



Successful Record Keeping for Sustainable Agriculture

The surge of interest in organic farming – that requires producers to document their activities – has created a surprising payoff for all farmers & ranchers: a wealth of new record-keeping systems. These tools are valuable for all producers who want to improve their business and resource management practices.

The more you know about how your various enterprises are doing, the better off you'll be. You may discover that you have great cash flow in one part of your business and decide to expand it. Or you may want to phase out enterprises that are not as satisfying and profitable. This issue of ATTRAnews looks at the critical role of record keeping for successful farms and ranches.

One Farm's Cash-Flow Budget Blues: A True Report from Our Specialists in the Field

By Ann Baier, NCAT Agriculture Specialist

A group of farmers stood in the field. They had worked hard to develop a cooperative. They rented land together, shared equipment, and marketed high quality fresh vegetables. They were struggling, yet holding out hope of becoming financially successful. What was the outlook for their business?

My NCAT colleague, Martin Guerena, and I met with them one morning to develop a cash flow budget. We taped two big sheets of paper across the back of a pickup truck and sketched a chart: months from left to right across the top; income and expenses down the left-hand side. We talked through their sources of income. Where were they selling produce? Farmers' markets happened every week from April to November. They estimated total monthly sales and wrote that number in the column for each month. Income began slowly in spring, peaked later in summer and trailed off into the fall: wholesale, restaurants, and farm stands. Another source of income came from doing tractor work for others. They had received a grant for cooperative development and noted the payment in the column for the month they received the funds.



Analyzing income and expenses can be eye-opening.

Then came expenses. We started with fixed costs – the expenses they had whether they planted one acre or sixty. Office rent due each month, monthly telephone service, electric bills. Insurance payments due in February and August. We continued by noting variable costs. They knew these well, and we quickly filled the columns

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Keeping Good Records: It's Not Just for

Organic Farmers



Andy Stafniak, www.sxc.hu

By Ann Baier, CCOF Organic Inspector and NCAT Agriculture Specialist

As an organic inspector for California Certified Organic Farmers, I have heard from farmers that an important benefit of organic certification is that it requires and inspires them to keep better records. Records help identify and solve problems more readily.

Dairy farmers described how their record keeping helped them maintain healthier herds and good milk production after just a single year of organic certification.

Gary and Patricia Belli of Belli Dairy in Ferndale, California, noticed their herd's milk production had dropped. They were keeping track of their purchases of organic feed, with lot numbers and amounts delivered from various sources. By looking at their feed purchase records, they could see the relationship between the drop in production and the time when they used feed from a certain source. They asked their supplier to avoid a batch of feed that appeared to be of poor quality. When they resumed feeding the better quality feed from other lots, their milk production problem was solved.

Robin and Maralyn Renner are a brother and sister who manage Diamond R Ranch, also in Ferndale. They operate a dairy and raise organic beef. They described how much healthier their herd was after they began operating as an entirely certified organic

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NCAT Conducts Organic Training in the South

By Barbara Bellows, NCAT Agriculture Specialist

Many southern states have relatively few certified organic producers. This fall, NCAT agriculture specialists teamed up with the Independent Organic Inspectors Association to provide training on organic farming for southern producers, co-op extension educators, and other technical support personnel. The meetings were conducted in Arkansas, Tennessee, Kentucky, Louisiana, and Mississippi.

Each of the 12 training meetings were developed and conducted with local universities, cooperative extension, producer organizations, and state departments of agriculture. While all meetings focused on organic production and the National Organic Program (NOP) certification, the Arkansas meeting included discussions on the scientific basis of organic farming practices, the Tennessee meetings reviewed records from organic farms, and the Kentucky meetings included hands-on demonstrations of organic practices and record keeping. The Louisiana meeting addressed organic marketing and production issues, while the Mississippi meeting focused on how to find and share information and resources. The trainings were funded by the Partnerships for Risk Management Education Program of USDA's Risk Management Agency.

Six new documents, listed below, were developed and distributed through this project. (Available at http://attra.ncat.org/risk_management/srmgateway.html)

Forms, Documents, and Sample Letters for Organic Producers consists of samples of common forms, letters, maps, and other documents that can be used by organic farmers and ranchers to meet and retain certification in the NOP.

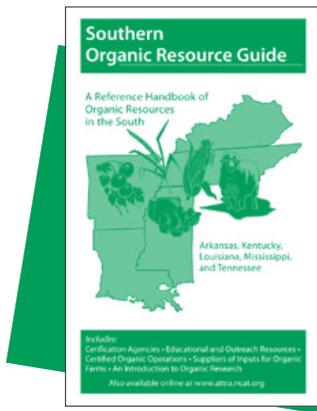
Record-keeping and Budgeting Workbook for Organic Crop Producers contains forms for keeping farm records and for developing production and marketing budgets from these records.

Organic Standards and Certification provides an overview of the NOP, the certification process, and organic crop production standards.

Determining and Documenting the Acceptability of Organic Farm Inputs addresses the most common risks or certification mistakes of both novice and experienced producers.

Preventing Contamination and Seeking Compensation assists producers in protecting their organic land from contamination by non-approved substances.

Southern Organic Resource Guide, a 136-page handbook, lists organic certification agencies; international, national, and regional education and outreach organizations; and suppliers of inputs for organic producers. It includes guides to production problems and an introduction to organic research.



ATTRA Publications about Record Keeping

All these publications, and many more on all aspects of sustainable agriculture, are available for free from ATTRA at 800-346-9140 or www.attra.ncat.org

- Agricultural Business Planning Templates and Resources (RL042)
- Creating an Organic Production and Handling System Plan: A Guide to Organic Plan Templates (IP213)
- Enterprise Budgets and Production Costs for Organic Production (RL041)
- Evaluating a Rural Enterprise (IP041)
- Forms, Documents, and Sample Letters for Organic Producers (IP276)
- Keys to Success in Value-Added Agriculture (IP172)
- Market Gardening: A Start-up Guide (IP195)
- Moving Beyond Conventional Cash Cropping (IP201)
- Organic Field Crops Documentation Forms (IP230)
- Organic Livestock Documentation Forms (IP237)
- Organic Orchard, Vineyard, and Berry Crop Documentation Forms (IP238)
- Preparing for an Organic Inspection: Steps and Checklists (IP261)
- Presupuestos de Entradas/Salidas de Fondos disponible solo en http://attra.ncat.org/espanol/manejo_riesgos.html (Cash Flow Budgeting Spreadsheet available in Spanish on-line only at http://attra.ncat.org/espanol/manejo_riesgos.html)

New ATTRA Resource Available Only On-Line at

http://attra.ncat.org/risk_management/srmgateway.html

Record-keeping and Budgeting Workbook for Organic Crop Producers

This draft publication is very useful for conventional producers, too. It consists of recordkeeping forms for various production systems, with text of the relevant organic standards, and examples of how the forms can be filled out. The document provides ideas for how to adapt the forms for individual operations and how to analyze the data. (90 pages)

Resources for Record Keeping

Contributed by Holly Born, NCAT Agriculture Specialist

Center for Integrated Agricultural Systems, Univ. of Wisconsin - Madison

The Center offers many good tools for tracking farm and ranch progress. Among the best are the highly detailed and adaptable enterprise budgets for specialty foods, dairy sheep, dairy goats, and pastured poultry. These Excel spreadsheets can be downloaded at www.cias.wisc.edu/archives/cat_farm_business.php. For more information, call 608-262-5200.

Using Quicken for Farm & Ranch Financial Records

Oklahoma State University Co-op Extension makes it easy to adapt the inexpensive, user-friendly Quicken accounting software for agricultural operations. Online materials including a free manual, tutorials, and newsletters are available at www.agecon.okstate.edu/quicken. For more information, contact Damona Doye, 405-744-9813, ddoye@okstate.edu.

Farm Financial Record Keeping

Simple Ideas to Help You Reduce Your Stress and Meet Your Goals

By Ann Baier, NCAT Agriculture Specialist



- Adapt record keeping to your operation.
- Designate a person, a place, and a time to keep records.
- Document all transactions. Keep records every time you carry out a purchase or a sale.
- Save your receipts. Clear zip-top bags or large envelopes labeled with permanent marker are a simple way to save and sort records.
- Keep track of relevant details. Crop sales records, for example, should indicate who sold what to whom, how much of it, and for what price.
- Maintain accurate and complete summary records including check register and account statements, credit card purchases and statements, and records of cash transactions.
- Organize your records regularly and file documents by category.
- Use income and expense categories that make sense to you, that help you understand your business and farm management. The important thing is that you can find what you are looking for when you need it.
- Keep personal and family living expenses separate from farm operating expenses. Record these separately to develop a household budget.
- Organize business information by crops, enterprises or other cost centers. The latter may be a bit more effort on the front end, but may help you determine which enterprises (crops) are making a profit and which ones are not.
- Maintain audit trail documents that enable you to track production through final sales. Original paper trail documents may include input receipts, production records, invoices, delivery and receiving tags, bills of lading, etc.
- Summarize income and expense records monthly and at the end of each year.

- Use your summaries to evaluate successes and shortcomings (opportunities for new direction) within your business. Analysis of information can help you understand your current activities and plan for the future.
- Use what you learn from your recordkeeping information to plan and carry out decisions that help you meet your goals.

References

USDA Farmer's Home Administration Farm Family Record Book, Form FmHA 432-1 (Rev. 2-93) Form Approved OMB No. 0575-0061. While not the most current edition, this record book contains very well organized information and extremely useful tips for record keeping.

Louisiana Farm Record Book, Louisiana State University AgCenter

This can be downloaded at <http://text.lsuagcenter.com>. Click on "Money & Business;" then under "Farm & Business," click on Louisiana Farm Record Book; then click on Louisiana Farm Record Book PDF.



Budget Blues...

with diesel fuel, drip tape, sprinkler repair, compost, other fertilizers, seed, transplants, stakes and twine for tomatoes and peas, vegetable boxes and clamshells and crates for strawberries, labels...

Numbers tumbled through their voices onto the page, transaction by transaction, month by month. Anything else? A few more details came to them and we wrote them all down. Then we added up the columns. Every month came up short—some by a little, some by a lot, depending on the season and the magnitude of expenses due. With every "equals sign" came confirmation of the reality they all knew in their gut.

Seeing it on paper was sobering, yet seemed to give them permission at last to say, "It is not for lack of desire or strength of will that we lay this project down. We come to that decision based on realistic analysis of the finances of this business. We have found that it cannot go on in its present form. Our idealism propelled us, but we cannot build our future merely on dreams and aspirations...While we wish we had done this financial analysis much earlier, it is good to have done so now. Now we can move forward with other plans."

In the years since the cooperative folded, several of the farmers have started new enterprises with their families and the former members. They have learned from the co-op's mistakes and are going forward with their new businesses—and new records.

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Good Records...

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operation. Organic certification required that they keep more detailed and accurate records. After working with these records for several months, they said, "We began to recognize patterns." Better records helped them connect the dots. They saw correlations and discerned causes and consequences, putting what they learned into practice in an organic production system. Their animals are healthier and their dairy is more profitable. When I spoke with Robin to ask permission to give them credit for this story, he reiterated how the repetition of recordkeeping for organic certification makes things more obvious. "We're glad we did it," he said. "Every year gets better." —Adapted from ATTRA's Preparing for an Organic Inspection



Use a Pocket Notebook for Farm Records

By Ann Bair, NCAT Agriculture Specialist

Keeping a small notebook with you at all times will make it easier to keep records. Carry it in your pocket or on your dashboard. Take it along with



you to the barn, packing shed, or kitchen table – wherever you focus your daily farming activities.

What You'll Want in Your Notebook

Farming Practices

- A log of planting, harvesting, and other field activities
- Seed sources and contact information

Materials and Monitoring

- Fertility
- Pest management

Records of Purchases and Sales

General Records

- Rainfall and temperature
- Contact information
- Mileage records

For Organic Producers: Document Crop Integrity

- Communication with neighbors
- Equipment cleaning log
- Buffer crop disposition

New and Updated ATTRA Publications

- ◆ Herb Production in Organic Systems (IP 224)
- ◆ Herbs: Organic Greenhouse Production (IP164)
- ◆ Plug and Transplant Production for Organic Systems (IP160)
- ◆ Hops: Organic Production (CT115)

Web-Only Documents

- ◆ Asian Soybean Rust: Notes and Organic Control Options for Farmers (available at www.attra.ncat.org)
- ◆ Organic Standards and Certification
- ◆ Preventing Contamination and Seeking Compensation
- ◆ Record-Keeping and Budget Workbook for Organic Crop Producers
- ◆ Sources of Organic Fertilizers and Amendments
- ◆ Southern Organic Resource Guide

The following documents are available at http://attra.ncat.org/risk_management/srmgateway.html

- ◆ Determining and Documenting the Acceptability of Organic Farm Inputs

The Internet as a Farming Tool

The Center for Rural Development at Louisiana Tech University offers high quality templates for community and nonprofit Web sites. These and other resources for Web design are available to any community that wishes to use them. The Center offers questionnaires to organize information for Web sites. Contact Elizabeth Higgins, ehiggins@latech.edu, 318-251-2919. www.latech.edu/tech/rural/website%20project/index.html

NCAT thanks Rural Roots, a grassroots-based sustainable agriculture group serving the Inland Northwest, for its contribution to the Internet issue of *ATTRAnews*. To learn more about their work to promote healthy food and communities, see www.ruralroots.org or call 208-883-3462.

Help for Communities
Setting Up Web Sites

ATTRAnews

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