

Fact Sheet #18 Record Keeping

Record Keeping is Good Business

At a minimum, your farm will need a record keeping system for tax and legal compliance; 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 planting decisions and crop variety decisions for the coming year. Many record keeping tools are available from [Cornell University](#). [Growing Small Farmers](#), from North Carolina Cooperative Extension, also has a number of record keeping resources.



Paper Records

Small farms and many businesses just starting out find the shoebox method of accounting to be a good fit. This involves keeping all sales receipts in one folder, expense receipts in another, maintain a capital asset depreciation log, and creating additional folders for farm yield or other data important to the year as needed. The advantage of this system is that it is simple and easy to do. The disadvantage is that it may not be easy to sort through piles of paper if they are not organized and do all calculations by hand.

Farm Account Book

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.

Cornell Cooperative Extension has a Farm Account Book for sale for \$7.50. To order the Cornell Farm Account Book, call [800] 666-2211, e-mail orderbook@cupserv.org.

Accounting and Record-Keeping Software

Many full-time farms use a computer accounting system. The most common computer bookkeeping software is [Intuit's QuickBooks software](#). Because Intuit offers several packages depending on the size of the business and level of functionality, the price ranges from \$179

to \$1,000. There are also more expensive programs specifically designed for dairy farms or wineries, for example.

An online program called [AgSquared](#) provides planning, management, and record-keeping tools that work together to help farms run more smoothly. The streamlined system allows farmers to create crop plans that can automatically generate daily task lists to keep them on track. Those lists can then serve as a base for recording information such as labor, costs, and yields. AgSquared offers a 30-day [free trial](#), after which the program costs \$99 per year. Their website offers [webinars](#) and training videos to help users make the most of the system.

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 the program can generate instant financial statements for the farm business.

The disadvantage is that these programs can be expensive, they may require a high level of computer skills to use, and it 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. If you do want to use a program, it is helpful to seek training opportunities or classes specific to that program. A selection of training opportunities is listed below:

- Classes offered by Mass*Net, the Massachusetts Community Colleges' statewide workforce training program. Find out if your local community college offers the training you need [here](#)
- Online Quickbooks classes (i.e. those offered by [Greenfield Community College](#))
- Free Quickbooks [training videos](#)
- Quickbooks training offered by [Real World Training](#)

Farm Records Service

Some farmers choose to mail all invoices and receipts to an accounting service where the accountant enters the information into a computer records system. These services provide you with detailed monthly business statements and perform all tax functions. The advantage of this system is that it provides a high level of recorded information for a person who does not have the time, understanding of accounting, or computer skills. The disadvantage is that this system is expensive and the monthly business statements take a few weeks to process and return. It is important to find a bookkeeper or accounting service who is familiar with farm business.