

RIGHTRISK™

RIGHTRISK NEWS

DATES TO REMEMBER

- **April 29, 2014:**
Production history reporting deadline.
- **July 15, 2014:**
Spring crop acreage reporting deadline.
- **August 15, 2014:**
Spring premium billing deadline date.
- **November 15, 2014:**
Pasture, Rangeland, Forage (PRF) sales closing date.

For more information see: <http://www.rma.usda.gov>.

Better Management Through Basic Ag Records

The academic professionals at RightRisk.org have developed an online course entitled *Getting on track: better management through basic ag records* designed to give producers of all sizes and types of operation a resource to help work toward better record keeping. The course is divided into four interactive vignettes that focus on individual producers and family operations that can benefit from implementing or improving their record keeping system. The user explores the interactive profiles and develops a better understanding of basic production and financial record systems.

To get started with record keeping or where the record keeping process needs refinement, the course outlines a simple, five-step process.

1) Start by saving all receipts and expenditures. Try to sort them based on the associated individual enterprise or income/expenditure type. This aids in enterprise analysis later on.

2) Record all income and expenses. Use a journal to log each and try to keep them sorted based on their respective enterprise or category.

3) Summarize the journal entries into a monthly ledger. By looking at monthly summaries for income and expenses, the manager can further assess what is working and what isn't in the business by using statements such as a monthly cash flow projection.

4) Estimate profit or loss using an income statement. Building from the ledger information, will allow the operator to assess profitability over the entire operation.

5) Examine, through enterprise analysis, the profitability of each individual enterprise of the operation (individual crops or livestock types for example).



Other sections of the course include Production Records, Financial Records, and IRS Schedule-F implications. The course shows how to keep records of day-to-day business operations and use them to prepare financial statements. A complete set of financial records is just as important to business success as sound production records are. They help secure financing, establish fair lease agreements, and estimate taxes.

For more information and other detailed risk management and production courses online visit RightRisk.org. To access the *Getting on track:*

Better management through ag records course and record system resources, log on to RightRisk.org and select Getting on Track: Financial Records from the Courses tab.

How Much Risk is Right for You?

RISK MANAGEMENT PROFILE

Big Country Farms, operated by John and Jen Colpher, is a dryland wheat farm with some irrigated wheat and dryland sunflower acreage. The Colphers purchased the 5,000 acre farm from John's father in 1960. The wheat is managed as a wheat-fallow rotation on 2,500 dryland acres and 240 acres of sprinkler-irrigated wheat. The Colphers have averaged 27 bushels per acre on the dryland wheat and 85 bushels per acre on their irrigated wheat for the past 10 years.

To read more see: <http://RightRisk.org> > Resources > Risk Mgt Profiles



HIGHLIGHTED TOOL

Most of today's farms and ranches involve more than one enterprise in their production mix. Production risk spread over several enterprises often contributes to their financial successes. Enterprise risk analysis – estimating net returns for an enterprise and the variability in those returns (risk) – is an often-neglected but a necessary part of developing an overall risk management strategy.

Enterprise analysis helps producers obtain an accurate picture of enterprise profitability by evaluating enterprise net revenue and effect on the entire operation. Such analysis helps identify not only the range of possible farm returns but also the development of contingency plans should returns decline below reasonable levels.

The Enterprise Risk Analyzer (ERA) tool helps evaluate farm/ranch financial performance once the necessary data has been entered. Analysis includes whole farm/ranch net return, enterprise net return, break-even prices, and break-even yields. Comparing enterprise performance and determining how much each enterprise contributes to whole-farm/ranch profitability is then possible. The ERA tool also provides risk estimates based on user projections for commodity prices and yields. The ERA tool estimates probabilities for earning a given level of net income, a break-even price, or a given break-even yield. For More Information on the Enterprise Risk Analyzer tool, see <http://RightRisk.org> > tools.



RightRisk helps decision-makers discover innovative and effective risk management solutions.

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- ***Coaching***
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How much risk is right for you and your operation?

