

# *Rugby Farm & Ranch Business Management Education*

## *August Calendar*

### **RUGBY PUBLIC SCHOOLS**

Vol. 12 No. 8 Phone: 701-776-5095 or 776-5065 or cell701-537-3210

email: [Allen.graner@sendit.nodak.edu](mailto:Allen.graner@sendit.nodak.edu)

*Harvest will be beginning in full earnest as you receive this. From what has been observed along with the reports we are hearing from the media, this year's crop appears to have a great deal of promise. We hope you all will be able to bring this crop in and enjoy the fruit of your labor.*

#### *Analysis minute---*

*This month's topic is a look at the Statement of Cash Flow. This item shows up on page 7 of your FINPACK analysis. The essential make-up of this statement take into account what you started the year out in cash and the net change in the cash position in your business and summarizes the cash generated from three main areas cash from operating activities, cash from investing activities, and cash from financing areas Example, if you had a net loss from cash activities from operation then you may have liquidated an asset to make up the cash flow difference or in most instances cash was generated from financing activities. Simply put this statement is a cash flow summary showing what activities generated cash and how cash was used during the year. A question that may be asked when reviewing this statement should be was there something in your management during the year that may have changed the usage of cash during the business year? The answer may be in a number of areas from unforeseen increases in costs of operation, poor marketing decisions, major capitalization of the business in the area of investments, or just a poor production year. Whatever the answers may be, knowing what occurred in the business during a production year and learning from this is essential to continued success with-in the business.*

#### *Markets---*

*Corn and Soybeans both have been trending lower in the past couple of weeks. This could be termed seasonal along with the weather still playing a major role in price direction. Wheat has been very strong the past couple of months. Hopefully all of you have been paying attention and may have been ramping up your marketing decisions. A saying to remember is if this is a short crop scenario as it appears in the works for carry in wheat, we could be looking at an early high with a long tail. Prices for our commodities should be far higher than what was used to plan and even with higher expenses, an average yield should be sufficient in meeting the cash flow.*

*The Cattle markets have been doing very well over the past month with near term feeder cattle moving to the up-side which should translate into good money for any one who has yearlings this summer. Deferred months seem to be picking up on steam, but the question remains can the feeders rally to take out the highs from last year. Usually this does not occur but fall feeder prices last I looked are still being called similar to what we saw last year. Pay attention.*

***Five Perspectives for those long spring and summer nights by Dr. David M. Kohl---***

- *Harvest the wins and do not be afraid to make a profit. Also, do not “beat yourself up” over money left on the table because of your marketing plan of the past.*
- *Most poor decisions are made during good times. Keeping good records and knowing your cost is a 24/7 priority for any business.*
- *Plan, plan, plan. Develop or enhance your business plan. Utilize your farm management instructor as an objective facilitator.*
- *People skill will become more important as you become more interdependent rather than independent. Seek programs for personal development.*
- *Take time for a vacation and family time. Balance in business and lifestyle is a key to sustainability.*

***Jottings---***

- *Many of you may have carried in a higher than normal crop inventory into this year. That along with higher grain prices this year may make it necessary for you to perform a tax estimate far earlier than normal. My immediate thought is this process should be completed in early September. This should allow you plenty of time to make proper decisions as to what to do with current year sales. Remember if you are planning capital purchases that a majority of these purchases need to be made before October one to qualify for the mid year convention rule as compared to mid quarter. Also there is Section 179 Expense rule for writing off a large portion if not all in the year of purchase. We should have the new tax template done and available by mid August.*
- *With harvest keeping you busy during this month, do not hesitate to give a call if we can help answer your management questions. Getting on top of your situation early is essential to staying on your course of success.*
- ***Have a Safe and Productive Month***