Building a financial future

JESSICA GROSKOPF
If football is a game of inches, then farming is a game of pennies
– Iowa Farmer
The Most Top Efficient Farms

5 + bushel/acre advantage

Each expense line $1-$5 less per acre

Total expense per acre $40-$60 per acre
KNOWLEDGE IS POWER

I want to know more about my operation than my baker thinks they know sitting across the desk from me.

- Nebraska Farmer
Financial Record Keeping...
Not just for taxes!

- End of year tax reporting
- Create financial documents
  - Balance Sheet
  - Cash Flows
    - Projections
    - Budgets
    - Actuals
  - Income Statement
- Decision making
How do I need to be able to organize my information?

- Tax category

- Asset or liability classification
- Month
- Enterprise or field
How do I need to keep financial records?

- Handwritten
- Excel
- Financial software: Quicken, QuickBooks, PC Mars, Farmlogs...
Which should I select?

- Whatever you are most comfortable with and will keep up to date
- Most commercially available financial software is not built to keep production information.
NEBRASKA FARM AND RANCH BUSINESS RECORD
FOR
INCOME TAX AND ANALYSIS

NAME ____________________________
ADDRESS ____________________________

THE UNIVERSITY OF NEBRASKA–LINCOLN
INSTITUTE OF AGRICULTURE AND NATURAL RESOURCES
AND
DEPARTMENT OF AGRICULTURAL ECONOMICS

https://marketplace.unl.edu/default/fm884.html
Or at most County Extension Offices, $5/each
Excel Files

- Great place to start
- Hard to reconcile
- Difficult to include everything

- Illinois – Month Cash Flow Plan  [https://farmdoc.illinois.edu/fast-tools/cash-flow-planning](https://farmdoc.illinois.edu/fast-tools/cash-flow-planning)
Quicken vs. QuickBooks

<table>
<thead>
<tr>
<th>QUICKEN</th>
<th>QUICKBOOKS</th>
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<tbody>
<tr>
<td>Cash Accounting</td>
<td>Accrual Accounting (Double Entry)</td>
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<tr>
<td>• Personal Finance Software</td>
<td>• Small Business Finance Software</td>
</tr>
<tr>
<td>• Family living expenses</td>
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<tr>
<td>• Off-farm income</td>
<td>• Accounts Payable/receivable</td>
</tr>
<tr>
<td>• Investment income and expenses.</td>
<td>• Payroll</td>
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Bottom line: Quicken is more affordable and user friendly, for producers who do not have payroll and do not need invoicing.
Poor financial records come in every format...
Do the work...
Keep your business & personal finances separate.
Keep an accurate check register.

ARTICLE: https://go.unl.edu/checkreg
Reconcile Monthly

ARTICLE: https://go.unl.edu/recon
Reconciliation

The process of making sure one record of a financial account is consistent with another.

- Monthly bank statement to receipts
- **Ledger of accounts** to receipts
- Monthly bank statement to **ledger of accounts**

A **ledger of accounts** may be your check register or any other financial record (handwritten books, excel files, or financial software).
Consistency is key
Who is on your team?

- Banker
- Tax Accountant
- Lawyer
- Marketing Advisor
- Production: Crop Advisor, Veterinarian
Nebraska Strong Financial Services – cap.unl.edu/nsfs

**WHOLE FARM & ENTERPRISE ANALYSIS**
Whole farm analysis provides an overview of the operation. Enterprise analysis includes production and profitability details for each crop or enterprise.

**CASH FLOW PLANNING**
Develop a forward-thinking plan to assess the coming years for the farming operation. Assists producers to evaluate feasibility at projected prices, yields, enterprises and more.

**BENCHMARKING & COMPARISONS**
Compare your operation at the state and regional levels while maintaining anonymity. Compare your own trends over 1-to-5 years to assess growth of performance.

**POST-ANALYSIS & DECISION-MAKING**
We are available to connect you with appropriate faculty or extension educators. Gain further insights on marketing, pest control, expansion and much more.
Nebraska Farm Business Inc.–https://nfbi.net/

➢ Accounting
➢ Tax Services
➢ CFO – Checking your Financials more Often
➢ Farm Analysis
➢ More
Upcoming Financial Workshops

- Know Your Numbers, Know Your Options
- In-Person Quicken Trainings
- Livestock Unit Cost of Production
  - Jan. 10-11, 2022  Scottsbluff
  - Feb. 2-3, 2022  Mullen