



Rate your Recordkeeping!

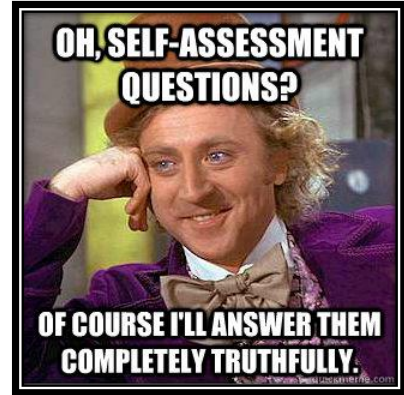
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Let's see how you're doing!

- Rate your record keeping system as it stands now
- 3 levels of record keeping
 - Non-record keeping
 - Basic
 - Beyond the basics



Question 1

On my farm, records of individual <u>income and expense transactions</u> are:	Points
A. Regularly entered into an accounting system before going into organized storage	3
B. Organized, stored in a specific location, easy to find	2
C. Disorganized, stored in multiple locations, hard to find	1

Question 2

Which statement best describes the <u>accounting system</u> used to enter and track financial data on your farm?	Points
A. We regularly enter financial transactions into a digital accounting program (QuickBooks, CenterPoint)	4
B. We regularly enter financial transactions using a simple accounting tool (Cornell Farm Account Book, Excel spreadsheet)	3
C. We use checking account statements as the primary record of financial transactions (digital shoebox)	2
D. We collect paper receipts, and hand them over to an off-farm consultant at the end of the year (shoebox method)	1

Question 3

<u>Who</u> is responsible for record keeping on your farm?	Points
A. One person is responsible, and that person sets clear expectations for other team members	3
B. Multiple people share responsibility, and their roles are not clearly defined	2
C. Nobody	1




Question 4

Which statement best describes the <u>income tax situation</u> on your farm?	Points
A. The farm completes income tax returns on a timely basis	3
B. We are still working on last year's taxes	2
C. Our farm is more than a year behind on filing income taxes	1

Question 5

Our farm generates and uses <u>financial statements</u> to analyze the business:	Points
A. Regularly, on an annual basis	3
B. Only when the bank makes us	2
C. Not at all	1

Rate Your Record Keeping

ROCK SOLID 15 - 16	 <p>You have reliable numbers to support detailed financial analysis. You can plan and make decisions with confidence.</p>
ADEQUATE 10 - 14	 <p>You have a basic system in place, which satisfies the IRS and your banker, and helps with decision making.</p>
POOR 5 - 9	 <p>Your record keeping system is inadequate. It may be costly in terms of stress, labor, and missed opportunities.</p>

Setting up a Basic System

WHO	Who is responsible for organizing records and entering transactions?
WHAT	What categories will you track? Revenues; expenses; other payments.
WHEN	Set aside time for record keeping. Make a schedule with goals and deadlines.
WHERE	Identify where records are kept, whether digital or physical.
HOW	What accounting system should you use? Current system vs. catching up.
WHY	Peace of mind. Saves time. Knowledge is power.