

FARM BUSINESS MANAGEMENT



A Cooperative Educational Effort
of Carrington Public Schools and the
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UPCOMING MEETINGS & EVENTS

CREC Field Day – Tuesday, July 17th Coffee at 9:00 and tours at 9:30 a.m. **See enclosed schedule.**

Marketing Club – Wednesday, July 18th at 7:30 a.m. at the CREC. Coffee and rolls shortly after 7:00 a.m.

Marketing Club – Wednesday, August 1st at 7:30 a.m. at the CREC. Coffee and rolls shortly after 7:00

Irrigated Crops Tour at Oakes Research Site – Tuesday, August 14th at 9:30 a.m. 3 miles south of Oakes.

Women's Ag. Marketing Club – Tuesday, August 21st at 5:30 p.m. at the CREC

Marketing Club – Wednesday, August 22nd at 7:30 a.m. at the CREC. Coffee and rolls shortly after 7:00

Section 179 Expense and other Tax Information for 2007

(From the Wahpeton Farm Business Mgmt. newsletter)

The section 179 for 2007 is \$112,000 with an investment limitation of \$450,000. In 2011, the section 179 will be 25,000 with an investment limitation of \$200,000. **The capital gains rate for 2008 is going to 0 if you are in the 15% tax bracket. If you have any capital gain items, you may wish to defer them till 2008 if you can keep your income in the 15% bracket.** Also, the unearned income threshold for this year is \$1700. Anything over that amount will be taxed at the parent's level.

MARKETING

There are no shortcuts or easy methods of determining when and where the present market will end. Some strategies for you to consider are step selling or selling 1,000 or 2,000 bushels with each market move upward, thus relieving the pressure of trying to sell it all at one time. I would also recommend that you be aware of where the markets are at and what it might cost to enact a bull call spread for a rising market or what the possible benefits might be for purchasing an out of the money option. The marketing club meetings are for your benefit so please feel free to attend and share and learn from one another.

CHECKING YOUR CASH FLOW POSITION

Enclosed with this newsletter is a cash check form that does a nice job of helping you to determine your present financial position and where you may come out based on the income and expense numbers you include in the form. I would encourage you to fill in the basic numbers to get a better look at what may be possible for your farm this year. It may also help you to realize the impact of selling at some of the prices we are now seeing. No one can predict the high in the markets but let's make sure we cover all the outflows and set ourselves up for a nice profit if we can. Remember there are strategies to capture additional income if the market continues to some unknown high point and we have already sold a good share of that particular crop. Call me if you need assistance on working with this cash flow summary.

FARM CALLS and the MID-YEAR INVENTORY NUMBERS

I am continuing to do farm calls and to complete the mid-year inventory checks. It is something we should do at this time of the year and is especially important for livestock producers as this is typically the low point in the feed inventory. If you have not yet completed the mid-year checks and have not called or emailed me to determine a time to do this, please call or email me as soon as possible. The summer will only continue to get busier and so let's try to get this done as soon as we can.

The mid-year farm calls are also an excellent time to review some of the financial numbers found in the 2006 analysis that you received this past spring. It is important to take time to try and understand the information found within your analysis. It contains various financial ratios and numbers that we as producers and managers should understand and not just assume that they are strictly for our lender's use.

LIVESTOCK MARKETS

While increasing grain markets hold much promise for the grain producers, they are a double edged sword for those of you with livestock to feed. It is important that you take a good look at what it will cost to feed or background this year. Can we run a budget that will show a profit for our time and labor or will it show us that selling at weaning is the best we can expect. The livestock market is extremely volatile as it waits for corn and other feed grains to rise or fall, based on projected weather patterns. There are some marketing tools available to us to help price livestock but we need to understand the implications for these should the markets move in another direction. Please call me if you have questions.

2007 YEAR FEES

A great share of you have already mailed in your fees for 2007 but if you are among those that have not yet done so I would encourage you to do so at this time. It helps us to stay on track with our financial commitment to the local school district which serves as our fiscal agent.

BI-MONTHLY NEWSLETTER

You will note that this newsletter is a bi-monthly one and I am contemplating trying to keep you up to date with six newsletters per year in place of the monthly newsletters of the past. If a special newsletter is needed, it can be published in addition to the new bi-monthly editions. I would appreciate any feedback as to making this change.

OTHER ITEMS

The IBC or International Bison Conference will be held July 24-27 in Rapid City, SD. I will be attending this conference as we do work with bison in this area. The last meeting of this group was in Edmonton, Alberta back in the year 2000. It was an excellent conference and I am looking forward to the upcoming one in Rapid City. As we watch the various markets of today run upward so quickly, I am reminded of the bison market of the early to mid 1990's. In the end all markets will be based on supply and demand and the opportunities they give us in the mean time are something we need to understand and be able to take advantage of.

VACATION

As you will note on the enclosed August calendar, I will be out of the office for a few days of rest and relaxation. Should you need to get in touch with me, you may reach me or leave a message for me at my home phone which is 652-3688. It is always somewhat ironic that my schedule finally allows for some time off just when your schedule becomes increasingly busier. Have a good small grains harvest season.

