



BASIC RECORD KEEPING AND BUDGETING FOR FARM ENTERPRISES

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WHY KEEP RECORDS?

1 **PROOF**

Agencies Requiring Proof of income, expense, inventory
IRS
Guam Department of Revenue & Taxation

2 **DECISION MAKING AIDS**

Records help farmers make informed decisions about
Machinery purchases
Adding or Deleting enterprises (what crops should I grow? Or stop growing?)
Is it time for me to expand? How much?

3 **INSTITUTIONAL REQUIREMENTS**

Lending agencies
Government Agencies/Grants
Department of Agriculture (every 6 months to renew bonafide farm certificate/disaster relief)
Guam Department of Revenue & Taxation (for farm GRT exemption)
Certification or Equivalent for Organic Farming

4 **ENVIRONMENTAL REGULATIONS**

Chemical Use Records
Livestock Waste applications
Irrigation Water use
Erosion Control
Water & Soil management



WHAT IS FARM RECORDKEEPING?

Your system of:	→	Keeping	→	Farm Financial Information
	→	Filing	→	Farm Production Information
	→	Categorizing		
	→	Maintaining		

WHAT IS FARM RECORD ANALYSIS?

Using records for:	→	Knowing where you stand with Finances	→	Actual Farm Performance
	→	Knowing where you stand with Production	→	Projected Farm Performance
	→	Farm Planning		
	→	Informed Decision Making		

WHAT IS THE DIFFERENCE BETWEEN FINANCIAL RECORDKEEPING AND PRODUCTION RECORDKEEPING?

Financial	→	Money
		Financial Interactions of the Farm
		Transactions
		Justification of Income & Expense
		Receipts
		Product Sales Records
		Operating Expenses
		Equipment Purchases
		Accounts Payable/Receivable
		Inventory
		Depreciation
		Loan Balances
		Pricing
Production	→	Amount of Yield by Crop (tons/lbs/etc)
		Profit and Loss by Crop/Venture
		Field Records, Dates, Logs



WHATEVER FINANCIAL RECORDKEEPING SYSTEM YOU USE SHOULD:

- 1 PROVIDE INFORMATION THAT IS NECESSARY
- 2 BE ACCURATE AND COMPLETE
- 3 FIT YOUR FARM OR ORGANIZATION FRAMEWORK
- 4 BE AVAILABLE TO THOSE MAKING DECISIONS
- 5 BE USER FRIENDLY TO THE PERSON HANDLING FINANCIALS

TIPS:

- 1 USING A CHECKING ACCOUNT KEEPS MOST TRANSACTIONS LOCATABLE IN A MONTHLY STATEMENT
- 2 RECORD TRANSACTIONS REGULARLY IN YOUR SYSTEM; EXAMPLE-MONTHLY
- 3 COMPUTER SYSTEMS ONLY HELPFUL IF YOU HAVE TIME TO LEARN THEM
- 4 HAND WRITTEN LEDGER SHEETS OR SPREADSHEETS ARE JUST FINE IF YOU USE THEM CORRECTLY

DOING IT BY HAND:

WHOLE FARM RECORD KEEPING:

DATE	DESCRIPTION	INCOME			EXPENSE		
		CORN	CHICKENS	ECO TOURS	FERTILIZER	SUPPLIES	FEES
12/5/2014	Seed Expense CORN					\$ 25.00	
12/10/2014	Chicken Feed					\$ 20.00	
12/5/2014	SOLD 5 DOZ EGGS		\$ 30.00				
12/10/2014	SOLD 300 LB CORN	\$ 300.00					
12/15/2014	EPA Pesticide Class						\$ 100.00
12/20/2014	FARM TOUR FOR TOURISTS			\$ 200.00			
12/20/2014	TRANSLATOR FOR TOUR						\$ 50.00
12/20/2014	LUNCH AND TOUR COMMISSION						\$ 75.00
12/20/2014	Fertilizer & Manure				\$ 75.00		
CATEGORY TOTALS		\$ 300.00	\$ 30.00	\$ 200.00	\$ 75.00	\$ 45.00	\$ 225.00
INCOME/EXPENSE TOTALS		\$ 530.00			\$ 345.00		
FARM PROFIT/LOSS		\$					185.00

ENTERPRISE/ACTIVITY RECORD KEEPING:

DATE	DESCRIPTION	INCOME			
		CORN	CHICKENS	ECO TOURS	TOTAL
12/5/2014	SOLD 5 DOZ EGGS		\$ 30.00		\$ 30.00
12/10/2014	SOLD 300 LB CORN	\$ 300.00			\$ 300.00
12/20/2014	FARM TOUR FOR TOURISTS			\$ 200.00	\$ 200.00
INCOME TOTALS BY ACTIVITY		\$ 300.00	\$ 30.00	\$ 200.00	\$ 530.00
DATE	DESCRIPTION	EXPENSE			
		CORN	CHICKENS	ECO TOURS	TOTAL
12/5/2014	Seed Expense CORN	\$ 25.00			\$ 25.00
12/10/2014	Chicken Feed		\$ 20.00		\$ 20.00
12/15/2014	EPA Pesticide Class	\$ 100.00			\$ 100.00
12/20/2014	TRANSLATOR FOR TOUR			\$ 50.00	\$ 50.00
12/20/2014	LUNCH AND TOUR COMMISSION			\$ 75.00	\$ 75.00
12/20/2014	Fertilizer & Manure	\$ 75.00			\$ 75.00
EXPENSE TOTALS BY ACTIVITY		\$ 200.00	\$ 20.00	\$ 125.00	\$ 345.00
PROFIT/LOSS BY ACTIVITY		\$ 100.00	\$ 10.00	\$ 75.00	\$ 185.00



FARM CHART OF ACCOUNTS

ASSETS	
Cash	
	Petty Cash
	Checking
	Savings
Accounts Receivable	
Tools	
Fencing	
Irrigation Equipment	
Tractor	
Greenhouse	

LIABILITIES	
Accounts Payable	
Loans Payable	
Payroll Liabilities	
	Guam Income Taxes Employee
	SS Taxes Employee Share
	Med Taxes Employee Share

EQUITY	
Total Investments	
	Partner 1 Investment
	Partner 2 Investment
Net Profit (Earnings)	

INCOME/REVENUE	
Total Sales	
	Sales CSA
	Sales on-site Farm Stand
	Sales Farmer's Market

Why do I need this?

These "account" names help you categorize your money. Income & Expense are used most, but Asset, Liability, and Equity are important for figuring out your inventory, how much your farm is worth, providing documentation when applying for credit, or for grants or other government assistance. Assets, Liabilities, and Equity together with Income & Expense, help you create Financial Statements, which include a Balance Sheet and a Profit & Loss Statement. These statements can be very valuable to help you get an overall picture of how your farm is doing over time, and help you make decisions based on your current situation. Banks often require 2 years Financial Statements when you ask for loans.

EXPENSES	
Accounts Payable	
Chemicals	
	Pesticides
	Cleaners
Fertilizers & Lime	
Supplies	
Seeds & Plants	
	Seeds
	Seedlings
	Plants
Rent	
	Equipment
	Land
	Animals
	Storage
	Facilities
Storage & Warehousing	
Utilities	
	Power
	Water
	Fuel-non vehicle
	LP Gas
	Waste Removal
	Communications
	Phone/Fax
	Cellular/Radio
	Internet
Interest	
	Mortgage
	Loan
	Credit Purchases
Repairs & Maintenance	
Feed	
Freight/Delivery/Trucking	
Gas/Fuel/Oil	
Licenses/Fees	
LABOR	
1099MISC Contractors	
Payroll Employee Expense	
	Wages
	SS Taxes Employer Share
	Med Taxes Employer Share
	Employee Benefits Employer Share



WHOLE FARM RECORD KEEPING:

DATE	DESCRIPTION	INCOME			EXPENSE		
		BY ACTIVITY			BY CATEGORY		
CATEGORY TOTALS							
INCOME/EXPENSE TOTALS							
FARM PROFIT/LOSS							



Vehicle Expense Record & Mileage Tracking Log

Business/Farm:

YEAR:

USE: REIMBURSED TO DRIVER
 USE RECORD FOR EXPENSES

Rate (\$/mile)
 Business Miles
 Total Expense

Vehicle Make:
 Vehicle Model:
 Vehicle Year:
 Date Placed in Service:
 Purchase Price:

DATE	PURPOSE OF TRIP (BUSINESS/PERSONAL) DESCRIBE	START ODOMETER	END ODOMETER	TOTAL MILES	BUSINESS MILES	PERSONAL MILES
TOTAL						