

Introduction to Financial Record Keeping

Why Keep Financial Records?

To be successful, farmers and ranchers need to be good producers. But they also need to be financial managers; that means keeping accurate records and establishing a solid record keeping system.

After all, keeping good records does more than help you get prepared for tax season. Farmers and ranchers need accurate records and a financial planning system to track all of their business activities.

Below are just some of the benefits of keeping records accurate and up to date:

- ✓ Measure efficiency and progress
- ✓ Easier to prepare accounts at year end
- ✓ It is a requirement of lenders, agencies, etc.
- ✓ Better planning and forecasting

What Financial Records Should You Keep?

Start with your business plan or project goals and work from there.

- ✓ What do you need to track to find out whether you are meeting your business or project goals?
- ✓ How will you know if you are succeeding?
- ✓ What records are you required to keep for tax purposes or to obtain the loans or grants your operation needs?

Financially, all operations should track income and expenses.

- ✓ **Income** refers to any money you earned related to your business or project. It can include crop or livestock sales, earnings from labor, sales of equipment or supplies, etc.
- ✓ **Expenses** include any costs incurred from your business or project. Common farm & ranch expenses include seed & chemical cost, livestock feed, vet bills, repairs & maintenance, etc.

How Do I Keep Financial Records?

Record-keeping can be accomplished several ways ranging from basic hand recorded ledgers to more detailed computerized systems. No matter which method you choose every system should include:

- ✓ Date of the transaction
- ✓ Description of the transaction
- ✓ Cash involved in the sale or purchase

Date	Paid To/ Received From	Description	Income (\$)	Expense (\$)
05/15/18	ABC Feed	50 lbs mixed feed		\$40.00
07/10/18	Farmer Joe	30 days pasture		\$50.00
10/10/18	Livestock Exchange	Sold 1 Calf	\$750.00	
		Total	\$750.00	\$90.00