

Recordkeeping 101



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OLD FORT AT HESPERUS



If you can't make a profit with a pencil,
you can't make a profit with a plow.



Why Keep Records?



Types of Records



- Production
- Financial

Remember, you have to start somewhere!!!

Financial Records



- Mission Statement
- Goals and Objectives
- Profit and Loss
- Net Worth Statement
- Enterprise Budgets/Analysis



"I can loan you money for a boat or a snowmobile, but not for cattle feed."

Profit and Loss



- Income minus Expenses
- May or may not be incorporated into Personal finances
 - Eventually needs to be separated
- May or may not be separated by enterprise
 - Some information can be obtained from production records

Examples of Enterprise Breakdown



- **Market Garden**
 - Individual crops like broccoli, greens or potatoes
 - ✦ Within crops can look at varieties or management techniques
 - Each Farmers Market
 - CSA – Community Supported Agriculture
 - Wholesale

Profit and Loss



Type of Income

- Sales
- Services
- Rentals

Type of Expenses

- Supplies
- Payroll
- Utilities
- Feed
- Fuel

- **COGS**
 - Cost of Goods Sold
 - Only for resold items

Production Records



Do You...



- know which enterprise are profitable?
- know which enterprise requires most labor?
- know the percent of sales for a particular crop?
- know individual cost of production per plant/crop?

Basic Methods

- **Calendar**
 - Write information on specific dates
 - Multiple people have access to calendar
- **Journal /Diary**
 - Notebook for general observations
- **Weekly/Daily observations**
 - Create list of areas or crops to observe daily

More Advanced Methods

- **Crop-based data** ○
 - Record sheet for each crop
 - Complete time sheets by crop
- **Production Data only**
 - Date, Crop, Weight/Count
- **Sales Data**
 - Date, Crop, Weight/Count, Price

River Berry Time Sheet - Two Weeks

Name: [Redacted]

Week Starting Date: 8.18

Potatoes 1 1/2 1.5

Crop or Activity	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Total
Kale	1 1/2			2							1				5.0
Cabbage	2		1	1					1		2				7.0
Peppers	1 1/2	1 1/2		2				2	2	2		1 1/2			12.5
Stand	1		2												3.0
Summer Squash	2 1/2	1 1/2	2					3 1/2							9.5
Collard S			1								1/2				1.5
deliveries		1 1/2			5							4 1/2			14.25
Corn		1 1/2		1	3			1	1	1 1/4	1 1/2				10.25
Lettuce			3 1/2												3.5
Strawberry				2 1/2											2.5
Eggs					3/4										.75
Broccoli					1 1/2			2	2 1/2	2	1/2				8.5
Packing House Cleanup					1/4						1				1.25
Melons									1 1/2	2 1/2					4.0
eggplant										1					1.0
Beets											1 1/2				1.5
Prep/Load					1/2										.5
Raspberries														1	1.0
Total Hours/Day	8 1/2	9 1/4	4 1/2	8 1/2	3 1/4			8 1/2	8 1/2	8 3/4	8 1/4	8 1/2			

Tools



- Veggie Compass
 - Comprehensive spreadsheet designed to facilitate the analysis of farm records.
 - Using cost, sales and labor data, the spreadsheet calculates the cost of production for each crop and the profitability of each market channel
 - Spreadsheet and other tools in Veggie Compass folder on your CD
 - ✦ www.veggiecompass.com
 - Preprinted sheets for recording labor and production

Veggie Compass Form



Your Farm Name _____ **DATE** _____

CROP SPECIFIC ACTIVITY (circle one)

Field Growing Harvest & Packing

CROP (circle one)

Bean Beet Broccoli Cabbage
Carrot Chard Cuke
Eggplant Garlic Kale/Collard Leek
Lettuce Melon Onion
Pea Pepper Potato Radish
SaladMix Scallion Spinach
SmSqsh SwtCorn Tomato WinSqsh
Zucchini Herb/Other _____

CROP SPECIFIC HOURS

NOT CROP SPECIFIC ACTIVITY

Greenhouse Hours

Field Growing Hours

Harvest / Packing Hours

Tools



- **MCAT – Marketing Channel Assessment Tool**
 - Fruits and Veggies
 - Livestock- LMCAT
 - Available on your CD

- **Rodale Institute – New Farmers**
 - <http://www.rodaleinstitute.org/farm>
 - Organic Price report by crop and region

MCAT Form



Farm Name: _____ Name: _____ Date: _____

Time spent (to nearest 5 min): _____ Vegetable(s): _____

Activity: Check all that apply

- Create Pick list Harvest Cull/grade/sort/wash Bunch/Bag/Package/Pack orders/boxes
- Load/unload truck Travel to/from market/make deliveries Bookkeeping/Bills
- Sales calls Sales Time/Set up/Take down Other (please describe) _____

Product Destination: Check all that apply (when possible, please write name of biz)

- CSA Restaurant _____
- Farmers' Market Other _____

Livestock MCAT Form



Name: _____

Date: _____ Animal ID/HCW: _____

Please enter TIME in MINUTES as accurately as possible.

Product Destination/ Customer Name:	Mileage:	\$ in Sales/ Invoice #	Travel & Deliveries (to/from slaughter- house)	Pack & Sort Orders: (take inventory, pack boxes, load vehicle)	Sales Time: (phone orders, bookkeeping, invoices, sales calls)	Other:
Moosewood	+2 miles	\$215.86	25 min. +25 min. • +25 • +35	5 min. + 12 min.	5 min. +15 min. +13 min.	

Result: [Channel Assessment](#)

\$30 PER HOUR RULE

We need to know the total time it takes the employees to harvest, wash, and pack an item for sale at the market.

Example: Beans

Average picker can ready 25 pounds per hour

At \$3.00 per pound, the value is **\$75 per hour** and falls within our limits for profitability.

2002 TIMING RECORD-JULY 28TH

Records to verify workers earn us \$30/hour MINIMUM

Workers fill in the "Start,End, Quantity, & Job Description/Initials" Columns only

Data gathered only 2 or 3 times each year during harvest day to get data on all crops

ITEM	START	END	QUANTITY	JOB DESCRIPTION	TOTAL VALUE	TOTAL TIME	VALUE PER HOUR
				INITIALS			
BASIL-BNCH/BAG	3:15	3:45	12 bags	pick/bag SH & TJ	\$60	1	\$60
BEANS	10:00	11:15	30#	pick TJ			
	10:00	11:15	38#	pick PA			
	11:15	11:30	68#	wash,crate HR	\$170	2.75	\$62
BEETS							
BLUEBERRIES	9:10	10:40	30 (1/2pts)	Picking & to cooler TJ	\$60	1.5	\$40
RASPBERRIES	9:30	11:00	19 (1/2 pts)	Picking & to cooler PJ	\$47.50	1.5	\$32

All times for picking, washing,crating, bunching, etc. would be totalled then divided into total value.

Example: Basil @\$5=\$60 worth readied in 1 hour (2 workers 1/2 hour each), therefore \$60/hour

Example: Beans Total of 68# readied in 2.75 hours; Value @\$2.50/pound=\$170; 170/2.75=\$62

Example: Blueberries @ \$2=\$60 worth picked in 1 1/2 hours, therefore \$40/hour

Financial Recordkeeping



Elements of a Good Record Keeping System



- Business checking account
 - Required if you are an LLC
- Pay bills by check
 - Better record of expenses
- Petty cash for small expenses – Limited use
- Sales Records
- Deposit receipts often
- Support your entries
 - Bills, receipts, invoices, receipt books

Financial Recordkeeping Options



- Do nothing- No longer an option!
- Paper records by Hand
- Excel Workbooks
- Software programs
 - Quicken
 - Quickbooks
 - Ag Squared
 - ✦ Online; \$60/year
 - Other?

How do you want your income categorized?



- Just Income
- Or Produce, Livestock
- Or Carrots, Beets, Cabbage, Pork, Beef
- And/Or Farmers Market, Restaurants

- Increasing amount of organization required

What about sales tax?



- Do you add it on or back-calculate it?

95.2381%	64.86	Produce
1.9048%	1.30	Tax1
2.8571%	1.95	Tax2
100.0000%	68.10	

Hand Records



- Low initial out-of pocket expense
- Easy to implement and then transition to computer
- Can be perceived as time-consuming
- More opportunities to make mathematical mistakes
- Limited in extent of analysis without time and effort

Hand Records- Receipts or Income



- Ledger type record sheets included in packet

January Cash Receipts

2013 Amount Received	Greens	Garlic	Brassicas	Row Crops	Carrots/Beets	Potatoes	Tomatoes/Peppers	Fruit	Livestock Sales	Total Check
										\$ -
										\$ -
										\$ -

- Transaction Details

- Date, Amt,

- Receipt Detail

- Split transactions according to categories

- ✦ Example: Farmers Market Income of \$300

- \$100 greens \$100 garlic and \$100 carrots/beets

- Total columns at the end of the month

- Start new page at the beginning of the month

Hand Records – Keep track of expenses



- Checking account ledger
 - By hand or computerized

Check Register

Number	Date	Vendor	Description of Transaction	C	Debit (-)	Credit (+)	Balance
	1/1/13		Opening Balance			\$2,355.21	\$2,355.21
Debit	1/5/13	Johnnys	Seed Order- tomatoes & peppers		\$65.46		\$2,289.75
	1/6/13	Lindas Local Café	Deposit-50# Storage onion; 100# potatoes			\$175.00	\$2,464.75
1034	1/8/13	Peaceful Valley	Three Seed mats		\$55.12		\$2,409.63

- Keep your receipts

Hand Records- Expense

- Ledger type records included in packet

Month _____ Year _____

EXPENSES

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L i n e	D a t e	Details of Transaction				Cost of Livestock & Other Items Bought For Resale	Car & Truck Expenses	Chemicals: Herbicide & Insecticide	Conservation	Custom Hire	Employee Benefits	Feed	Fertilizer & Lime	Freight & Trucking	Gas, Fuel & Oil	L i n e
		Check Number	Amount Paid	Items, Units, Weight, Price, Etc.	From Whom Purchased											
1																1
2																2
3																3
4																4
5																5
6																6

- Transaction Details
 - Date, Check #, Amt, Description (include units), From whom
- Expense Detail
 - Split transactions according to categories
 - ✦ Example: Johnnys: \$65.46 for seed
 - ✦ Example: Peaceful Valley \$55.12 for seed mats
- Total columns at the end of the page and/or end of the month
 - Start new page at the beginning of the month

Pre-printed Forms



- Oklahoma Farm and Ranch Account Book
 - www.agecon.okstate.edu/farmbook
 - [Entire account book](#) (83 pages) on CD
 - ✦ Also broken down into three sections on CD
 - Current Records
 - Summarization and analysis
 - Multi-year records
 - Samples in your handouts

Computer Based Records



- Higher initial out-of-pocket expense
- May require significant amount of study
- Can be faster and do calculations for you
 - GIGO
- Can be a powerful analysis tool

Excel Workbooks



- Often look like Hand Records
 - Can write formulas in Excel to do calculations for you
- Excel Workbooks are made up of Spreadsheets
 - [Excel Workbooks\Monthly Accounting Template-Produce.xls](#)
 - [Checkbook Register](#)

Computerized hand records

	A	B	C	D	E	F	G	H	I	J	K
1	Old Fort Farm Stand										
2							Inventory				
3	Product	Weight	Price	Tax	Total		23-Jul	Total	Sales		Dep
4											Sales Tax ded
5	Garlic	Large	\$ 1.90	\$ 0.10	\$ 2.00		15	\$ 29.93	12	\$ 23.94	\$ 22.80
6											
7	Herbs	Sw Basil	1.9	\$ 0.10	\$ 2.00		5	\$ 9.98	5	\$ 9.98	\$ 9.50
8		Cilantro	\$ 0.95	\$ 0.05	\$ 1.00			\$ -		\$ -	\$ -
9		Chives	\$ 0.95	\$ 0.05	\$ 1.00		1	\$ 1.00	1	\$ 1.00	\$ 0.95
10		Dill	1.9	\$ 0.10	\$ 2.00		1	\$ 2.00	1	\$ 2.00	\$ 1.90
11		Oregano	\$ 0.95	\$ 0.05	\$ 1.00		3	\$ 2.99	1	\$ 1.00	\$ 0.95
12		Italian Flat	\$ 0.95	\$ 0.05	\$ 1.00		2	\$ 2.00	2	\$ 2.00	\$ 1.90
13		Sage	\$ 0.95	\$ 0.05	\$ 1.00			\$ -		\$ -	\$ -
14											
15	Salad Mix	8 oz	3.33	\$ 0.17	\$ 3.50		14	\$ 48.95	7	\$ 24.48	\$ 23.31
16											
17	Spinach	8 oz	3.81	\$ 0.19	\$ 4.00		0	\$ -		\$ -	\$ -
18											
19	Chard	8 oz	\$ 2.86	\$ 0.14	\$ 3.00		13	\$ 39.04	7	\$ 21.02	\$ 20.02
20											
21	Onions	Each	\$ 0.95	\$ 0.05	\$ 1.00		16	\$ 15.96	16	\$ 15.96	\$ 15.20
22											
23	Cabbage	Each	1.9	\$ 0.10	\$ 2.00		5	\$ 9.98	4	\$ 7.98	\$ 7.60
24											
25	Radish	Bunch	1.9	\$ 0.10	\$ 2.00		5	\$ 9.98	5	\$ 9.98	\$ 9.50
26											
27	Snow Peas	Pound	5.71	\$ 0.29	\$ 6.00		15	\$ 89.93	11	\$ 65.95	\$ 62.81
28											
29	Broccoli	Pound	3.81	\$ 0.19	\$ 4.00		7	\$ 28.00	7	\$ 28.00	\$ 26.67
30											

Internet Resources



- Ag Squared

- <http://www.agsquared.com/>

- ✦ One month free trial
- ✦ \$60/year
- ✦ Information stored online
- ✦ Also includes crop planning and production records

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CSA Coalition

www.csacoalition.org

Financial Software



- Quicken
- Quickbooks
- Others
 - [Red Wing](#)
 - ✦ <http://www.redwingsoftware.com/rwssn/?page=308>

Quicken



- **Advantages:**
 - Simple, single entry (checkbook) accounting
 - Good reporting capabilities
 - Allows Classes (enterprise codes)
 - Features for tracking stocks and investments
 - \$40-\$100, depending on version
- **Disadvantages:**
 - Limited transaction detail
 - No Inventory
 - No Payroll
 - Limited invoicing
 - Single user only

QuickBooks



- Advantages

- More features and options

- ✦ Transaction detail and more detailed and flexible reports
- ✦ Class Tracking
 - Personal, Business
 - Vegetables, Flowers, Livestock
 - Peas, Corn, Marigolds, Pigs, Cattle
- ✦ Complete Accounts Receivable system

- Inventory and Payroll included

- ✦ Inventory not always useful with farm products

- Multi-user

- Disadvantages:

- No investment tracking
- May be harder to learn
- \$150-\$300, depending on version

Getting ready for individual consultations



- Evaluate your current record keeping system
 - Gather all of your data for 2013
 - Organize your data for 2013
- Explore CD resources
 - Try some different methods (hand records, spreadsheets, etc)
- Utilize Beginning Farmer Toolbox
 - <https://attra.ncat.org/oasdf/>



If it doesn't make dollars, it
doesn't make cents