

2020 Closeout Manual & FINPACK Software Updates



Center for Farm
Financial Management



CFANS
COLLEGE OF FOOD, AGRICULTURAL,
AND NATURAL RESOURCE SCIENCES

APPLIED
ECONOMICS

FINPACK®

Annual Update



Center for Farm Financial Management
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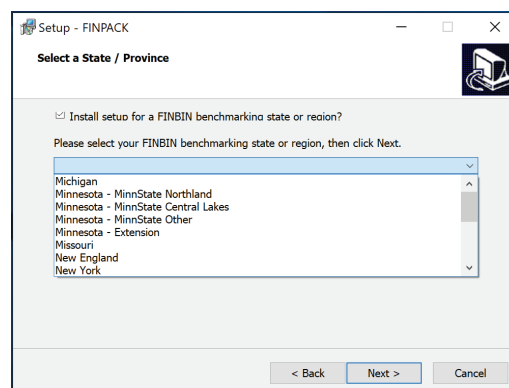
FINPACK Annual Update

- Available soon. Version 6.1.
- Uniform Set-up Files
 - Going forward – included as part of update.
 - You will select your State/Region during the install.
- What does this mean?
 - **No longer installing Set Files with each update!**
 - **Verify Benchmark Setup Region in FINPACK**
 - Go to **Help + About FINPACK**. The Benchmark Setup Region will be displayed if installed.



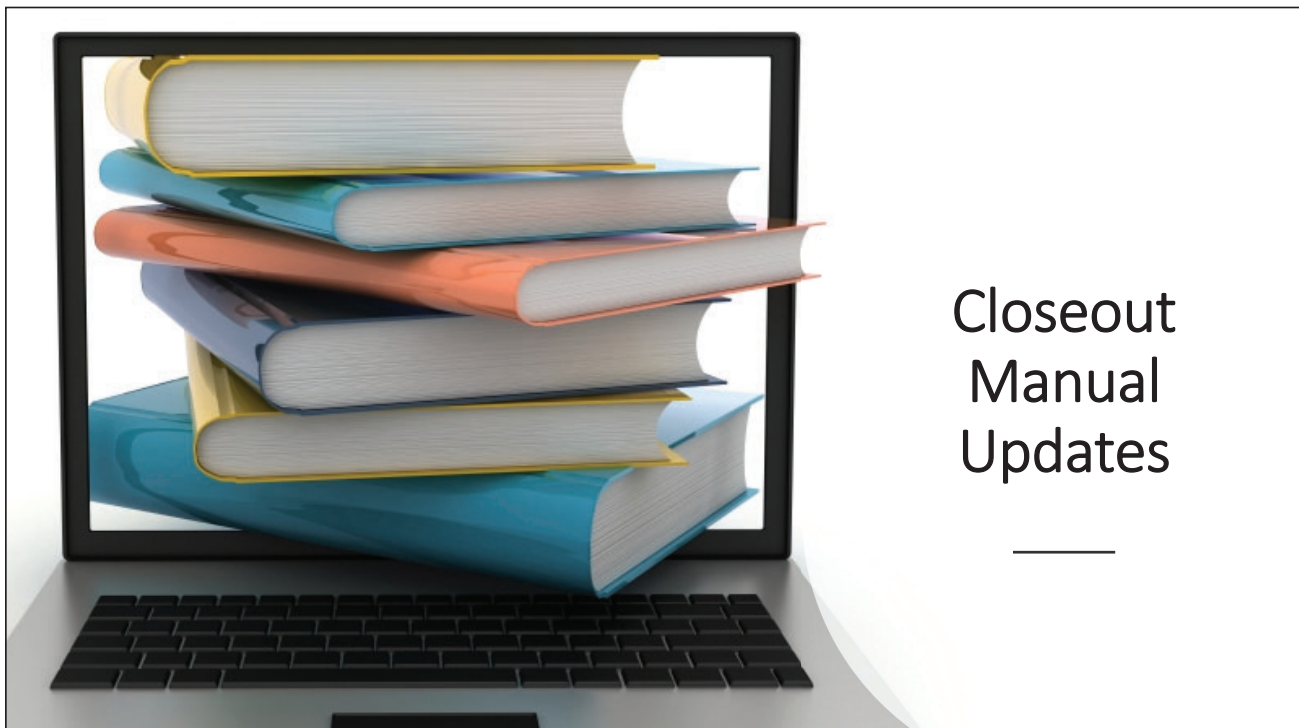
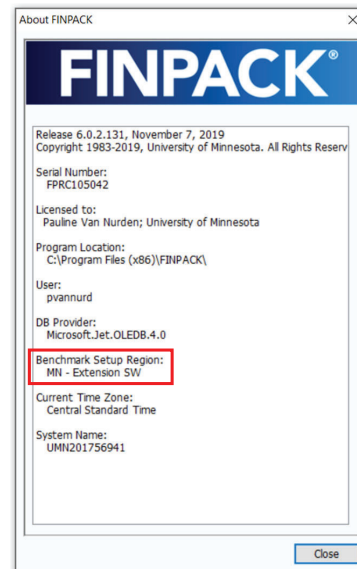
FINPACK Annual Update

- Uniform Setup File installation:



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.*



Closeout
Manual
Updates

Government Payments:

PPP (Paycheck Protection Program) Loan

Overview:

- We don't want PPP to impact expense trends and cost of production
 - **Therefore...**
 - Include **all expenses** paid with loan proceeds as normal farm expenses
 - Including those that won't be deductible because of PPP forgiveness
- This is a loan until forgiven

DEBT

Government Payments:

PPP (Paycheck Protection Program) Loan

If PPP Loan* is forgiven by year-end:

** Total loan amount forgiven*

- On the Balance Sheet
 - If loan is forgiven in full, there's nothing to include on the balance sheet
- In FINAN
 - Enter forgiveness amount as **Other Government Payment income** in whole farm analysis.
 - Include **all expenses** paid with loan proceeds as normal farm expenses
 - Include a Current Farm Liability entry –
 - Amount Borrowed = PPP Loan funds received
 - Principal Paid = The amount from Other Government Payment Income (from above)

Government Payments:

PPP (Paycheck Protection Program) Loan

PPP Loan NOT forgiven by year-end, but forgiveness pending:

- On the Balance Sheet
 - Show expected forgiveness as **Account Receivable**
 - Leave the PPP Loan outstanding as a **Current Loan**.
 - Balance Sheet Lender = Bank servicing loan
- In FINAN
 - Include **all expenses** paid with loan proceeds as normal farm expenses
 - Show the PPP **loan borrowing**

Government Payments:

PPP (Paycheck Protection Program) Loan

For PPP Loan amounts that will NOT be forgiven:

- On the Balance Sheet
 - Any amount that will not be forgiven as an **Intermediate Loan**.
Include amortization information.
- In FINAN
 - Use previous recommendations to handle portion of PPP forgiven
 - Show applicable **Intermediate Loan** borrowing for **unforgiven** portion

Government Payments: PPP (Paycheck Protection Program) Loan

PPP in Crop and Livestock Enterprises

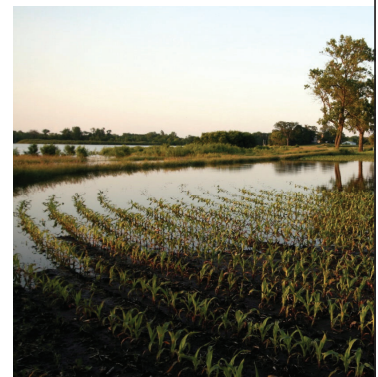
- **NOT** allocated to the crop and livestock enterprise analysis



Government Payments: WHIP+ (Wildfire & Hurricane Indemnity Program-Plus) Program

In FINAN

- Whole Farm = **Other Government Payment Income**
- **NOT** allocated to the crop enterprise analysis – funds from 2018 & 2019, not 2020 production



Government Payments:

CFAP 1 (Coronavirus Food Assistance Program) Program

In FINAN

- **Whole Farm** = **Other Government Payment Income**
 - **Crop Enterprise Analysis**
 - Include as **Crop Government Payment Income** for program crops
 - Allocate like ARC & PLC
 - **Livestock Enterprise Analysis**
 - Allocate to applicable enterprises as **Livestock Government Payment Income**
- * Use best judgement to split between crop & livestock enterprises*

Government Payments:

CFAP 2 (Coronavirus Food Assistance Program) Program

In FINAN

- **Whole Farm** = **Other Government Payment Income**
 - **Crop Enterprise Analysis**
 - Include as **Other Income** for eligible crops
 - Enter on a per crop basis.
 - **Livestock Enterprise Analysis**
 - Allocate to applicable enterprises as **Livestock Government Payment Income**
- * Split per enterprise, based on payment received for each.*

Government Payments:

SBA EIDL (Economic Injury Disaster Loans) Loans

On the Balance Sheet and In the FINAN

- Treat as any other long term loan



Government Payments:

SBA EIDL Emergency Advance Grant

- Emergency Advance (\$10k max) was considered grant funds received
- Note - Emergency Advance funds will decrease PPP forgiveness dollar for dollar.

In FINAN

- Whole Farm = **Other Government Payment income**
- **NOT** allocated to the crop or livestock enterprise analysis

Government Payments:

EIP (Economic Impact Payments) – ‘Stimulus Checks’

In FINAN

- Whole Farm = **Other Personal Income** (non-farm income)
- **NOT** allocated to the crop or livestock enterprise analysis



Government Payments:

MFP 2.0 (Market Facilitation Program) – Third Tranche

Feb. 2020 – payment was received, for 2019 program.

This was included in the 2019 analysis...

- Balance Sheet – Account Receivable for 3rd Tranche payment on Jan. 1, 2020 balance sheet
- FINAN – included in accrual adjusted income for the year; allocated to crop and livestock enterprises.

In 2020 FINAN

- Whole Farm - Include 3rd Tranche cash payment received in 2020 as **Other Government Payment Income**
- **NOT** allocated to the crop or livestock enterprise analysis
- *Make sure Account Receivable is removed from Jan. 1, 2021 balance sheet. This will ‘accrual-adjust’ out of 2020 income.*

Handling Government Payments – Whole Farm

	Amount
Miscellaneous crop income	
Cull breeding livestock	37,867
Misc. livestock income	
CCC market loan gain	
Crop government payments	7,149
CRP payments	
Livestock govt payments	
Other government payments	
Conservation govt payment	0
Custom work income	
Contract livestock income	
Patronage dividends, cash	9,801
Crop insurance income	
Livestock insurance inc	
Property insurance income	
Sale of resale items	
Cash from hedging accts	
Other farm income	38,038
Total	92,855

- CCC Market Gain
- LDP Payments

- ARC & PLC Payments

- DMC Payments
- DAIRI Payments (MN)

- PPP Loan Forgiveness
- WHIP+ Payments
- CFAP 1 & 2 Payments
- EIDL Emergency Advance Grant
- MN Small Business Relief Grant
- MFP Payment (3rd Tranche – Rec'd Feb. 2020)

- EQIP (for annual production expenses)
- CSP Payments
- SHIPP Payments

- Crop insurance payments
- Prevent plant payments

- Livestock Gross Margin (LGM) payments
- Livestock Risk Protection (LRP) payments
- Dairy Revenue Protection (DRP) payments



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
- EIDL Emergency Adv. Grants
- MFP 2.0 - 3rd Tranche Payments

- WHIP+ Payments
- MN Small Business Relief Grants

- SHIPP – treat as a crop, like CRP

- Crop insurance payments
- Prevent plant payments

- CCC Market Gain
- LDP Payments

- ARC and PLC payments
- CFAP 1 Payments

- CFAP 2 Payments
- EQIP & CSP for annual expenses



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		
Fed		
Hedging gain or loss		
Livestock insurance income		
Government payments		
Other income		22,682

- LGM payments
- LRP payments
- DRP payments

- **CFAP 1 & 2 Payments**
- DMC / DAIRI (MN) payments
- EQIP & CSP for annual expenses

NOT ALLOCATED TO ENTERPRISES:

- PPP Loan Forgiveness
- EIDL Emergency Adv. Grants
- MFP 2.0 - 3rd Tranche Payments
- WHIP+ Payments
- MN Small Business Relief Grants

Analysis Keys – Organic Analysis ... Whole Farm

- Crop Sales – use organic crop option.
- Direct Crop Expenses –
 - **Organic Crop Protection** – not Crop Chemical expense
 - **Cover Crop Expense** as needed.
- Direct Livestock Expenses –
 - **Purchased Feed** – use organic commodity type for purchased feeds. Ex: Hay, alfalfa organic or corn, organic.
- Related Operating Expenses –
 - **Organic certification** – must be included.



Analysis Keys – Organic Analysis ... Crop Enterprises



Crop type - Use **organic crop option** for enterprises (if available).



Value per unit – use same guidelines as conventional crops.



Direct Crop Expenses –

Seed and Plants – shouldn't be \$0, use reasonable value for homegrown seed.

Organic Crop Protection – use this if protection products used, not Crop Chemical expense

Organic Certification – allocate a portion of the annual fee to crop production.



Other Crop Information – Select all **Special Sorts** and **Other Crop Information** for acres.

Analysis Keys – Organic Analysis ... Livestock Enterprises



Organic Enterprise Identification – select **Organic special sort**.



Feed Fed –

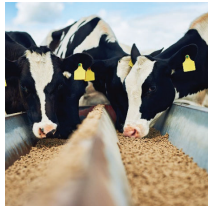
Homegrown Organic feed – value at est. market value for similar organic feed.

Pasture, Organic – need pasture as feed. Produce in crop enterprise analysis.



Direct Livestock Expenses – **Organic certification** – include a portion of the annual fee.

Analysis Keys – Cover Crops... Two Types



Feed, sale, or grazing



Soil enhancement and
agronomic purposes

Analysis Keys – Cover Crops ... for Feed / Sale / Grazing

- Enter as the specific crop type. Use double crop if needed.
- On Balance Sheet –
 - Enter any crop expenses invested at year end as actual expense type, **not** cover crop expense.
- In Crop Enterprise Analysis –
- Distribute **actual expenses** in analysis to crop as seed, fertilizer, etc.
- **No Cover Crop Expense** used.
- **Cover Crop special sort** – a must!

Crop Enterprise Analysis		Cover Crops Grown for Sale-Feed-Grazing
Crop	Rye Silage	1
Description	Cover Crop	
Type	Double Crop	
Acres owned		40
Acres cash rented		

Direct Crop Expenses		Cover Crops Grown for Sale-Feed-Grazing
	Amount Remaining	1 Rye Silage Cover Crop Double Crop 40 Acres
Seed	1840	
Fertilizer		
Crop chemicals		
Organic crop protection		
Cover-crop-expense		XXXXXXXXXXXXXXXXXX
Crop insurance		
Drying expense		
Storage		
Packaging and supplies		
Custom hire		1,160
Hired labor	16,280	
Land rent		
Machinery leases		

Detail: Special Sorts - Rye Silage	
Include	Description
<input checked="" type="checkbox"/>	CSP/EQIP/Conservation
<input checked="" type="checkbox"/>	Cover crop

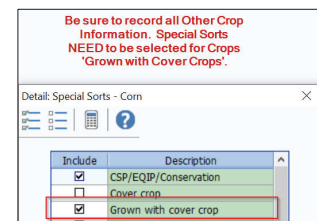
Actual crop input
expenses used - NOT
Cover Crop Expense

Analysis Keys –

Cover Crops ... for Soil Enhancement / Agronomic

- Attribute expenses to the benefitting crop as **Cover Crop Expense**.
 - On the balance sheet
 - In the whole farm and crop enterprise analysis
- In Crop Enterprise Analysis –
- Include related expenses as **Cover Crop Expense**.
- **Grown with Cover Crop special sort** – a must!
- Consider Other Crop Information too.

Direct Crop Expenses		For Grown with Cover Crop Enterprises
	Amount Remaining	1 Corn Grown w/ Cover Crop Normal 554 Acres
Seed		65,506 ...
Fertilizer		67,434
Crop chemicals		15,226
Organic crop protection		
Cover crop expense		15,120
Crop insurance		6,886
Drying expense		3,751
Storage		
Packaging and supplies		
Custom hire		3,329



Training
Opportunities

WEBINAR



Basic FINPACK for Benchmarking Training

- 3 recorded sessions:
 1. Balance Sheets
 2. Financial Analysis (FINAN)
 3. Benchmarking Tools
- These were recorded and have been linked at z.umn.edu/benchmarking.
- Let Pauline know if you are having difficulties accessing.



Enterprise Analysis Training

- 4 webinar sessions – 10 am to 12 pm:
 - **Dec. 1** Enterprise analysis prep
 - **Dec. 3** Crop enterprise analysis
 - **Dec. 8** Livestock enterprise analysis
 - **Dec. 10** Advanced livestock analysis
- Let Pauline know if you'd like to register

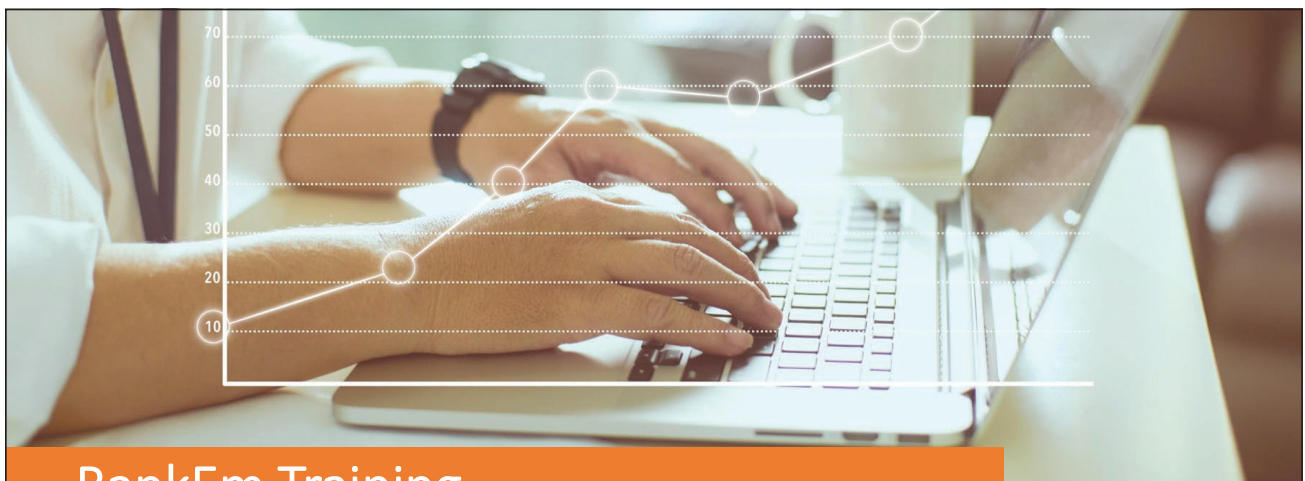
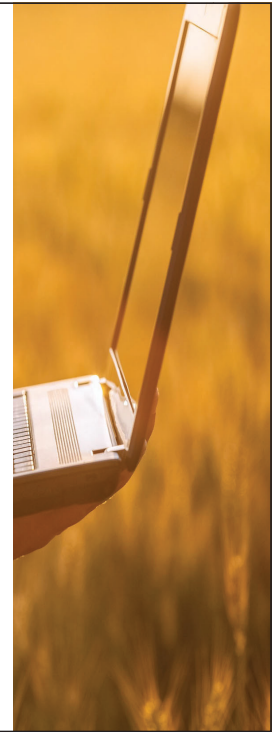




Organic Analysis Training

- **Dec. 10th – 12 to 1 pm:**

- Do's and Don'ts of completing an organic enterprise analysis
- Join the Zoom meeting at z.umn.edu/organic_training
- **Still looking for additional organic farms. Grant supports student tuition fees for participating.**



RankEm Training

- **Feb. 19th – Friday FBM Webinar:**

- How to use RankEm and work with Database Leaders
- Zoom details coming