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**WHY KEEP RECORDS?**

- To maintain control of farm business
- To satisfy legal and institutional requirements
- To analyze the farm business
- To serve as a basis for future planning and budgeting

1. **RECORDS CAN AID IN CONTROL OF FARM BUSINESS**

- A record of bills paid and income received
- A record of accounts to be paid by the farmer (accounts payable)
- A record of accounts owed to the farmer (accounts receivable)
- A record of loan transactions
- A record of inventories

2. **KEEP RECORDS FOR LEGAL AND INSTITUTIONAL REQUIREMENTS**

- Accurate records are necessary for income tax reporting, and aid in minimizing the amount of taxes paid
- Records are important for determining the correct amount of taxes for both the farmer and hired labor
- In the case of death of the farmer, records can be used to prove payments, past practices, etc. to aid in settling the estate
- Records can also help determine appropriate insurance coverage, damage claims, and provide evidence of loss

3. **FARM RECORDS ARE ESSENTIAL FOR ANALYZING THE BUSINESS PERFORMANCE**

- Discover business trends
- Comparing other similar farm businesses
- Identify strong and weak areas of the business
- Changes in the business can be planned and carried out with greater confidence based on past performance

4. **RECORDS ARE VALUABLE FOR FUTURE PLANNING AND BUDGETING**

- A past history of average yields and costs for the business
- Allow future credit needs and repayment to be projected with greater confidence