**Gathering year-end information**

***By: Lynsey Aberle – Minot Farm Management Education Instructor***

Year-end records for your farm or ranch can seem daunting and stressful but they don’t have to be. Producers wear many hats within their operations and being a book-keeper is an important hat to wear for complete, accurate records for both your lender and tax accountant.

We all know there is no perfect starting point and that everyone is going to start with what needs to be done first or what is going to be the easiest. However, if you start with getting your income and expenses up-to-date along with getting your production records sorted out, it will help make things go faster and smoother in the long run. I encourage producers enrolled in the North Dakota Farm Management Education program to use a computerized accounting software so that they can reconcile their accounts to keep them from missing important transactions. Just because it might not apply to taxes doesn’t mean it’s not important to your financial records. I work with plenty of producers who still keep financial records by hand, but they often miss things that would’ve been caught through reconciling. While keeping your financial records, don’t be afraid to make notes of how many bushels or cows you sold, what type of vehicle or equipment you purchased along with what you sold. These are things you need to keep track of regardless and it’s a lot easier to spend thirty seconds writing a memo than it is to sort through papers six or ten months later to remember what happened. Be sure you keep your capital purchase receipts in a folder for your tax accountant as well because they need to know what type of equipment you purchased or traded and they need to know the actual value of that piece of equipment, not the after trade value. Setting up a filing system of “farm income” and “farm expenses” will also be helpful, especially for when you keep handwritten records.

Production records are crucial in helping you update your balance sheet and are what I would recommend looking at next. You might already know some of the bushels you sold of your different crops, or you have some sitting in the elevator on storage, or you may have kept records of the crop coming off the field. Knowing this information will help you complete your crop insurance records and help you fill out part of your balance sheet. The same goes for livestock records. Use a calving book to keep track of your calves born, those that died or those that were born dead. If you don’t have a spreadsheet of all your cows, keep a notebook specific to your cow herd to write down important things that happened throughout the year. That could include deaths, dates you turned bulls and cows out to pasture, how many cows were pregnancy tested, or even what cows or bulls you sold. Once you have all your income/expense records and production records figured out it makes updating your end of the year balance sheet and putting together a cash flow plan much easier. You will know exactly where you are sitting with cash on hand, livestock inventory, crop/feed inventory, and what capital purchases you need to add to your assets. You may need to look further into updating your loan balances as of year-end but that’s a simple look up on the computer or phone call that needs to be made to the bank.

Cash flow plans are important for determining what you need for operating going into the new year. Lenders want information that is accurate and if you have your income/expenses up to date it’s easy to figure out some of the predicted expenses by looking at your past history. I strongly encourage the producers that I work with to talk with their agronomist and figure out an estimated cost for seed, chemical and fertilizer because we all know that changes from year to year. Production records are also key for filling our your cash flow plan because you need to know what your average yield is for the crops you grow and how many bred cows/heifers you’ll have and what your calf death loss percentage is so that you can use that information the way it’s meant to be used for planning

I know I’m preaching to the choir, but if you can keep up with your records year around it makes things so much easier at year-end. You can do better tax planning, be ready for your lender, and not spend days in your office trying to figure out what you did months ago. Producers are always looking for ways to better their operation and one of the ways you can better your operation is by better managing your records. Knowing your financial position, helps you make better decisions when it comes to selling your grain or livestock or whether you can afford a different combine or baler. Just remember, record keeping doesn’t have to be hard it’s learning to manage yourself in how you keep your records to make it easier in the end. In addition, lenders and tax accountants appreciate when your information is organized and accurate.

The North Dakota Farm Management Education Program provides lifelong learning opportunities in economic and financial management for persons involved in the farming and ranching business. Visit ndfarmmanagement.com, Facebook @NDFarmManagementEducation, or contact Nikki Fideldy-Doll, State Supervisor for Agricultural Education, at nfideldy-doll@nd.gov or 701-328-3179 for more information. The ND Farm Management Education Program is sponsored by the North Dakota Department of Career and Technical Education.