Record Keeping for Small Farms

Empower your decision making and make you farm more profitable.
Is your farm Profitable?

Keeping good records can help you answer this question.
Dan Zimmerli  
Community Organizer & Outreach Coordinator

Raised on “conventional” farm in Redwood County  
Worked in IT for ~10 years  
Started my farm in 2015  
Hobbies include fishing, camping, woodworking, cooking and video games.  
Father to 2 Year Old Addie

Cedar Crate Farm  

Cedar Crate Farm started in 2015.
3 acres vegetables, 2 acres pasture
New packshed facility in 2020
Not certified organic but using organic practices.
Top crops are lettuce, carrots, beets, onions & garlic
Farmers Market (50%), CSA (40%), Wholesale (10%).
Specialty Crops Instructor

Raised on small beef cattle farm
Worked as a High School Agriculture Teacher for 4 years
Started Maple Ridge Produce and Baking Co. in 2016
Managed Gilby's Orchard for 2 years
Loves cooking, baking, and entertaining guest
Maple Ridge Farm

Maple Ridge Produce

started in 2016

5 acres vegetables,
2 milk goats, chickens, 4 cats and a dog Organic in practice but not certified. Top crops are cauliflower, broccoli, lettuce, onions, carrots and tomatoes

Grand Rapids Farmers Market, Aitkin Farmers Market, & Crosby Farmers Market

New Farm Stand 2021

Sale to 2 food hubs, and a few wholesale accounts
Why Keep Records?

Data based decision making.
Where to dedicate labor resources?
Where to invest in new equipment.
Feel confident in setting
prices.
Make better crop plans.
Helpful for Employee training. **Measure Profitability**
Necessary for loans, grants, crop insurance and FSA programs.

**Why Record Keeping is such a pain for small**
Small Direct Market Farms have unique challenges compared to other businesses.

Direct Market Farms

Often several market channels and types of payments (cash, credit, etc) Farmers are price makers.

Farmers produce several products Farmers create their own units and quantities.

Sales are often cash or untracked.

Inputs are individualized to each farm.

Little to no data on average income and expenses for small farms.
Farms

Income

What Records to Keep

When--Time bound
Income Records:

- Time
- Place
- Item
- Number

**Expenses**

- Direct Expenses
  - seed, fertilizer, labor, packaging
- Overhead Expenses
  - fuel, management, insurance, taxes

**Why Track Income**

- **Where** -- Market Channel
- **What** -- Identify item
- **How Much** -- Value
Determine what market channels make the most money. Is the market channel worth the effort?

### What to Track

<table>
<thead>
<tr>
<th>Example of Income Tracking</th>
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</thead>
<tbody>
<tr>
<td><strong>What</strong></td>
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<tr>
<td><strong>When</strong></td>
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<tr>
<td><strong>Where</strong></td>
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<tr>
<td><strong>Amount</strong></td>
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<tr>
<td><strong>Date</strong></td>
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<tr>
<td><strong>Place (Market Channel)</strong></td>
</tr>
<tr>
<td><strong>Item</strong></td>
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</tbody>
</table>
Example of Income Tracking
Example of Income Tracking
Expense Records: Why Track Expenses
<table>
<thead>
<tr>
<th>Time</th>
<th>Item</th>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
</table>

*It's not about how much you make, it's about how much you spend.*

Gives a true measure of profitability.

Sets a target to improve upon.

### Expense Categories

- Schedule F Expenses
  - Car and Truck
  - Chemicals
  - Conservation Expenses
- Custom hire (machine work)
- Depreciation and sec 179 expense
Employee benefits

Feed

Expenses from FinPack

Crop Expenses
Seeds & Plants
Fertilizer
Crop Chemicals
Cover Crop Expenses
Fertilizer and Lime

Crop Insurance
Drying Expenses
Storage
Irrigation Energy

Expense Categories From Quickbooks

Advertising & Marketing

Accountant
Bank Charge/fee
Vehicles
Contractors
Employee Benefits

Example of Expense Tracking
Example of Expense Tracking

Holistic Financial Planning
Our "Master" financial document.

Google Sheets

Tracking expenses as they accrue

Production

Crops
Yield data. Keep consistent units. lbs, bunches, dozens etc

Livestock
lbs of bacon per hog

Value Added
jars of jam per canning

Experiences/Agri-tourism
number of visitors per event

Track separately from sales for better management

Labor

Hours paid

Hours worked total

Hours worked per product
Hours worked on specific task: weeding, harvesting, etc

What Additional Records to Keep
Example of Production Records
Example of Labor Records
Example of Labor Records
Individual Crop Labor

Simple Google/Excel Spreadsheet will do.
Don't track every crop at once. Try 3-5 crops. Choose crops that you think are representative of high, medium and low profitability. Bonus for tracking what type of labor is done: weeding, harvest, etc.
Individual Crop Labor Results
Individual Crop Labor Results
Choose a system that works for you.

Be consistent.

Set time aside for record keeping.

How to Keep Records

Pen and Paper
Excel/Google Sheets
Square
Wave
Quickbooks
PCMars
Holistic Financial Management

How to Keep
Helpful Hints

Create a system that works for you.
Expenses as you go or monthly?
Use pen and paper or technology?

Make it easy and accessible.
Computer/tablet in pack shed.
Receipts stored in same location.
Software programs are great-- only if you use them
no shame in pen and paper
Create a "catch all" bin for farm records sort during "record keeping time"
Keep a tote in your vehicles to collect receipts
Get family and/or team involved

What Records Can Do for You!

Confidence setting prices, especially for wholesale buyers.
Make data-based decisions for investments. Help you identify areas of weakness and opportunity.
Confirm or correct your gut feelings on which markets/crops are most/least...
What Records Can Do for You!

profitable.
Identify workloads/workflows.
Help set and track goals.
Goals!
What Records Can Do for You!
Goals!

What Records Can Do for
You!  **Trends!**

Financial Statements!

What Records Can Do for You!

Balance Sheets

What is FBM?

Income Statement

Cash Flow Statement

Enterprise & Whole Farm

Budgets Whole Farm &

Enterprise Financial Analysis
A program that helps farmers achieve their personal and business goals.

Work with farmers one-on-one

Provide individualized instruction
Assist in drafting financial documents and record keeping
Provide resources and a sounding board for management decisions in their area
Instructor signs them up as a College Student
Matches curriculum that
Students find an instructor in
meets farmers goals

Instructional visits take place throughout the year

How it works:
Student can earn certificates, degrees, or diplomas... or not
Although one student is enrolled, Instructors tend to work with families

Students can be in the program as long as they want
Quality Record Keeping
Balance Sheets
Cash Flow Statements
Enterprise Budgets
Enterprise Analysis Tax estimations
Employment documents
Business Entity set up

Full-Time Students
10 credits a year
6-8 visits a year
4 financial statements
  beginning and ending Balance Sheets
  Whole-Farm and Enterprise Budgets
  Cash Flow Statement
  Year-end Financial Analysis
1 Large Project
$2,000 Tuition
Scholarships

MN Water Quality Certified Farm Scholarship
75% of tuition first year
50% of tuition next year

MN Organic Scholarship
50% tuition (Expires Spring of 2023)

Beginning Farmer Scholarship
Less than 10 years of Sch Fs on taxes
Very little funding this year

Cover Crop Scholarship
requires greater than 10 acres of cover crops

Veteran Scholarships
Community Organizer & Outreach Coordinator

Contact Dan
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www.cedarcratefarm.com
Farm Business Management

Signup with Erik
erik.heimark@clcmn.edu or call
Have a quick question or need a lengthy discussion? Give me a call, it's part of my job!

Find more instructors at www.agcentric.org/farm-business-management/

218-232-1303
www.mapleridgeproduce.com
Thanks for Listening!