

TelFarm Newsletter

Volume 21, Issue 2

Fall 2021

Important Dates for Year-End

Late October:

If you are on Pc Mars or QuickBooks and would like your accounting records reviewed prior to receiving tentative reports, please submit a backup or accountant copy to the TelFarm Center by Monday, October 25, 2021. Files received after this date will not be reviewed, they will only be printed as is for tentative tax documents. If you submit them for review and have resulting updates to your books, please resend an updated copy of your books by Monday, November 8, 2021.



Early November:

Accounting and depreciation transactions are due in the TelFarm office on or before Monday, November 8, 2021 (must be in office by then, not postmarked by) in order for you to receive:

- Cash Flow Report
- Tentative Tax Planning Package
- Depreciation Schedule

We will only print accounting reports for clients that have submitted books/records to us completed through at least September. All clients will still receive tentative depreciation schedules and tax planning handouts as long as your account is paid for 2021.

Week of Thanksgiving:

Items mailed to clients:

- Tentative Tax Planning Packages and Depreciation Schedules
- 2022 Enrollment Contracts

December:

- Tax planning meetings by local or Farm Business Management Educators. Submit your changes

in accounting and depreciation made during tax planning meetings to TelFarm upon completion.

- Enrollments due by Monday, December 13, for 2022 year. (A signed enrollment contract is needed to get supplies)

January:

- Employers prepare W2s and give to employees and SSA by January 31, 2022 as well as Form 943 to the IRS.
- Furnish 1099s to recipients and 1099-MISC for employee compensation to the IRS by January 31, 2022.

February:

Tax Package Deadline - final 2021 records are due at the TelFarm office on or before Monday, February 7, 2022 in order for you to have some time to file and pay taxes by March 1, 2022 to the IRS.

TelFarm Users Group Resumes

Are you interested in improving your Pc Mars bookkeeping skills? Do you have questions on how to do certain transactions? Would you like an opportunity to talk to other TelFarm cooperators about ag issues? Consider joining the TelFarm Users Group.

We will be meeting via Zoom web conferencing once a month from November to April. All meetings are on Wednesdays from 1-2 pm.

User Group Dates:

November 10th

December 15th

January 12th

February 16th

March 23rd

April 20th

Please contact the TelFarm office or your MSU Extension Educator to get the Zoom meeting link for these sessions. If you don't have fast enough internet to join the video conference, you can call into the meeting on your phone to hear the meeting and engage that way. Different topics are covered at each session and come from participant suggestions.

Participant Feedback on TelFarm Program

In the last edition of the TelFarm newsletter, we asked for your involvement in an upcoming research study about the MSU TelFarm program. The purpose of the study is to obtain information related to your participation (past or present) in key service areas offered through TelFarm.

The research will also aid a member of the MSU Extension team. Jon LaPorte, one of the researchers in this study, is working on his Master

of Agribusiness thesis through Kansas State University. The evaluation of participation in the MSU TelFarm program is the basis of his thesis project and your participation will help him towards completion of the degree.

One of the main areas the survey will seek input on is your expectations regarding services. The survey will also help us better understand participation in each service area. We wish to better understand

what you hope to gain from participating in the TelFarm program and ensure our services are beneficial to your farm business.

The survey is being made available through Qualtrics and was sent to available email addresses on record in late September. Please check your inboxes, junk mail folders, and look for a reminder email in early October about this survey.

2020 Farm Financial Benchmarking Results

Highlights from the Michigan Farm Business Summary

The Michigan Business Analysis Summary is the summarized financial report from TelFarm cooperators participating the yearend FinAn business analysis. You can view the complete report at the TelFarm Program website: <http://www.canr.msu.edu/telfarm/business-analysis-summaries/>

This is a gauge of the financial performance of the average Michigan farm completing the FinAn business analysis through MSU-Extension.

The Farm Business Summary is divided into three Whole Farm Analyses subsets: 1) All Participating Farms - Whole Farm Report, 2) Crop Farms Only - Whole Farm Report, and 3) Dairy Farms Only - Whole Farm Report. There

are also “cost of production” enterprise reports for corn, soybeans, alfalfa hay, winter wheat, and dairy enterprises.

Farms are included as “crop” or “dairy” if over 70% of their gross farm income comes from their crop sales or milk sales/dairy cattle sales, respectively.

	2017	2018	2019	2020
All Farms				
Net Farm Income	\$88,196	\$49,912	\$125,800	\$192,016
% Return on Farm Assets (FMV)	1.5	0.3	2.4	4.3
Net Worth Change (FMV)	\$144,431	\$(33,400)	\$120,909	\$195,109
Debt Replacement Margin	\$(43,204)	\$(76,817)	\$7,108	\$92,522
Crop Farms				
Net Farm Income	\$77,293	\$144,619	\$109,096	\$180,455
% Return on Farm Assets (FMV)	1.7	2.8	2.0	4.4
Net Worth Change (FMV)	\$161,552	\$89,049	\$85,966	\$192,335
Debt Replacement Margin	\$(44,737)	\$10,987	\$(57,994)	\$90,370
Dairy Farms				
Net Farm Income	\$142,861	\$(38,078)	\$234,603	\$315,943
% Return on Farm Assets (FMV)	2.3	-1.8	2.9	4.8
Net Worth Change (FMV)	\$96,628	\$(228,101)	\$222,378	\$290,274
Debt Replacement Margin	\$(30,734)	\$(192,271)	\$105,962	\$189,010

2020 Farm Financial Benchmarking Results, cont.

Interpretations

The average 2020 farm financial results were the best any of the last four years in all major categories. Average 2020 net farm income at \$195,109 was up almost \$75,000 over 2019. There were large positive impacts from COVID-aid related programs and other government programs to the financial returns of Michigan farms. The impact was so significant that if the COVID and government program monies were removed and all else remained the same, the net farm income would become negative. An extraordinary year by all measures.

Dairy Farms

Dairy farms had been going through some very difficult financial times, as covered in the news media and other outlets. Due to the large COVID and government program payments, as well as a rel-

atively stable milk price, dairy farms had the largest net farm income in over four years. Average dairy net farm income was \$315,943 and an increase in FMV net worth of \$290,274 over 2019. We hope many of our Michigan dairy farms were able to significantly catch up financially from the previous, very challenging years.

Crop Farms

The average net farm income was \$180,465, which was also the highest in over four years. This result was from good yields and improved year-end prices for most of the major crops. Crop farms did benefit from the COVID and government program payments, especially with the program crops corn, soybeans, and wheat. FMV net worth increased by \$192,335 over 2019.

Enterprise Analysis

Enterprise Analysis calculates the cost of production and then is adjusted by government payments received and unpaid operator labor. Crop enterprises include corn, corn silage, soybeans, and winter wheat. Crop enterprise reports are sorted by owned and cash rent as well as by net return. For some crops, there were not enough farms for the enterprise report. The hay, alfalfa enterprise report by tenure combined the farms to provide enough information to generate a report.

Dairy is the only livestock enterprise with enough farms to produce an enterprise report. The cost of milk production is calculated on both a per cow basis and on a per hundredweight of milk basis.

Wishing you a safe
harvest season this fall!



MSU is officially
closed on these days:

Thanksgiving —
November 25 & 26

Christmas —
December 24-27

New Years—
December 31-January 3

**Current
PcMars
Software
Version
is 3.0.5.3**

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