



COOK MARTIN POULSON, P.C.

Certified Public Accountants

Critical Issues Checklist for Farmers and Ranchers



Over the years, Cook Martin Poulson has identified several issues commonly overlooked by farm and ranch owners. This checklist will help you identify and address these critical issues related to your business. When working with our clients, we believe it's important to follow a team approach that utilizes all involved professionals and consultants of the business to ensure the company is addressing all the critical issues they face. Please complete the included checklist to prepare for an opportunity to sit down together and address any of the areas you feel you may want to improve.

1 Needs Help/Tools
 2 Plan to Work on It
 3 Neutral/ Don't Know
 4 Mostly
 5 Yes

Succession Planning

1	2	3	4	5	
1	2	3	4	5	Is there a plan in place to transfer or sell the farm or ranch to the next generation?
1	2	3	4	5	Are the successors ready in every way to take over the farm or ranch?
No	-	-	-	Yes	Are the successors aware of the succession plan?
1	2	3	4	5	Will the successors work well together?
1	2	3	4	5	Does the succession plan take non-farm heirs into consideration?
1	2	3	4	5	Is the estate planning done in order to transfer assets in a tax efficient manner?
1	2	3	4	5	Is there a financial plan that addresses income, health insurance, long-term care insurance, and life insurance needs?
No	-	-	-	Yes	Will the farm or ranch be sold in the near future?
1	2	3	4	5	Will new shareholders or owners buy into the farm or ranch in the future?

Corporate Governance

1	2	3	4	5	
1	2	3	4	5	Does the farm or ranch have an organizational chart?
1	2	3	4	5	Do officers and managers have clearly defined roles?
1	2	3	4	5	Does the farm or ranch have regular management meetings?
1	2	3	4	5	Are minutes kept and assignments followed up with?
1	2	3	4	5	Would a management retreat or planning session be useful?
1	2	3	4	5	Would you like outside board members or advisors to attend meetings?
1	2	3	4	5	Does the owner, president, or manager report to anyone?
1	2	3	4	5	Does the farm or ranch hold required annual meetings?

Corporate Documentation

No	-	-	-	Yes	
No	-	-	-	Yes	Are notes between owners and other related parties documented?
No	-	-	-	Yes	Are rental agreements drafted and followed?
No	-	-	-	Yes	Does the farm or ranch contract properly with consultants or laborers?
No	-	-	-	Yes	Does the farm or ranch make (or issue) all required government disclosures?
No	-	-	-	Yes	Does the farm or ranch have a document retention policy that meets government requirements?
No	-	-	-	Yes	Does the farm or ranch have a computer use policy?

Strategic Planning

No	-	-	-	Yes	
No	-	-	-	Yes	Does the farm or ranch have a strategic plan for the next year?
No	-	-	-	Yes	Does the farm or ranch have a strategic plan for the next 5 years?
1	2	3	4	5	Does the management team reserve time each year to establish one, three, and five year growth objectives?
1	2	3	4	5	Does the farm or ranch focus its efforts on its sweet spot?

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Tax and Government Compliance

1	2	3	4	5	
					Does the farm or ranch timely file all required tax and compliance forms?
No	-	-	-	Yes	Does the farm or ranch do business in multiple states?
No	-	-	-	Yes	Do the farm or ranch employees perform services in multiple states?
1	2	3	4	5	Does the farm or ranch utilize income averaging for tax?
No	-	-	-	Yes	Is the farm or ranch eligible to defer crop insurance proceeds?
No	-	-	-	Yes	Can the farm or ranch elect drought tax elections?
1	2	3	4	5	Does the farm or ranch properly account for repairs and maintenance?
1	2	3	4	5	Does the farm or ranch take advantage of DPAD? (Domestic Production Activity Deduction)
1	2	3	4	5	Does the farm or ranch have all required licensure in all jurisdictions?
1	2	3	4	5	Is the farm or ranch operating in the correct entity type? (LLC, S-Corp, etc.)
1	2	3	4	5	Does the farm or ranch follow all industry regulations?
1	2	3	4	5	Does the farm or ranch document requirements for regulations properly?
1	2	3	4	5	Does the farm or ranch pay use tax on items purchased out of state?
1	2	3	4	5	Does the farm or ranch comply with retirement plan documents and annual reporting?
1	2	3	4	5	Does the farm or ranch comply with an IRS approved vehicle reimbursement plan?
1	2	3	4	5	Does the farm or ranch comply with an IRS accountable plan for travel and business expense reimbursements?
1	2	3	4	5	Does the farm or ranch comply with I-9 and W-4 requirements for new employees?
1	2	3	4	5	Does the farm or ranch use the E-verify system?
1	2	3	4	5	Does the farm or ranch seek tax-planning opportunities with professionals?

Operations Management

No	-	-	-	Yes	Does the farm or ranch use accounting software?
No	-	-	-	Yes	Does the farm or ranch keep accounting software up to date?
1	2	3	4	5	Does the farm or ranch review and understand reports from your accounting software?
1	2	3	4	5	Do you receive key reports every week such as: aged A/R & A/P, sales reports, cash balances, LOC balances, and job or project status?
1	2	3	4	5	Does the farm or ranch use budgets for sales, expenses, cash flow, and capital purchases?
1	2	3	4	5	Does the farm or ranch document expenses for tax or financial compliance?
1	2	3	4	5	Does the farm or ranch have qualified and trustworthy accounting personnel?
1	2	3	4	5	Does the farm or ranch have internal controls?
1	2	3	4	5	Do you know the fair market value of your farm or ranch?
1	2	3	4	5	Does the farm or ranch reconcile the books monthly?
No	-	-	-	Yes	Does the farm or ranch have a relationship with their FSA officer?
1	2	3	4	5	Is the farm or ranch taking advantage of all government programs available?

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Human Resources

1	2	3	4	5	
1	2	3	4	5	Does the farm or ranch have solid hiring practices to recruit and interview the right candidates; do you conduct background checks and drug tests?
1	2	3	4	5	Do new employees go through an orientation process and receive an orientation binder?
1	2	3	4	5	Does the farm or ranch have employment contracts for all employees, officers, and owners?
1	2	3	4	5	Does the farm or ranch have non-compete, non-solicitation, and non-disclosure agreements?
1	2	3	4	5	Does the farm or ranch have employee manuals?
1	2	3	4	5	Does the farm or ranch have a written job description for each position in the farm or ranch?
1	2	3	4	5	Are the employees properly trained for their responsibilities?
1	2	3	4	5	Does the farm or ranch conduct employee surveys?
1	2	3	4	5	Does the farm or ranch have a corrective action plan for performance improvement and conflict resolution?
1	2	3	4	5	Does the farm or ranch provide and document quarterly or annual employee reviews?
1	2	3	4	5	Does the farm or ranch have a wage and salary adjustment policy?
1	2	3	4	5	Does the farm or ranch conduct exit interviews to assist in receiving feedback on how to improve the farm or ranch and retain high-performing employees?

Risk Management

1	2	3	4	5	
1	2	3	4	5	Are assets secure from employee and outside theft?
1	2	3	4	5	Are checking accounts monitored for suspicious activity?
1	2	3	4	5	Is the farm or ranch's IT system secure from physical theft?
1	2	3	4	5	Is the farm or ranch's data secure from hacking or theft?
1	2	3	4	5	Does the farm or ranch have internet-use policies defined to prevent possible data threats?
1	2	3	4	5	Are the employees trained to avoid spam or email phishing threats?
1	2	3	4	5	Is antivirus software installed and updated on each computer?
1	2	3	4	5	Are computer users required to use passwords?
1	2	3	4	5	Does the farm or ranch have an email purge policy implemented for old emails?
1	2	3	4	5	Are farm or ranch checks and credits cards carefully monitored and secure?
1	2	3	4	5	Are the assets of the farm or ranch insured properly?
1	2	3	4	5	Does the farm or ranch bond accounting and financial personnel?
1	2	3	4	5	Do accounting personnel sign checks or initiate banking transfers?
1	2	3	4	5	Does the farm or ranch require a cell phone passcode policy?
1	2	3	4	5	Could you potentially lose your farm or ranch if you are not protected correctly?
1	2	3	4	5	Have you had your insurance plan reviewed recently to ensure all assets are currently protected?
1	2	3	4	5	Does the farm or ranch have an emergency disaster plan?

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Key Indicators

1	2	3	4	5	
1	2	3	4	5	Do you know how you compare to key industry indicators?
1	2	3	4	5	Compared to industry averages, do you generate above-average net profit?
1	2	3	4	5	Do you know how your fair market value balance sheet compares to prior periods?
1	2	3	4	5	Do you know your average cost per acre/animal?
1	2	3	4	5	Do you know your gross revenue per acre/animal?
1	2	3	4	5	Do you know your net income per acre/animal?
1	2	3	4	5	Do you know the market price for your commodity?
No	-	-	-	Yes	Do you hedge against market fluctuations?
1	2	3	4	5	Do you know your income over feed margin?
1	2	3	4	5	Do you know your cost to feed each individual animal per day or week?

Cash Flow and Financial Management

1	2	3	4	5	
1	2	3	4	5	Is the farm or ranch long-term debt structured correctly?
1	2	3	4	5	Does the farm or ranch have a budget for next year?
1	2	3	4	5	Does the farm or ranch have a line of credit?
1	2	3	4	5	Is idle cash invested properly?
1	2	3	4	5	Does the farm or ranch lease equipment?
1	2	3	4	5	Does the farm or ranch budget for capital expenditures?
1	2	3	4	5	Do you know your return on investment for your assets (ROI)?
1	2	3	4	5	Is cash flow strong enough to withstand a major economic or business performance downturn?
1	2	3	4	5	Has the farm or ranch developed a debt/credit policy that guides financial decision making?



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