



CFAES

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COLLEGE of FOOD, AGRICULTURAL, and ENVIRONMENTAL SCIENCES

Featuring:

Barry Ward
Chris Bruynis
Peggy Kirk Hall
Robert Moore
Bruce Clevenger
David Marrison

February Topics:

Ohio Land Values and Cash Rents
Making the 2023 Farm Bill Decision
Understanding Farm Insurance Policies
Farm Accounting: Chart of Accounts with a Purpose
Federal Farm Program Update

Register or watch replays at
go.osu.edu/farmofficelive

Register once and receive links to join future programs

Each session includes timely updates and Q&A time on topics of interest.

Feb. 17th 10:00 – 11:30 AM

Save the date!
We will be back March 17th at 10 AM

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EXTENSION

Today's Teaching Team:

CFAES



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Assistant Professor, Leader
Production Business Management



Chris Bruynis PhD
Associate Professor, Extension Educator
Ross County



Bruce Clevenger, MS, CCA
Associate Professor, Field Specialist
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Robert Moore MS, JD
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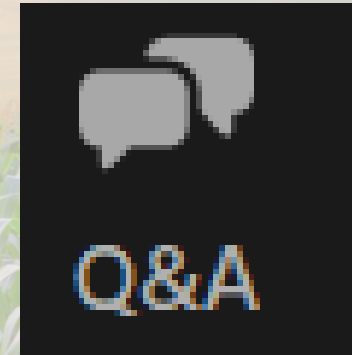


**Slides and a recording for today's presentation can
be found at:**

go.osu.edu/farmofficelive

Questions??

- ❖ Feel free to submit questions at any time using the Q/A feature at the bottom of your screen.
- ❖ You can also email questions to David Marrison at marrison.2@osu.edu
- ❖ We will try to answer as many questions as we can at the end of the presentation.



Ohio Cropland Values and Cash Rents

Barry Ward
Ohio State University Extension
Leader, Production Business
Management

Ohio Crop Enterprise Budgets 2023

Input Costs

- ✓ Seed Cost: +5%
- ✓ Diesel Price: \$4.00 / gallon
- ✓ Crop Protection
Chemical Cost: Flat

- ✓ Fertilizer Prices:
 - ✓ NH₃ \$1,200/T
 - ✓ 28% \$540/T
 - ✓ MAP \$810/T
 - ✓ Potash \$610/T

- ✓ Machinery & Equipment / Repairs: +20%

CORN BUDGET - 2023

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		Yield in bushels/acre	
Receipts		184	220
Corn Price	\$5.70 /bushel	\$1,047.09	\$1,256.51
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$115.60	\$122.83
Fertilizer+Soil Amendment		\$226.95	\$252.25
Chemicals (Crop Protection)		\$51.03	\$51.03
Fuel		\$26.40	\$26.40
Repairs		\$33.75	\$33.75
Crop Insurance		\$30.00	\$40.00
All Other		\$176.35	\$203.09
Total Variable Costs / Acre		\$660.09	\$729.82
Fixed Costs			
Labor and Management		\$92.85	\$103.33
Machinery Cost		\$93.20	\$93.20
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$1,095.32	\$1,230.52
Returns			
Return Above Total Costs		-\$48.23	\$25.99
Return Above Variable Costs		\$387.00	\$526.69
Return to Land		\$179.77	\$308.99

SOYBEAN BUDGET - 2023

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Yield in bushels/acre			
Receipts		57	68
Soybean Price	\$13.50 /bushel	\$762.75	\$915.30
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$69.60	\$69.60
Fertilizer+Soil Amendment		\$74.48	\$88.13
Chemicals (Crop Protection)		\$78.07	\$78.07
Fuel		\$22.23	\$22.23
Repairs		\$28.78	\$28.78
Crop Insurance		\$24.00	\$29.00
All Other		\$46.97	\$54.08
Total Variable Costs / Acre		\$344.13	\$368.72
Fixed Costs			
Labor and Management		\$57.94	\$65.57
Machinery Cost		\$74.59	\$74.59
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$718.72	\$811.24
Returns			
Return to Total Costs		\$44.03	\$109.36
Return to Variable Costs		\$418.62	\$546.58
Return to Land		\$272.03	\$392.36

WHEAT BUDGET - 2023

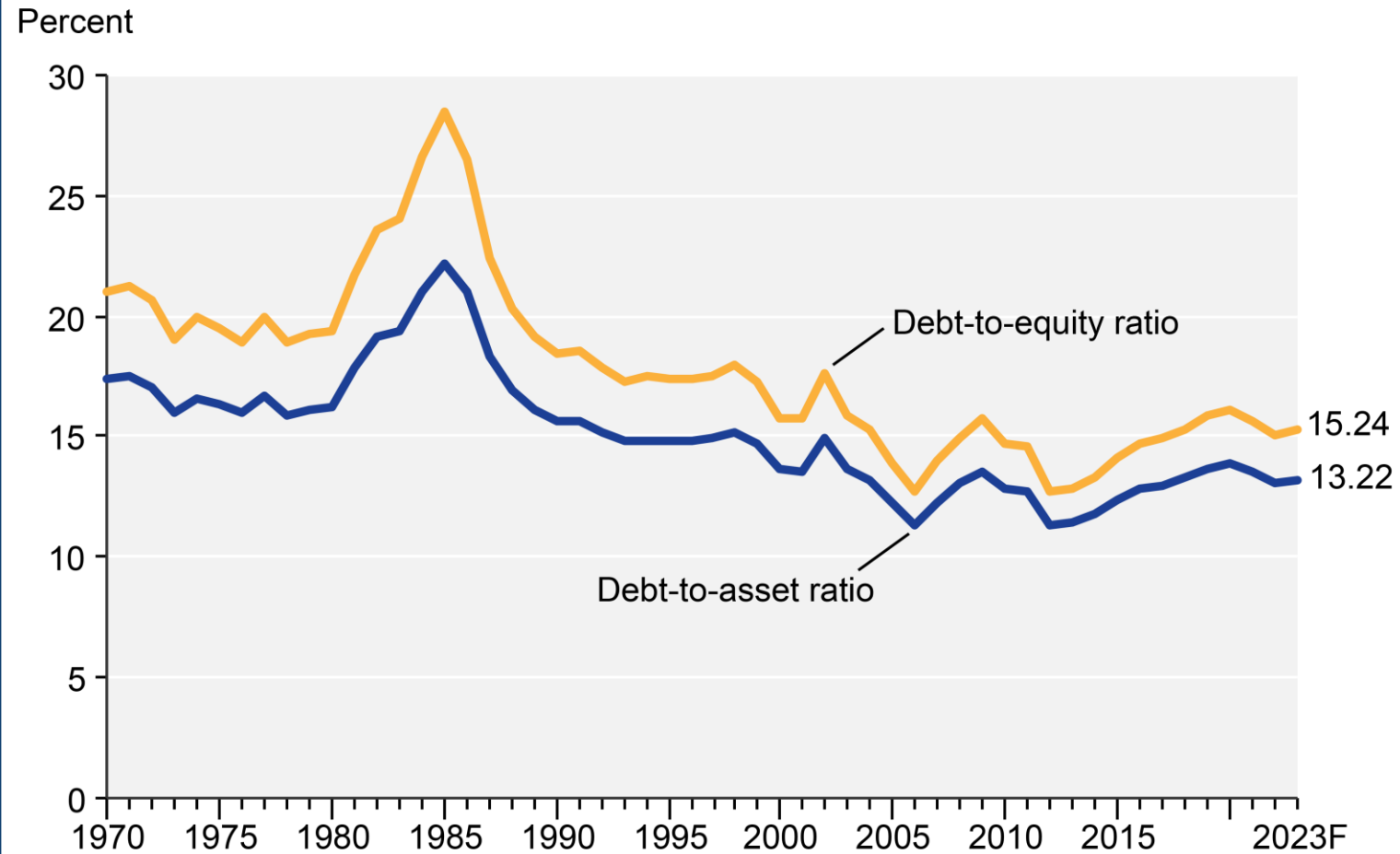
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		Yield in bushels/acre	
Receipts		74	89
Wheat Price	\$7.60 /bushel	\$562.40	\$674.88
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$47.88	\$47.88
Fertilizer+Soil Amendment		\$130.04	\$157.30
Chemicals (Crop Protection)		\$13.18	\$13.18
Fuel		\$16.00	\$16.00
Repairs		\$18.56	\$18.56
Crop Insurance		\$15.00	\$18.00
All Other		\$67.06	\$75.54
Total Variable Costs / Acre		\$307.72	\$346.46
Fixed Costs			
Labor and Management		\$52.42	\$58.04
Machinery Cost		\$43.16	\$43.16
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$644.29	\$743.66
Returns			
Return Above Total Costs		-\$81.89	-\$68.78
Return Above Variable Costs		\$254.68	\$328.42
Return to Land		\$146.11	\$214.22

Crop Enterprise Budgets 2023

	Corn	Soybeans	Wheat
Receipts	bu/A Price 184@\$5.70	57@\$13.50	74@\$7.60
Crop Revenue	\$1,047.09	\$762.75	\$562.40
ARC/PLC + Ad Hoc	\$0.00	\$0.00	\$0.00
Variable Costs	\$660.09	\$344.13	\$307.72
Returns			
Return to Variable Costs	\$387.00	\$418.62	\$254.68
Return Above Total Costs	-\$48.23	\$44.03	-\$81.89
Return to Land	\$179.77	\$272.03	\$146.11

U.S. farm sector solvency ratios, 1970–2023F



Note: F = Forecast. Data for 2022 and 2023 are forecasts.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2023.

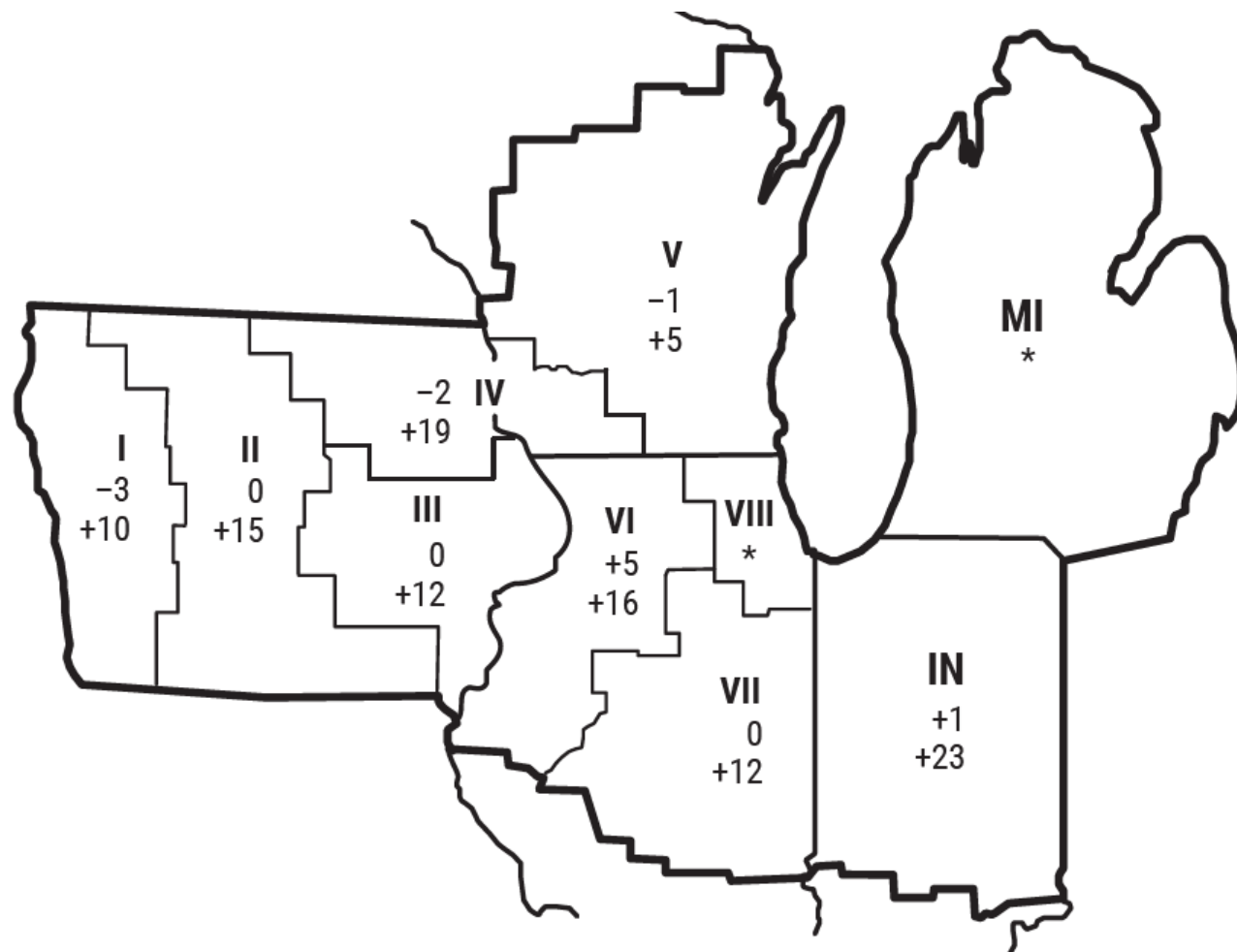
Percent change in dollar value of “good” farmland

Top: October 1, 2022 to January 1, 2023

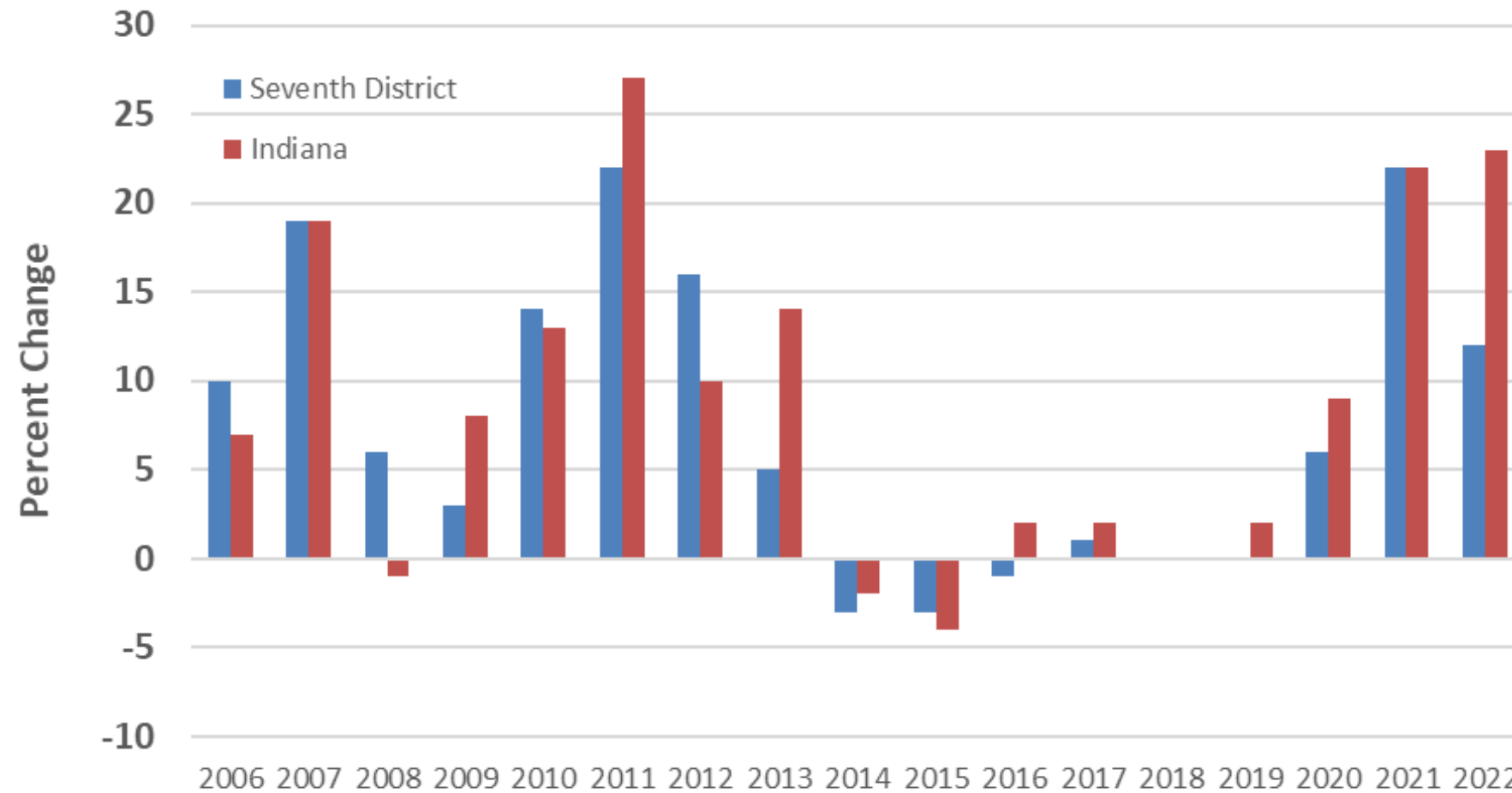
Bottom: January 1, 2022 to January 1, 2023

	<u>October 1, 2022 to January 1, 2023</u>	<u>January 1, 2022 to January 1, 2023</u>
Illinois	+2	+14
Indiana	+1	+23
Iowa	-2	+11
Michigan	*	*
Wisconsin	-1	+11
Seventh District	0	+12

*Insufficient response.



Seventh Fed District Farmland Values "Good" Farmland



Farmland Values/Rental Rates: Outlook

Supportive Fundamentals:

- ✓ Price/margin outlook positive to mixed for 2023
- ✓ Farmer equity positions remain healthy
 - ✓ Positive income in '21 and '22
 - ✓ Ad-hoc governments payments MFP and CFAP, PPP Forgivable Loans
- ✓ Development and §1031 Purchases
- ✓ Energy Development

Non-Supportive Fundamentals:

- ✓ Moderately high input costs will impact 2023 margins
- ✓ Uncertainty
- ✓ Lower/No ARC/PLC payments likely
- ✓ Interest rates trending higher

Western Ohio Cropland Values and Cash Rents 2021-22

- ✓ Cash rents were expected to increase from 5.8 to 6.8 percent in '22 depending on the region and land class. This is on top of rental increases of 1.5 to 7.7 percent from 2020 to 2021.

Flexible Cash Farm Leases

- **Cash Lease with a Bonus Approach**
- **Percent of Gross Income**
- **Percent of Net Income**



Sample Flexible Cash Farm Leases

- 1. Corn acreage: 25% of gross revenue
Soybean acreage: 30% of gross revenue**
- 2. Base Rent: \$180 /ac
Plus Bonus: \$20 /ac if average corn price is +\$5 /bu.**
- 3. Corn acreage: 25-30% of harvested grain delivered to local elevator
Soybean acreage: 30-35% of harvested grain delivered to local elevator
% of grain explicit in written agreement; varies by soil type**
- 4. Corn or soybeans: 27% of gross revenue (price component: average price of farmer's selling price)**
- 5. Base - \$175 / ac – Corn: 28% of gross revenue, Soybeans: 34% of gross revenue**

Sample Flexible Cash Farm Leases

6. Base - \$190/ac + Bonus; Producer Cost/Acre \$575/Ac; Bonus based on actual revenue – base (Producer costs (direct + machinery (custom rates)) x 33%
7. 1/3 Bushels to Landlord Above Crop Insurance APH
8. Return to Land, Labor and Management
 - a. Share \$ for \$ up to \$150 between landowner and farmer
 - b. Farmer - minimum \$75
 - c. Landowner - \$s over \$150 up to negotiated rent
 - d. Residual \$s (over negotiated rent) shared 75% to farmer and 25% to landowner
9. Percent of gross revenue: Corn – 30%, Soybeans – 35%
10. Share lease – L/T: 1/3 – 2/3, 30% - 70%
11. Percent of net income: 40 - 45%

2023 Farm Bill and Crop Insurance Decision

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Reminders

March 15, 2023: enrollment deadline

Producers must *enroll* to be eligible for payments.

- Many producers have already enrolled while in the FSA office for other reasons.

Producers may make changes to program *elections*.

- If changes are not made by the March 15th deadline, the election defaults to the programs selected for the 2021 crop year with no penalty

Producers are encouraged to schedule an appointment.

- Saves producers time so all documents can be ready for signature
- Walk-in are accepted but wait times will be longer and sscheduled appointments will be given preference.

Elect a Federal Commodity Program

Agricultural Risk
Coverage-
County

Paid on 85% of
Base Acres

Agricultural Risk
Coverage-
Individual

Paid on 65% of
Base Acres

Price Loss
Coverage

Paid on 85% of
Base Acres

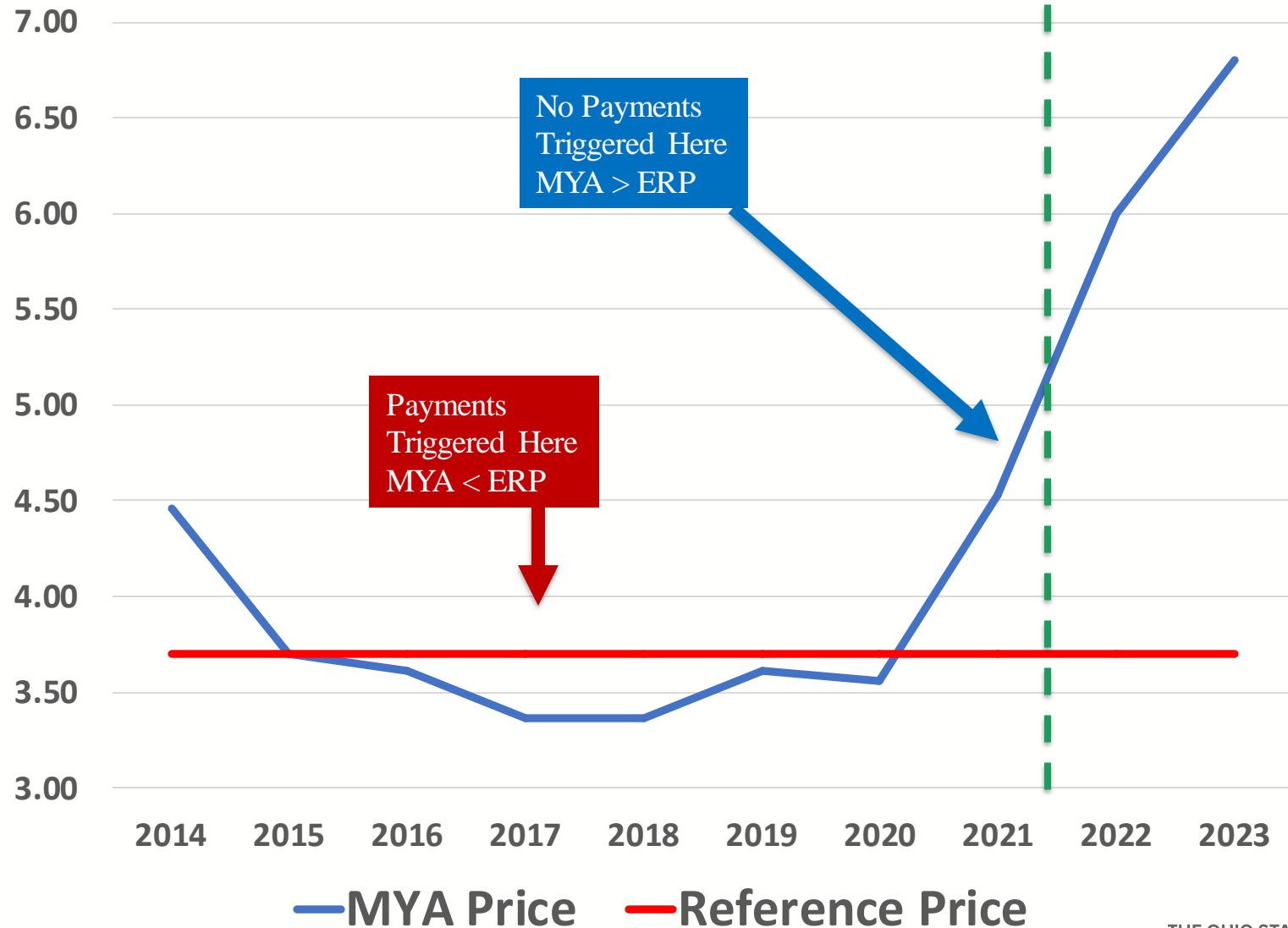
Supplemental
Coverage Option

Enhanced Coverage Option

Decision
Date
March
15, 2023

- ❖ The decision is made on an FSA farm by farm level.
- ❖ Producers can make the decision on a crop-by-crop basis for ARC-CO and PLC.
- ❖ All crops on the FSA Farm and all FSA Farms enrolled in ARC-IC in the same state are blended when choosing ARC-IC.

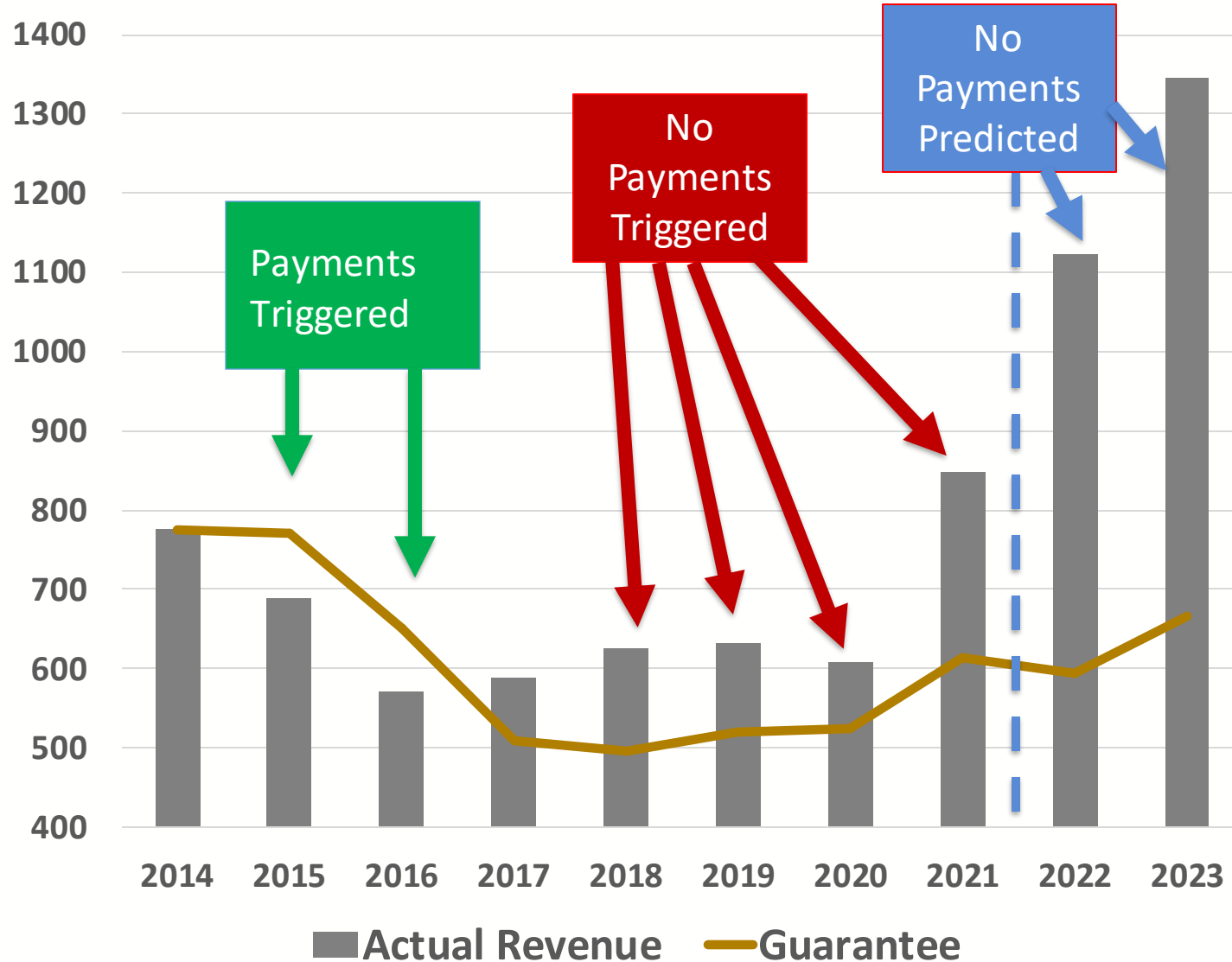
Program Refresher: General Information



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- ❖ PLC makes a payment when the Market Year Average Price falls below a calculated effective reference price:
 - ❖ Corn- \$3.70
 - ❖ Soybean- \$8.40
 - ❖ Wheat- \$5.50
- ❖ The payment rate is then multiplied by individual FSA Farm Yields to generate a payment that is paid on 85% of commodity specific base acres.
- ❖ MYA prices are the national product of the percent of grain sold during a month times that month's price. Market year for program year 2022 starts Sept. 1, 2022.
- ❖ There is a price escalator, **but we would still need higher prices** to increase the reference price for future years. Expected to adjust for 2024 election.

Program Refresher: General Information



- ❖ ARC is a revenue program where there is protection between 76% and 86% of a county's historical revenue (yield x price)
 - ❖ Risk Management Agency trend adjusted yields
- ❖ ARC-CO makes a payment when the national price multiplied by the county yield or individual yield for ARC-IC for the year falls below a 5-year Olympic Average of prices and yield times 86%.
 - ❖ In other words- a payment is triggered when the yellow bar (actual revenue) is below the black line (guarantee).
- ❖ The payment rate is then paid on 85% of commodity specific base acres for ARC-CO and 65% for ARC-IC.
- ❖ ARC-CO are county yields- not farm yields.
- ❖ Counties can have different payment rates. 2018 Farm Bill now blends individual payment rates by share of acres in each county.

Program Refresher: **ARC-Individual**

- ❖ A completely different type of beast than what we are used to with ARC-CO, but the concept is basically the same- payments are triggered when actual revenue falls below a calculated benchmark using individual yields.
- ❖ Three major differences:
 - ❖ All commodities of this FSA Farm Number are combined to create the farm specific revenue.
 - ❖ Based on actual plantings from the current year for the actual and historical revenue.
 - ❖ Payments are made on 65% of base acres instead of 85% under ARC-CO or PLC.

FSA Farm that might benefit from ARC-IC

1. 100% Prevent Plant acres on any FSA Farms
2. FSA Farm Yields 15% below the historical 5-Year FSA Farm average of all crops.
3. High year-to-year production variability.
(example river bottom)
4. “Large” acreage of fruits and vegetables
(+15%)

This played large for parts of Ohio in 2019 since we already knew our yields.

We won't know them in 2023 since the deadline is before planting.

Farm Bill Decision Aid Tool

- Updated for 2023 decision with historical yields and current price projections
- Located at <https://farmdoc.illinois.edu/fast-tools/arc-co-plc-model>

What if we have a severe weather issue?

Table 2: Payments per bushel at different yields and prices

Program Selection	PLC minus ARC-CO	State = Ohio, County = Ross, Crop = Corn, Year = 2023 ARC-CO Benchmark Yield = 197.98, Benchmark Price = \$3.98, Guarantee \$677.65 PLC Yield = 154, Effective Reference Price = \$3.70
Price Change	\$ 0.25	
Yield Change	5	

-2023

County Yield	2023 Market Year Average Price											
	\$5.55	\$5.80	\$6.05	\$6.30	\$6.55	\$6.80	\$7.05	\$7.30	\$7.55	\$7.80	\$8.05	
125	0	0	0	0	0	0	0	0	0	0	0	0
120	-10	0	0	0	0	0	0	0	0	0	0	0
115	-33	-9	0	0	0	0	0	0	0	0	0	0
110	-57	-34	-10	0	0	0	0	0	0	0	0	0
105	-67	-58	-36	-14	0	0	0	0	0	0	0	0
100	-67	-67	-62	-41	-19	0	0	0	0	0	0	0
95	-67	-67	-67	-67	-47	-27	-7	0	0	0	0	0
90	-67	-67	-67	-67	-67	-56	-37	-18	0	0	0	0
85	-67	-67	-67	-67	-67	-67	-67	-49	-31	-12	0	0
80	-67	-67	-67	-67	-67	-67	-67	-67	-63	-46	-29	-29
75	-67	-67	-67	-67	-67	-67	-67	-67	-67	-67	-63	-63

* A positive value indicates that PLC will pay more, a negative value indicates that ARC-CO will pay more.

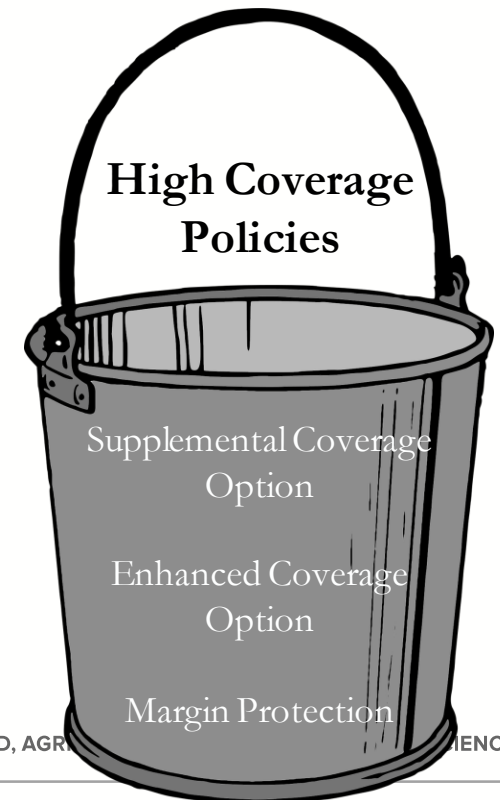
Major Crop Insurance Options

Most producers get overwhelmed with crop insurance decision and for good measure because there are lots of options

There are 21 different policies without even breaking that down to coverage levels, unit structure, or all the private products.... There about 160 of those...



Three Bucket Approach to Risk Management



2023 Overview

- Increased commodity prices result in **higher** premiums.
- The input costs (seed, fertilizer, chemicals) and land costs may drive your breakeven above the revenue guarantee at your current coverage level.
- Set yourself up for success in 2023 with a sound risk management plan.
- Identify your farms specific risks and let your agent help you tailor a risk management package that suits **YOU**.

Crop Insurance - Underlying Policies

- Revenue Protection (RP)
 - Provides yield and price coverage at your desired coverage level.
- Revenue Protection Harvest Price Excluded (RP_HPE)
 - Provides yield protection and downside price protection only.
- Yield Protection (YP)
 - Provides yield loss protection at the set spring price.
- Area Revenue Protection (ARP)
 - Provides county-based yield and revenue protection.
- Area Yield Protection (AYP)
 - Provides county-based yield loss protection at the set spring price.
- Margin Protection
 - Area based plan against unexpected decreased in operating margins

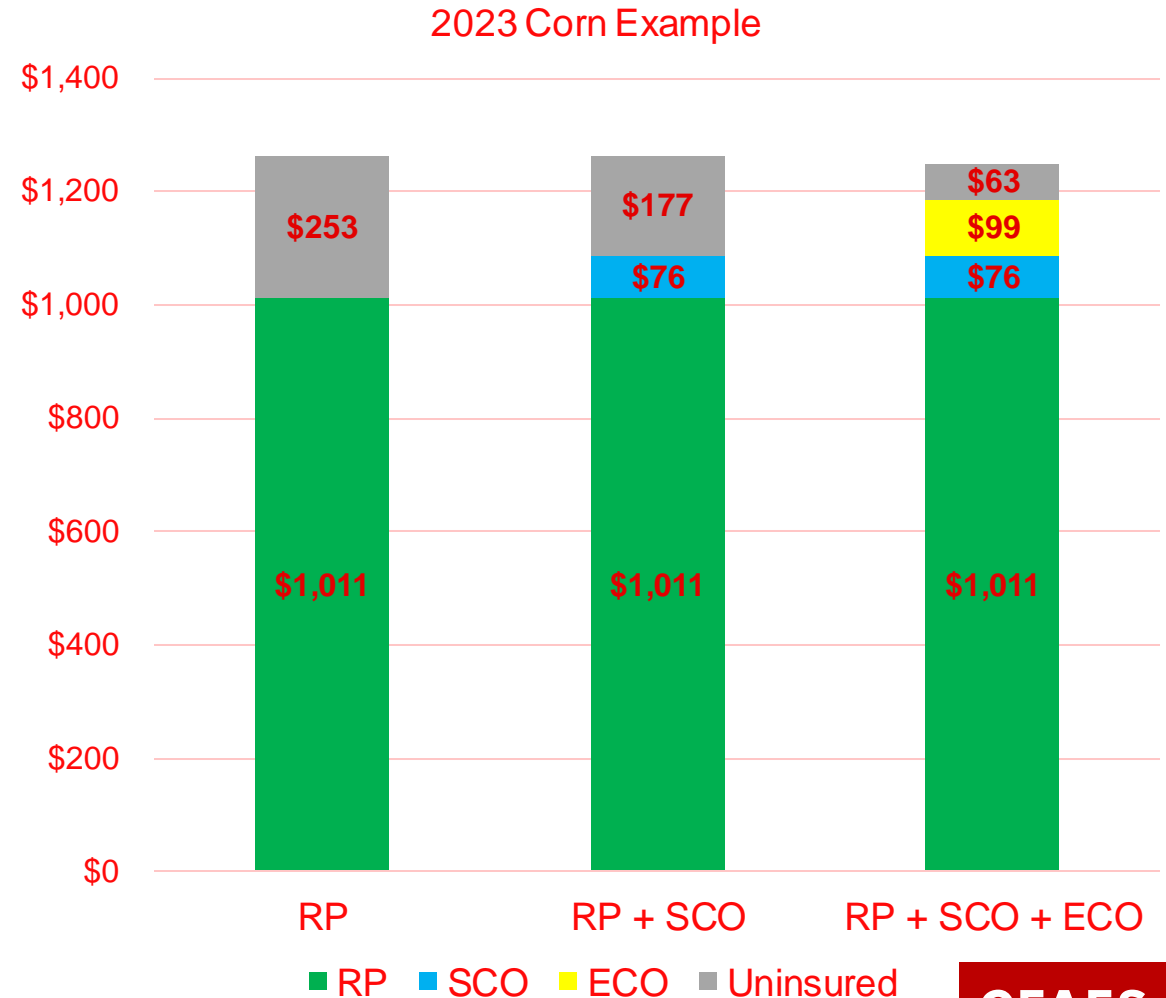
Additional Crop Insurance Options

High Coverage Policies (*Subsidized*)

- Supplemental Coverage Option (SCO)
 - Additional coverage that triggers when the actual county revenue falls below 86% of the expected county revenue.
 - Coverage is provided from 86% down to your base policy coverage level.
 - Only available if enrolled in PLC as FSA commodity program.
- Enhanced Coverage Option (ECO)
 - Additional coverage that triggers when the county actual revenue falls below 95% or 90% of the expected county revenue.
 - Each ECO option provides a coverage band from the trigger level down to 86%.
 - Applies to **ALL** FSN's enrolled in either ARC or PLC as FSA commodity program.

2022 Corn Coverage Example

- **Clermont County RP 80% EU Example**
 - County Expected Yield = **191.7 bpa**
 - Price (estimate) = **\$5.96**
 - 95% ECO Revenue Trigger = **\$1200**
 - 86% SCO Revenue Trigger = **\$1087**
- **Corn RP 80% EU Coverage**
 - APH = **212 bpa**
 - Underlying Policy Coverage = **\$1011**
- **RP 80% Premium = \$33.10**
- **SCO Premium = \$8.03**
- **ECO Premium = \$35.06**
- **Total Premium = \$76.19**



Summary

- Program election, enrollment and crop insurance are due March 15, 2023
- Looking forward
 - Price are not likely to fall below effective reference prices
 - ARC-CO has the probability to trigger more often based on variation in county yields compared to PLC
 - PLC with SCO continues to provide the most complete risk management program since SCO behaves similar to ARC-CO.
 - Difference is MYA compared to season price
 - Excel tool can help you play with different scenarios

Questions??

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Understanding Farm Insurance Policies

Robert Moore

Attorney/Research Specialist

Agriculture and Resource Law Program

The Need for Insurance

The Need for Liability Insurance

- Liability insurance is a necessity for businesses
- Liability incidents can and do occur unexpectedly
- Business entities can help limit liability exposure but cannot eliminate liability risk
- Without liability insurance, you risk losing your business and possible personal assets



The Need for Property Insurance

- Property insurance is also a necessity
- Losing assets due to accidents or other perils can cause a business to fail

How Much Liability Insurance Do You Need?

- Depends on the type of business and size of business
- Activities that increase liability exposure
 - Having visitors on your property
 - Trucks and/or equipment on roadways
 - Having Employees
 - Selling Consumable goods

How Much Liability Insurance Do You Need?

- Talk to your insurance agent for a recommendation for coverage
- \$1 million may be the minimum coverage you want to carry
- Larger farms often carry \$5 million of coverage
- Liability insurance is relatively cheap. An additional \$1 million coverage can often be added for a few hundred dollars

How Much Property Insurance Do You Need?

- Enough to stay in business if assets are damaged or destroyed
- There are two types of payouts for the loss of property
- **Replacement Value** pays the amount it will cost to replace the lost item (with \$ limits)
- **Actual Cash Value** pays the value of the item's depreciated value
- Replacement value method usually pays out more than actual cash value method
- Know which you have in your policy

Property Payout Example

- You own a tractor that you paid \$50,000 for 5 years ago
- To buy a similar tractor today would cost \$70,000
- The tractor, due to depreciation, is worth \$30,000 today
- In the event of a loss of the tractor, the insurance company will pay:
 - \$70,000 if the policy is replacement value (if not capped at lower value)
 - \$30,000 if the policy is actual cash value

What is a Farm Insurance Policy?

The Farm Insurance Policy

- An insurance policy is a contract between the insured and the insurer
- When the policy becomes effective, the insured and insurer are bound to its terms
 - You are bound to the terms whether you have read them or not
- The liability protection is usually part of the same policy that provides property loss coverage
- "Umbrella coverage" can be added to the base policy to increase the liability coverage

Understanding the Farm Insurance Policy

- An insurance policy is difficult to understand
 - Policies tend to be long and complicated
 - Reading and understanding the policy is very difficult
- Rely on the insurance agent to explain the policy
- Be sure to tell the insurance agent about all of your activities and property

Riders and Endorsements

- The standard farm policy covers standard farm activities and assets
- Activities and assets outside the norm may not be covered by the policy
- Almost any activity or asset can be covered by the policy using a rider or endorsement
- The insurance agent will only know to add a rider and endorsement if they are aware of your activities and assets
- Be sure the insurance agent is aware of all activities and assets

Types of Coverage

Types of Coverage - Basic

- Only going to cover the insured for named perils
 - If an event that is not named in the policy occurs, no coverage is provided.
- Fire
 - Lightning
 - Windstorm or Hail
 - Explosion
 - Smoke
 - Vandalism
 - Aircraft or Vehicle Collision
 - Riot or Civil Commotion
 - Sinkhole Collapse

Types of Coverage - Broad

- Broad coverage is more expansive than basic coverage but is still limited to only the named perils.
 - Burglary/Break-in damage
 - Falling Objects (like tree limbs)
 - Weight of Ice and Snow
 - Freezing of Plumbing
 - Accidental Water Damage

Types of Coverage - Special

- Special coverage is the most comprehensive coverage available
- Unlike basic and broad coverage, special coverage includes everything except the identified exceptions
- Instead of identifying the perils covered, special coverage applies coverage to everything except what is specifically identified as an exception

The Claim Process

The Claim Process

- In the event of a claim, document the loss or incident
 - Pictures
 - Receipts/invoices
 - Documents
 - Witnesses
- Contact your insurance agent or insurance carrier quickly
- You can contest or appeal the insurance company's payout or denial of coverage

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Farm Accounting: Chart of Accounts with a Purpose

Wm. Bruce Clevenger
Ohio State University Extension
Field Specialist, Farm Management

Learning Objectives:

- Customize a Farm Chart of Accounts
- Identify a Level of Detail that Fits the Needs



What is a Chart of Accounts

- An organized **list** in the accounting system that describes financial transactions
- A COA can be called categories with subcategories
- COA is kept in the accounting system
- COA can also be found in the inventory system

Chart of Accounts & Financial Statements

Chart of Accounts	
Income Statement	
Income	Ex: Sales of livestock, produce, grain
Expenses	Ex: Fertilizer and lime
Balance Sheet	
Assets	Ex: Capital purchases/sales
Liabilities	Ex: Accounts payable
Owners' Equity	Ex: Hedge account balance, etc

Chart of Accounts (COA)

- Customized to meet the farm management level of details

	Examples of Levels of Detail		
Purpose	IRS Tax Return	Decision Making	Enterprise Analysis
	Fertilizer & Lime	Fertilizer: Nitrogen Urea	Fert: Nitrogen Urea: Wheat
		Fertilizer: DAP 18-46-00	Fert: Nitrogen UAN28: Corn
		Fertilizer: Potash 00-00-60	Fert: DAP 18-46-00: Wheat
			Fert: Potash 00-00-60: Soybean
	Line 17 on IRS 1040, Sch F, Profit or Loss From Farming	Category: Subcategory	Category: Subcategory: Crop Designation

Chart of Accounts (COA)

- Customized to meet the farm management level of details

	Examples of Levels of Detail		
Purpose	IRS Tax Return	Decision Making	Enterprise Analysis
	Sales of Livestock, Produce, Grains, and other you raised	Produce: Tomatoes	Produce: Tomatoes: Farmers Market
		Produce: Sweet Corn	Produce: Tomatoes: Roadside Stand
		Produce: Green Beans	Produce: Tomatoes: Pick Your Own
			Produce: Tomatoes: Restaurant/Food Truck
	Line 17 on IRS 1040, Sch F, Profit or Loss From Farming	Category: Crop	Category: Crop: Market Designation

Where to Start? – IRS Sch F

Income (numbers in () refer to Sch F Line number)

Sale of livestock bought for resale (1a)	Sales of livestock (2)	Cooperative distributions (3b)	Agricultural program payments (4b)	Crop insurance proceeds (6b)
Custom hire income (7)	Other cash income (8)	Sales of breeding livestock (*)	Hedging accounts withdrawals (*)	Capital sales (*)

Expenses (numbers in () refer to Sch F Line number)

Car and truck expenses (10)	Chemicals (11)	Conservation expenses (12)	Custom hire (13)	Employee benefits (15)
Feed purchased (16)	Fertilizer and lime (17)	Freight, trucking (18)	Gasoline, fuel, oil (19)	Insurance (20)
Interest paid (21a, 21b)	Labor hired (22)	Pension and profit-share plans (23)	Rent or lease payments (24a, 24b)	Repairs, maintenance (25)
Seeds, plants (26)	Storage, warehousing (27)	Supplies purchased (28)	Taxes (farm) (29)	Utilities (30)
Vet. Fees, medicine, breeding (31)	Other cash expenses (32)	Livestock and Capital purchased (*)	Hedging accounts deposits (*)	(*) helpful for income statement & balance sheet

Summary

- A customized Chart of Accounts is Valuable
- COA Levels of Detail
- COA supports: Balance Sheet & Income Statement



Thank You!

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Federal Farm Program Update

USDA Designates Licking County as Primary Natural Disaster Area

- **USDA declaration allows for emergency loans:** Can be used for replacement of essential items such as equipment or livestock, reorganization of farming operation or refinance of certain debts. Declaration on February 9, 2023.
- **Triggering Disaster:** Excessive rainfall and moisture that occurred from 4/01/2022 to 9/15/2022.
- **Primary Counties Eligible:** Licking
- **Contiguous Counties Also Eligible in Ohio:** Coshocton, Delaware, Fairfield, Franklin, Knox, Muskingum, and Perry
- **Application Deadline:** August 21, 2023.

USDA Designates Brown & Clermont Counties as Primary Natural Disaster Areas

- **USDA declaration allows for emergency loans:** Can be used for replacement of essential items such as equipment or livestock, reorganization of farming operation or refinance of certain debts. Declaration on November 4, 2022
- **Triggering Disaster:** Excessive rainfall that occurred from 5/01/2022 to 6/16/2022.
- **Primary Counties Eligible:** Brown and Clermont Counties.
- **Contiguous Counties Also Eligible in Ohio:** Adams, Clinton, Hamilton, Highland and Warren Counties.
- **Application Deadline:** May 29, 2023.

Pandemic Assistance Revenue Program (PARP)

Assistance for lost revenue in 2020 when compared to 2018 or 2019 due to the COVID-10 pandemic

- Addresses gaps in previous assistance which was targeted at price loss or lack of market access, rather than overall revenue losses.
- 15% decrease in allowable gross revenue.
- Payments on whole-farm basis, not commodity by commodity.
- Payments issued after application deadline of June 2, 2023.
- Limited to \$125,000.
- More information at: <https://www.farmers.gov/coronavirus/pandemic-assistance/parp>

PARP Eligible and Ineligible Commodities

- Eligible commodities include crops, aquaculture, livestock, livestock byproducts, or other animals/animal byproducts that are produced to be commercially marketed.
- Ineligible commodities include horses used for racing/wagering, aquatic species that do not meet aquaculture definition, Cannabis sativa L., and timber.

Pandemic Assistance Revenue Program (PARP)

Expected PARP Payment = ((Allowable Gross Revenue from either 2018 or 2019 - Allowable Gross Revenue from 2020) X Either 80% or 90% Payment Factor) - Any CFAP 1 and 2, PLIP, SMHPP, and 2020 ERP Payments

PARP Allowable Gross Revenue

- Sales of agricultural commodities produced or purchased for resale (less cost or basis).
- Taxable amount of cooperative distributions directly related to the sale of the agricultural commodities.
- Benefits under certain federal agricultural programs and disaster programs.
- Commodity Credit Corporation (CCC) loans reported under election .
- Crop insurance proceeds.

PARP Allowable Gross Revenue

- Payments issued through grant agreements with FSA for losses of agricultural commodities.
- Revenue from raised breeding livestock.
- Revenue earned as a cattle feeder operation.
- Other revenue directly related to the production of agricultural commodities.
- Pandemic Market Volatility Assistance Program (PMVAP) benefits.

Excluded From Allowable Gross Income

- Conservation program payments.
- Income from a pass-through entity (S Corporation or LLC).
- Custom hire income.
- Net gain from hedging or speculation.
- Wages, salaries, and tips.
- Cash rent.
- Timber.
- Rental of equipment or supplies.

Excluded From Allowable Gross Income

- Any pandemic assistance payments that were not for the loss of agricultural commodities or the loss of revenue from agricultural commodities.
- Animals for consumption by the owner, lessee, or contract grower.
- Wild free-roaming animals.
- Horses and other animals used for racing or wagering.
- Certain aquatic species that are NOT grown.
- *Cannabis sativa L.* that is grown under a license.

REVENUE LOSS ASSISTANCE

Pandemic Assistance Revenue Program (PARP)

Overview

USDA is providing critical support to producers impacted by the effects of the COVID-19 outbreak through the Pandemic Assistance Revenue Program (PARP). PARP provides direct financial assistance to producers of agricultural commodities who suffered at least a 15% loss in gross revenue in calendar year 2020 due to the COVID-19 pandemic. Payments to eligible producers will be based upon a comparison of the producer's gross revenue from 2020 compared to either 2018 or 2019, as elected by the producer.

The Farm Service Agency (FSA) is accepting applications for PARP from Jan. 23, 2023 to June 2, 2023.

PARP Benchmark Years

To be eligible for PARP, an agricultural producer must have been in the business of farming during at least part of the 2020 calendar year and had a 15% loss in allowable gross revenue for the 2020 calendar year, as compared to:

- The 2018 or 2019 calendar year, as elected by the producer, if they received allowable gross revenue during the 2018 or 2019 calendar years, or
- the producers' expected 2020 calendar year allowable gross revenue if the producer had no allowable gross revenue in 2018 or 2019.

Who is Eligible

To be eligible for payments, persons or legal entities must:

- Be a U.S. citizen, resident alien, partnership, corporation, limited liability company, or other organizational structure organized under State law, Indian Tribe or Tribal Organization, or a foreign person or foreign entity who meets certain eligibility requirements;
- Be an eligible producer who was entitled to a share in the agriculture commodity or would have shared had the agriculture commodity been produced and marketed;
- Have been in the business of farming to produce an agricultural commodity during any part of calendar year 2020;
- Have suffered a 15 percent or more gross revenue loss in 2020 compared to either 2018 or 2019;
- Comply with the provisions of the "Highly Erodible Land and Wetland Conservation" regulations, often called the conservation compliance provisions;
- Not have a controlled substance violation;



- Submit a complete PARP application form (FSA-1122) and provide all required documentation as specified in the documents section below.

To be eligible for payments, a person or legal entity must have an average adjusted gross income (AGI) of less than \$900,000 for tax years 2016, 2017, and 2018 or have an adjusted gross income of less than \$900,000 for tax year 2020 if exceeding average AGI. With respect to joint ventures and general partnerships, this AGI provision will be applied to members of the joint venture and general partnership.

Eligible Commodities

An agricultural commodity means a crop, aquaculture, livestock, livestock byproduct, or other animal or animal byproduct that is produced as part of a farming operation and is intended to be commercially marketed. It includes only commodities produced in the United States or produced outside the United States by a producer located in the United States and marketed inside the United States.

It excludes:

- Wild free-roaming animals;
- Horses and other animals used or intended to be used for racing or wagering;
- Aquatic species that do not meet the definition of aquaculture;
- Cannabis sativa L. and any part of that plant that does not meet the definition of hemp; and
- Timber.

How to Determine Allowable Gross Revenue

The table below provides guidance for determining allowable gross revenue sources and shows what to include and exclude.

PROGRAM	PARP	
	ALLOWABLE REVENUE	EXCLUDE GROSS REVENUE
SCHEDULE F LINE 1C "Sales of purchased livestock and other resale items," or information that could be reported on Schedule F		Resale of items not held for characteristic change
SCHEDULE F LINE 2 Sales of livestock, produce, grains, and other products you raised or information that could be reported on a Schedule F	<p>Sales of agricultural commodities purchased for resale, less the cost or other basis of such commodities.</p> <p>NOTE: the sale of eligible aquatic species must be raised by a commercial operator and in water in a controlled environment</p> <ul style="list-style-type: none"> • Revenue from raised breeding livestock (Schedule 4797 Part 1, Column (d) or (g) or other information that could be reported on a Schedule F • Inventory carried over from the prior tax year • Post-production activities (value added) i.e., grapes into wine or strawberries into jam. • Commodities not grown in the U.S. (if grown by U.S. producer and marketed in the U.S.) • IC-DISC income from the sale of agricultural commodities 	<ul style="list-style-type: none"> • Animals for consumption by the owner, lessee, or contact grower • Wild free-roaming animals • Horses and other animals used for racing or wagering • Timber • Aquatic species that are NOT grown: <ul style="list-style-type: none"> • as food for human or livestock consumption, • for industrial or biomass uses, • as fish raised as feed for fish that are consumed by humans, or • as ornamental fish propagated and reared in an aquatic medium. <p>Cannabis sativa L. and any part of that plant including the seeds, thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis, that is grown under a license or other required authorization issued by the applicable governing authority that permits the production of hemp</p>
SCHEDULE F LINE 3A "Cooperative distributions," Form 1099-PATR, or information that could be reported on a Schedule F	The taxable amount of cooperative distributions directly related to the sale of agricultural commodities produced by the applicant	
SCHEDULE F LINE 4A "Agricultural program payments", Form 1099-G, or information that could be reported on a Schedule F	<p>Payments received under the following programs regardless of crop year or program year:</p> <ul style="list-style-type: none"> • ARC/PLC • BCAP • DMC • LDP, MLG • MFP • MPP Dairy • Seafood Trade Relief Program (STRP) 	<p>Pandemic Assistance from:</p> <ul style="list-style-type: none"> • CFAP 1 • CFAP 2 • PLIP • SMHPP <p>Any pandemic assistance payments that were not for the loss of agricultural commodities or the loss of revenue from agricultural commodities, including, but not limited to:</p> <ul style="list-style-type: none"> • cost-share assistance • loss of buildings, etc. <p>Other Programs:</p> <ul style="list-style-type: none"> • Conservation Program Payments • 2020 Emergency Relief Program

Next Month
Emergency Relief Program (ERP)
Phase 2



CFAES

DATES

Jan. 24, 2023
Feb. 28, 2023
Mar. 28, 2023

TIME

7:00–8:30 p.m.

**Via Zoom
Webinar**



**THE OHIO STATE
UNIVERSITY**
EXTENSION

OSU EXTENSION PRESENTS

Starting a Food Business

What you need to know about selling your
home-based and farm-raised foods

Join us for three webinars to help you start your food business!

1

Start-Up Basics

Jan. 24

What do you want to sell? We'll explain food safety, licensing, legal, and economic considerations for starting to sell your food products.

2

Selling Home- Based Foods

Feb. 28

Learn about food product development, Ohio's Cottage Food and Home Bakery laws, and requirements for selling canned foods.

3

Selling Meat and Poultry

Mar. 28

A look at the economics of selling meat and poultry, meat processing options, and labeling and licensing laws for meat and poultry.

Webinar Faculty

Nicole Arnold, OSU Food Safety Field Specialist
Peggy Kirk Hall, OSU Agricultural Law Field Specialist
Emily Marrison, OSU Family & Consumer Sciences Educator
Garth Ruff, OSU Beef Field Specialist

For details and registration, visit go.osu.edu/foodbusiness

Starting a Food Business Webinar Series



Our next webinar is:
March 17, 2023
10:00 to 11:30 a.m.

Please help us by completing today's evaluation

https://osu.az1.qualtrics.com/jfe/form/SV_9mZzLQ0Sk13SxOS

