

TelFarm Newsletter

Volume 17, Issue 1

Spring 2017

TelFarm Participation Awards

Congratulations to the following farms for reaching these milestones last year and thank you for working with us!

50 Years—

- **Anderson Family Farm (Robert & Dennis Anderson)**—Paris
- **Allyn Anthony**—Hartford
- **Bosscher Dairy (Mike Bosscher)**—McBain
- **Kies Farm (Thomas Kies)**—Allen

- **Lerg Farms (Roger Lerg)**—St. Johns
- **McKelvey Farms (Theodore McKelvey)**—Hastings
- **Quackenbush Dairy Farm (Carl Quackenbush)**—Burt
- **Sanford Dairy (Dorothy Sanford)**—Deckerville
- **Schreur Farms Inc. (Eric & Heather Schreur)**—Hudsonville
- **M.D.F. Farms (Nicholas H Smith)**—Addison

25 Years—

- **Kent Fleming**—Jackson
- **Brian Hansen**—Gowen
- **Schumacher & Sons Farms LLC (Larry & William Schumacher)**—Munger



Staff updates

Several staff changes have occurred over the winter/spring here at TelFarm. Larry Borton, the TelFarm center and MSU Income Tax Coordinator, has retired after 20 years with TelFarm. Larry will still be helping out with the MSU Income Tax Schools, particularly the farm schools. He will also be around to help with odds and ends as needed.

Eric Wittenberg has moved on to other opportunities as of the end of May after working with the TelFarm program since 2011.

Our student assistant, Jacqueline DeClerg, has graduated from her undergraduate program of Hospitality Business and will be moving on. We are sad to see her go! Jacqueline's position has already been filled by her sister, Janelle DeClerg, a sophomore in AgriScience Education. We are excited to have Janelle on board to help with TelFarm and MSU Income Tax School duties this fall.

Updated Website for TelFarm

Our website has received an overhaul. We have tried to make it more user friendly and include some tips on how to use Pc Mars. The website also includes farm financial benchmarking reports, land value surveys and tax tips. You are also able to download the new Form 3 to report your farm's capital purchases. Please go check it out and let us know if there's anything else we can add to help you have the resources you need.

TelFarm Website:
<http://telfarm.canr.msu.edu/>

Ten Tips for Tough Times in Farming

Manage farm stress with these ten tips by [Phil Durst](#),
Michigan State University Extension

For many farms, across all of agriculture, the returns are poor relative to the cost of production. The result is great stress among many farm families. During times like this, it is easy to lose perspective, have difficulty making decisions and to be discouraged. Here are 10 things that may be of help to any family in that situation.

- **Take responsibility:** It can be easy in times like this to blame big producers, the co-op or others for low prices. While that may make you feel better for the moment, it keeps you from doing what is more important – taking responsibility for your operation. So get over the fault of others, accept the pricing structure and focus on your operation.
- **Focus:** Discipline yourself to examine specific areas of your business to determine how they can be made better. Set aside time for this and reduce the chance of interruptions.
- **Involve employees:** Employees are often left in the dark about financial concerns and the need for economizing. That not only opens them up to believe rumors that may have no basis in truth, but it passes up on their ability to help you identify potential opportunities. Talk to them, invite their ideas, answer their questions, and enlist their help.
- **Communicate with vendors and lenders:** Don't just run up unpaid balances and not talk with them about it. They may be able to help you, and you need to come up with a plan to pay what you owe.

These may be difficult conversations, but don't avoid them.

- **Pencil-out the consequences of changes:** Saving money doesn't get you any farther ahead if it reduces your income (short-term or long-term). Consider what the consequences will be of cutting back on this or that and monitor the results. Run your ideas past someone you trust to give you honest feedback.
- **Invest where your returns will be highest:** Even in the toughest times, investing in some things can be the best option. For example, liming a field to be planted to alfalfa, purchasing a pasteurizer for calf milk, or putting fans in the dry cow pen. These investments, and others, have a high likelihood of reducing problems or improving returns. That is where you need to invest.
- **Take a hard look at where you are losing money:** Losing value is losing money. Does haylage harvest take two weeks? Is the average age of first calving more than 24 months? Is the death loss of calves more than 5 percent? In each of these cases, and many more, ask yourself how much money are you losing and look for alternatives. It is time to critically examine the weaknesses of the operation and search for alternatives that preserve value for your farm.
- **Use your records:** Sometimes we keep records but don't put them to full use. Yet, through them you may be able to control your operation more efficiently, find problem areas and identify what could work better. Start with financial records and calculate your cost of production, compare to benchmarks and look for where

you can make changes.

- **Seek advice:** Consider starting management team meetings. Invite in people who can apply their knowledge in looking at your operation with you: feed consultant, veterinarian, lender, key employees and your Extension Educator. Open your records to them and have them help you to identify opportunities and changes. Others, who aren't invested in the operation, can provide objective feedback.
- **Keep things in perspective:** This is about your business only, not about your life or what should be most important to you. Your business may lose money or you may even lose your business, but that is not your life or your identity. Be thankful for family and friends. Consider others who may have less, and do what you can to help them. Take your eyes off of yourself and your own problems and see what you can do to help others with needs around you.

These tips may not turn the operation around tomorrow, but they may help turn you around, and that will benefit your operation.

For more resources, visit Michigan State University Extension's [Managing Farm Stress page](#).
http://msue.anr.msu.edu/program/info/managing_farm_stress

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Balance sheet is the start to good records

As a cooperator in the TelFarm program, accurate and useful farm records are a part of the process. The central focus of good farm records is to document accrual or “true” financial performance, which is more important than producing income and expense records for filing income tax returns.

The starting point for developing accurate and useful financial records is a beginning balance sheet or also called a net worth statement. The balance sheet is a snapshot of the assets owned as well as the debts/liabilities owed on a specific date. Within the TelFarm Program, the minimum expectation is a balance sheet at the beginning and end of the year. The ending balance sheet then also serves as the beginning balance sheet for the next year.

So you only need to create an ending balance sheet if you do it every year.

With a yearly balance sheet and your accounting records from PcMars, a coordinated business analysis can be produced utilizing assistance from your District FIRM Agent and the FINPACK program. This includes an accrual income statement, financial trends report, farm financial standards measures report with the calculation of *21 standard measures or ratios*, statement of cash flows, and an accuracy report. The TelFarm program and the District FIRM Agents offer this on a yearly

basis and it gets easier as you repeat the process in succeeding years. More detailed enterprise reports are also available, which will help you know what your farm’s full cost of production is for each production activity.



We encourage you to start the year right with a beginning balance sheet.

There is a Balance Sheet input form available from the Tel-

Farm Center or your District FIRM Agent. We will be more than happy to assist with the completion, if you have not already completed one.

When times get tough, mediate

When farm incomes decline and prospects for agricultural exports are uncertain, producers may face challenges with loan or credit arrangements.

A productive way to get back on track is through mediation with the Michigan Agricultural Mediation Program (MAMP). Mediation enables farmers and lenders or creditors to informally discuss options for revising terms in ways that meet everyone’s needs and comport with the law. A trained neutral mediator helps the parties build trust, share information, com-

municate constructively and focus on the issues. A mediator can be especially helpful if direct talks between the parties have broken down.

“It’s important to address these issues early before parties set hard and fast positions,” says MAMP Program Director David Gruber. “Mediation provides a confidential forum in which they can explore options that sometimes can save the farm.”

The MAMP, which began in 1997, is funded by the U.S. Department of Agriculture. The USDA’s goal is to provide a service that can help resolve dis-

putes quickly and at less cost than hearings and litigation. There is no cost to the parties of dispute for using MAMP services.

Requests for mediation can be made online at <http://www.agmediation.org>, by calling the Dispute Resolution Center of West Michigan at 616-774-0121, or by mailing in the form from the MAMP brochure which, is available on the MAMP website and at most Michigan USDA Service Centers and County Extension Offices.

Pc Mars Update 2.5

For all Pc Mars users that have enrolled in TelFarm for 2017, you should have received your Pc Mars 2.5 update disk in the mail. We strongly encourage everyone to update to version 2.5 so if you're working with our office or one of the farm business management agents (Adam, Dennis or Roger) and changes are made, you will be able to restore your files.

Below is an overview of the changes in the PcMars 2.5 update. They have been categorized and an accompanying movie has been prepared to better explain these new features.

1..New Feature – Bank Statement Download:

- Added the capability to download Bank and Credit Statements into Pc Mars via CSV (Comma Separated Value) files. This includes many setup and matching options.

Movie overview, 20 minutes:
<http://www.screencast.com/t/mzkGQUotgW>

2..New Feature – For Accounts Payable Users the Invoice Tracking Feature has been enhanced:

- *To clarify, this only effects users that have the Accounts Payable Module activated.* Added an option in Business setup to add Invoice numbers to Accounts Payable, which then will be carried over into transactions when they are posted. The previous "Invoice Reference Number" has been changed to "A/P Number". The Invoice number will show on the unpaid Accounts Payable Report (with

"Include line item details" checked, under the A/P# column). The invoice number can be printed on Selected Items Reports when the "Print Invoice # instead of weight" option is checked. An advanced selection option (like account codes) has been added to the Detail - Selected items. Invoice number is also shown on the Browse screen and Find screen with select options.

Movie overview, 4 minutes <http://www.screencast.com/t/Cu3XKPefT>

3..New Miscellaneous Features:

- Added color to 6 bank accounts, which will show on transactions screens and reconcile. This is specified in Business Information – Advanced tab.
- Added the ability to enter a default bank account override in Business Information – Advanced tab.

Movie overview, 8 minutes:
<http://www.screencast.com/t/wuewR5AIPMq3>

4..New Miscellaneous Options, Part 1:

- Added the ability to enable or disable items showing on the check stub, including Invoice numbers if enabled in setup. On paychecks, invoice numbers cannot be printed.



Movie overview, 9 minutes:
<http://www.screencast.com/t/pGjtSOtY>

5..New Miscellaneous Options, Part 2:

- Option on Export (Selected Items) to show loan vendors details and ending balances, and for showing Inflows and Outflows for assets and liabilities.

Movie overview, 12 minutes:
<http://www.screencast.com/t/BSqq5bGRq>

6..Vendor List Updates

- Added a note field for each vendor in the Vendor List with option to include the notes in the vendor printout. This is also on the employee vendor list.
- Added a default memo line for each vendor.
- Added a "quick" search box on the Vendor List screen.

Movie overview, 5 minutes:
<http://www.screencast.com/t/GXm4Wrrth>

7..Revolving Credit Transaction Options

- Added a "Vendor Match" option to the Revolving Credit "Reuse" screen.
- Added an ability to specify a "Creditor" on the Detail - Selected Items reports when "Credit" type is selected.

Movie overview, 3 minutes:
<http://www.screencast.com/t/0pB2ojlHf4Z>

Pc Mars Update 2.5, Continued

8..Net Worth Changes

- Changed the livestock portion of Inventory to work like other parts of the inventory.
- Added a Multiple Year Net Worth Report.

Movie overview, 4 minutes:
<http://www.screencast.com/t/R3NDkeM3FB>

9..Payroll Updates

- Added a Daily Liability Report, showing the daily federal and state labor liability.
- Added a warning when the us-

er unchecks the option to “Lock paycheck Descriptions”, in Payroll General Information.

- Added the ability to join Calendar Years in the Expanded Labor Report, typically used for workman compensation reports.

- Added a warning when a name is entered in a paycheck that is not in the employee list.

Movie overview, 9 minutes:
<http://www.screencast.com/t/2dKMCJuGGtjP>

10..Cash Flow Changes

- Added a Print button on Cash

Flow and Budget entry screens as a short cut for Previewing.

Movie overview, 7 minutes:
<http://www.screencast.com/t/EcHLNwBf2f>

11..Minor Changes/Updates

- Added a print option to the Description List.
- Added a limit entry of only 2 digits past the decimal point on transaction and special transaction entry screens.

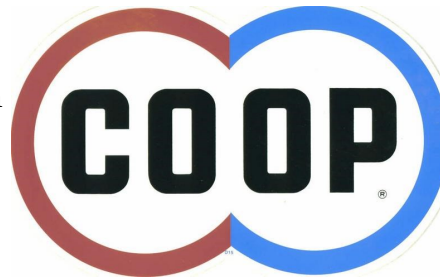
Movie overview, 3 minutes:
<http://www.screencast.com/t/kJrEkRNX>

Making sense of co-op distributions

Throughout the year, many of you receive cash and non-cash distributions from co-ops. These different distributions can have various tax implications, depending on the wording on the statement and how it will show on the 1099. How to record these transactions comes up every year, especially since they are usually only done annually.

The easiest way for us to help make sure that you are recording the transaction correctly, is to call us or send us a copy of your statement from the co-op since the wording can be so different from one co-op to another. Please feel free to attach a copy of the statement to your

email when you send your backup to us or send us a hard copy in the mail.



**MSU is officially closed
on these days:**

Memorial Day —

May 29

Independence Day —

July 4

Labor Day—

September 4

**Current
Pc Mars
Software
Version: 2.5.2**

Go to www.pcmars.com to
download the most recent patch

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