



Record Keeping is Good Business

At a minimum your farm will need a record keeping system for tax and legal compliance and it is highly recommended that you also keep yield and other farm production records that might be useful to making decisions on the farm. For example, many growers keep weather logs so that they can evaluate their practices and yields and then make better growing practice and crop variety decisions for the coming year. Many tools are available from www.smallfarms.cornell.edu/pages/resources/businessmanage/tools.cfm.

Paper Records

Small farms and many businesses just starting out find the shoebox method of accounting to be a good fit. Keep all sales receipts in one folder, expense receipts in another, maintain a capital asset depreciation log, and you may have additional folders for farm yield or other data important to the year. The advantage of this system is that it is simple and easy to do. The disadvantage is that the data is not well organized so when you need farm information you often have to sort through piles of paper and do all computations by hand.

Cornell Farm Account Book

Cornell and many accounting services have pre-formatted account books with categories common to agriculture and additional areas for yield and capital asset data. These are typically of nominal cost (\$10-\$20).

The advantage of the farm account book is that it is easy to understand and the information is well laid out in case you need to access it later. The disadvantage is that the information may not be laid out how you as a manager would like it, and it is still a hand-entry accounting system so entering farm information may take several hours per week. To order the Cornell Farm Account Book from CUP Services, a division of Cornell University Press, call 800-666-2211 or e-mail orderbook@cupserv.org.

Quick Books and Industry Specific Accounting Software

Many full-time farms utilize a computer accounting system on some level. The most common is Quick Books, however, there are more expensive industry specific programs specifically designed for dairy farms or wineries, for example.

The advantage of a computer program is that it allows for easy entry, storing and sorting of data. Often with one entry of an expense into the software, it can generate a check and perform all record keeping functions, which can save time. Doing taxes at the end of the year can be as simple as pressing a button and instant financial statements can be generated for the farm business. The disadvantage is that these programs can be expensive (\$100-\$1,000 per year), and they require a high level of computer skills to use, and may take several months to years to fully understand the program. If you have a small operation it might not be worth the time and expense to set-up a computer records system.

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Record Keeping Guide to Farming in New York State

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Farm Records Service

Some farmers choose to mail all invoices to an accounting service where the accountant will enter the information into a computer records system, provide you with detailed monthly business statements, and perform all tax functions.

The advantage of this system is that it provides a person who does not have the time, understanding of accounting, or computer skills the highest level of records information. The disadvantage is that this system has the highest cost and the monthly business statements take a few weeks to process and get back whereas the person utilizing an on-farm computer records system will have those statements in real time.

