FINAN –

- Verify **Acres Owned** reported in **Summary Information** equals Owned Crop Acres in **Enterprise Analysis**.
- Warning generated if Acres entered in **Summary Information** < **Crop Analysis**

Warning

Acres owned reported in Summary Information is less than crop acres owned in Analysis.



Center for Farm Financial Management
Copyright © University of Minnesota

Updates of interest...

• Labor Expense Category Updates:

- General Labor Categories
 - Unpaid operator and family labor (no change)
 - Salaried and management (new addition)
 - Full time hourly (was full time hired labor)
 - Seasonal hourly (was other hired labor)
- New Categories Only for Market Channel Analysis
 - Guest worker
 - Contractor
 - Volunteer



Updates of interest...Crop Enterprise Analysis

- Added Field ID in Crop Enterprise Analysis data entry.

- Will be used to **identify fields over time** - related to **cover crop impact monitoring**.
- For tracking the **"Grown after cover crop"** field.
- Additional entry beyond **Description** field.
- Tips:**
 - A 20-character string.
 - ID ideas: FSA farm number, Section number, or any general description.
 - Must be **unique & consistent** over time for each field.

Crop Enterprise Analysis	
Crop	Corn
Description	
Field ID	Home40
Type	Normal
Acres owned	32
Acres cash rented	
Acres share rented	
Your Share (%)	100
Total production (your share)	6,048 bu.
Value per unit	6.10 bu.
Total product value	36,893
Hedging gain or loss	0
Crop insurance income	
LDP income	
Crop government payments	
Other income	
Combine with ent. number	


Cover Crop Data Entry

Crop Enterprise Analysis		
	1	2
Crop	Corn	Cover crop mix
Description	Grown w/ Cover Crop	Cover crop acres
Field ID	Tract#3244	Tract#3244
Type	Normal	Double Crop
Acres owned		
Acres cash rented	40	40
Acres share rented		
Your Share (%)	100	100
Total production (your share)	7,680 bu.	\$
Value per unit	6.32 bu.	\$
Total product value	48,538	
Hedging gain or loss		
Crop insurance income		
LDP income		
Crop government payments	400	800
Other income		
Combine with ent. number		1

Designating Cover Crops

Other Crop Information		
Crop	Corn	Cover crop mix
Description	Grown w/ Cover Crop	Cover crop acres
Field ID	Tract#3244	Tract#3244
Type	Normal	Double Crop
Total acres	40	40
Previous Crop	Soybeans	None Selected
Field County	MN Blue Earth	MN Blue Earth
Tillage system	<input type="radio"/> Moldboard <input type="radio"/> Chisel/deep till <input type="radio"/> Minimum till <input type="radio"/> No till <input type="radio"/> Ridge till <input type="radio"/> Strip till <input type="radio"/> <No Answer>	<input type="radio"/> Moldboard <input type="radio"/> Chisel/deep till <input type="radio"/> Minimum till <input type="radio"/> No till <input type="radio"/> Ridge till <input type="radio"/> Strip till <input type="radio"/> <No Answer>
Row width	<input type="radio"/> < 10 <input type="radio"/> 10 - 18 <input type="radio"/> 19 - 25 <input type="radio"/> 26 - 32 <input type="radio"/> > 32 <input type="radio"/> <No Answer>	<input type="radio"/> < 10 <input type="radio"/> 10 - 18 <input type="radio"/> 19 - 25 <input type="radio"/> 26 - 32 <input type="radio"/> > 32 <input type="radio"/> <No Answer>
GMO Technology	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>
Organic transition	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>
Manure	<input type="radio"/> Manure only <input type="radio"/> Manure and commercial <input type="radio"/> No manure <input type="radio"/> <No Answer>	<input type="radio"/> Manure only <input type="radio"/> Manure and commercial <input type="radio"/> No manure <input type="radio"/> <No Answer>
Cover crop	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>
Grown after a cover crop	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> <No Answer>	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>
Special sorts	CSP/EQIP/Con, Spot tile, 11	CSP/EQIP/Con ...

Updates of interest... **Livestock Enterprise Analysis**

- Whole farm detail selection – using the “Select from...” icon 
 - Select **Other Income**
- Ex: Livestock Government Payments or Livestock Insurance Income.

- **Special sort additions:**
 - Embryo Transfer (ET)
 - Grassfed
 - Auto Feeders



Updates of interest ...**Livestock Enterprise Analysis**

- **Dairy Specific –**

- Addition of **Energy Corrected Milk (ECM)** to analysis output.
- Terminology updated to “**Dairy Replacement Cost**” instead of Dairy Net Replacement Cost in Gross Margin calculation.
- Removed **Dairy Heifers (for sale)** enterprise.
- Added **Whey, liquid** (gallons) as a feed type.



Updates of interest ...**Livestock Enterprise Analysis**

- **Grow/Finish Livestock Enterprise Recommendations**

BEEF

Beef Cow/Calf / Calf Sales	Up to 650 lbs
Backgrounding	650 to 1,000 lbs
Finishing	Over 1,000 lbs

DAIRY STEERS

Feeders	Less than 500 lbs
Backgrounding	500 to 1,000 lbs
Finishing	Over 1,000 lbs

HOGS

Wean Pigs	Less than 20 lbs
Feeder Pigs	20 to 80 lbs
Finish Pigs	Over 200 lbs

SHEEP

Feeder Lambs	Less than 60 lbs
Market Lambs	Over 100 lbs

Other Crop Income

- where it maps from Whole Farm Other Income data entry

Crop Enterprise Analysis

Crop	1
Description	
Type	Normal
Acres owned	
Acres cash rented	
Acres share rented	
Your Share (%)	100
Total production (your share)	...
Value per unit	...
Total product value	
Hedging gain or loss	...
Crop insurance income	...
LDP income	...
Crop government payments	...
Other income	...
Combine with ent. number	

- Crop insurance income
- CCC market loan gain
- LDP payment income
- Crop government payments
- Other government payments
- Misc. crop income
- Conservation government payments

Other Livestock Income

- where it maps from Whole Farm Other Income data entry

Livestock Inventory Product Sales and Other Income Other Information

	Milk Quantity		Value
Sales	...	lb.	...
Used in the home		lb.	
Fed		lb.	
Hedging gain or loss			
Livestock insurance income			
Government payments			
Other income			

- Livestock insurance income
- Livestock government payments
- Misc. livestock income



Closeout Manual Updates



2022 Government Programs

*Continuing to
navigate the maze
for new program
payments*

Drought / Disaster Declaration Payments

- **ELRP – Emergency Livestock Relief Program**

- Program: Supplement feed cost program for 2021 forage losses
- Whole Farm: Livestock Government Payment
- Enterprise: NOT Allocated

- **ERP – Emergency Relief Program**

- Program: Natural disaster program related 2020 & 2021 losses
- Whole Farm: Other Government Payment
- Enterprise: NOT Allocated

Drought / Disaster Declaration Loans

- **USDA Low Interest Emergency Loans**

- Program: Available to farms impacted by HPAI
- Whole Farm: Treat like any other long term loan

- **USDA Low Interest Physical Loss Loans**

- Program: Available to farms impacted by excessive rain & flooding in spring of 2022
- Whole Farm: Treat like any other long term loan



Pandemic Related Payments

- **PRS – Pandemic Response & Safety Grant Program**

- Program: Specialty crop & livestock program for COVID related needs
- Whole Farm: Other Government Payment
- Enterprise: NOT Allocated



- **SMHPP – Spot Market Hog Pandemic Program**

- Program: Losses hog producers had from spot market sales during COVID
- Whole Farm: Livestock Government Payment
- Enterprise: NOT Allocated



 Center for Farm Financial Management
Copyright © University of Minnesota

Other Program Payments

- **GRP – Grassland Reserve Program**

- Program: Grazing enhancement program
- Whole Farm: Conservation Government Payment
- Enterprise: Crop Government Payment for Pasture



MN Specific Payments



• MN 2021 Agricultural Drought Relief Program (ADRoP)

- Program: funds for livestock specialty crop producers related to 2021 drought expenses
- Whole Farm: Crops: Other Govt Pymt Inc.; Lvst: Lvst Govt Pymt Inc.
- Enterprise: NOT Allocated – relates to 2021 drought conditions

• MN Frontline Worker Pay Program

- Program: Covid related frontline worker pay program
- Whole Farm: Other Personal Income – farm businesses not eligible
- Enterprise: NOT Allocated

Handling Government Payments – Whole Farm

	Amount	
Miscellaneous crop income		
Cull breeding livestock	37,867	
Misc. livestock income		
CCC market loan gain		• CCC Market Gain & LDP Payments
Crop government payments	7,149	• ARC & PLC Payments
CRP payments		• DMC Payments
Livestock govt payments		• Emergency Assistance for Lvst, etc Program (ELAP)
Other government payments		• Livestock Forage Disaster Program (LFP)
Conservation govt payment	0	• Pandemic Market Volatility Assistance Prog. (PMVAP)
Custom work income		• Emergency Livestock Relief Program (ELRP)
Contract livestock income		• Spot Market Hog Pandemic Program (SMHPP)
Patronage dividends, cash	9,801	• MN Ag. Drought Relief Program (ADRoP) – for Lvstk.
Crop insurance income		• PPP Loan Forgiveness
Livestock insurance inc		• Emergency Relief Program (ERP)
Property insurance income		• MN Ag. Drought Relief Program (ADRoP) – for Crops
Sale of resale items		• Pandemic Response & Safety Grants (PRS)
Cash from hedging accts		• EQIP (for annual production expenses) & CSP pymts.
Other farm income	38,038	• SHIPP & Grassland Reserve Program (GRP) pymts
		• Pandemic Cover Crop Program (PCCP)
Total	92,855	• Crop insurance & Prevented plant payments
		• Livestock Insurance program pymts: LGM, LRP, DRP

Crop Government Payments

Crop
Description
Type
Acres owned
Acres cash rented
Acres share rented
Your Share (%)
Total production (your share)
Value per unit
Total product value
Hedging gain or loss
Crop insurance income
LDP income
Crop government payments
Other income
Combine with ent. number
<

NOT ALLOCATED TO ENTERPRISES:

- PPP Loan Forgiveness
- MN ADRoP payments
- ERP payments
- PRS grant payments

- SHIPP, CRP – treat as a crop

- Crop insurance payments
- Prevent plant payments

- CCC Market Gain
- LDP Payments

- ARC and PLC payments
- GRP payments for pasture

- EQIP & CSP for annual expenses
- PCCP payments

Livestock Government Payments

Livestock Inventory	Product Sales and Other Income	Other Information
	Milk Quantity	Value
Sales	2,312,050 ... lb.	409,001 ...
Used in the home	lb.	
Fed	lb.	
Hedging gain or loss		
Livestock insurance income		
Government payments		
Other income		22,682

- LGM payments
- LRP payments
- DRP payments

- DMC payments
- EQIP & CSP for annual expenses

NOT ALLOCATED TO ENTERPRISES:

- PPP Loan Forgiveness
- ELAP payments
- LFP payments
- PMVAP payments
- ELRP payments
- MN ADRoP payments
- PRS grant program pymts.
- SMHPP payments

Other Highlights



- ★ • **Update:** Estimated Value of Labor & Management
★ **\$30,000/full time operator** + 5% of value of farm production
- Use “Delete from Summary” for **100% and 99% share rented acres**.
- Avoid high dollar amounts in **Miscellaneous Expense** for enterprises.
Do those dollars fit in another expense category?
- **Micronutrients & other biologicals** – include as **Fertilizer** expense.
- **Baling Pastures/Prev. Plant?** Enter as a **secondary product** on acres.
- **Hauling & Trucking Silage & Hay Crops** – include as **Custom Hire**.

Other Highlights



- **Milk Base / Quota for Dairy Cooperatives**
 - Milk Base **purchases** = **capital purchase**
 - Milk Base **allocated** from creamery = **no balance sheet value**
 - Milk Base **sold** = **capital sale**
 - Purchased Milk Base **reduced** by creamery = **loss of asset value**
 - **Milk pricing impacts** related to over production = **lessor milk price**

Resources Available

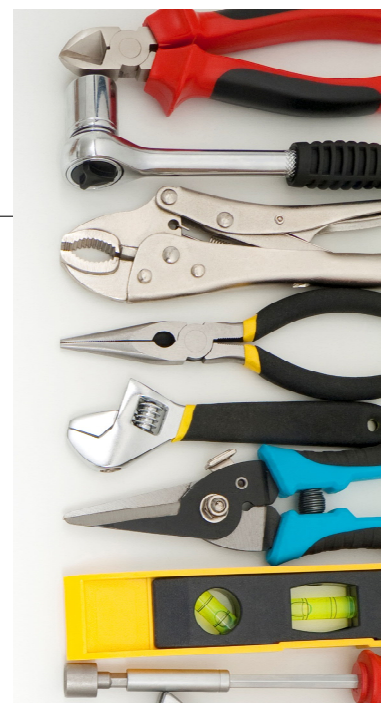
NEW Spreadsheet Tools

Dry Equivalents

◦ z.umn.edu/DryEquivalentsCalculator

Average Crop Value

◦ z.umn.edu/AverageCropValueCalculator



Enterprise Analysis Training

- **4 recorded sessions:**

Enterprise analysis prep z.umn.edu/Day-1

Crop enterprise analysis z.umn.edu/Day-2

Livestock enterprise analysis z.umn.edu/Day-3

Advanced livestock, value-added, analysis error sleuthing
z.umn.edu/Day-4

- Find recordings & materials at z.umn.edu/benchmarking



Benchmarking Lunch Break Series

- **3 sessions:**

Cover crop analysis. z.umn.edu/CoverCropAnalysis

Market channel analysis. z.umn.edu/MarketChannelAnalysis

2022 FINPACK & closeout updates. This afternoon at 12 pm.
Join at z.umn.edu/2022Closeout

- All materials and recordings posted at z.umn.edu/benchmarking

