



Enterprising Rural Families™

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Getting on Track: Better Management Through Basic Ag Records

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Today's rural families operate in a time of increasing financial uncertainty. Current financial conditions are unlike any previously experienced. Credit problems may not have hit many rural businesses in Wyoming at the time of this writing, but increasing challenges are reported across the state, particularly in the availability of credit. As more banks fail and other creditors come under tighter scrutiny and regulation, managers will likely find it more difficult to access all types of credit in the near future.

Keeping accurate, up-to-date financial statements, production records, and knowing the overall financial health of the business has never been more important. Operating credit is the lifeblood of many businesses, and keeping complete records will be critical to expanding or maintaining credit availability.

Benefits of Keeping Accurate Records

Accurate and current financial and production records are an essential part of any successful rural enterprise. They allow more careful



The Hoffstedtlers, Harlan, Lena and their three children, live on a small farm. Lena cares for a small sheep flock and a five-acre garden. The Hoffstedtler's have always operated the farm out of their family budget. They do not report their farm income expenses separate from

planning for uncertainty, new opportunities, and allow for better daily and strategic operating decisions.

Managers who know their financial situation can more quickly evaluate and adapt to changing market and financial conditions. This can mean being better suited to recognizing and dealing with financial problems when they arise.

Managers who keep good records and statements can also work more effectively with lenders and creditors because they are prepared to do so. In the current environment, this might mean the difference between being able to adjust finances to changing economic conditions or being left to accept whatever restrictions current creditors demand.



The Pablos – Mom, Dad, and Juan - operate a small farm with chickens, corn, and hogs. Juan enjoys taking care of the animals and has been especially successful with the pigs. After one of Juan's sows placed at the County Fair, interest in the Pablo's locally-grown pork motivated the family to increase their pig operation. Though the success was sweet, soon the Pablos found themselves scrambling for time and money to run the operation. At a financial crossroads, the family is debating whether to grow their enterprise bigger or downsize.

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

NONTITLED PROPERTY

Nontitled property is a legal term for property you own that—unlike real estate or vehicles—doesn't have a title document to indicate ownership.

The distribution of nontitled property often leads to conflict due to the emotions attached with such items. Who gets Dad's favorite rifle or saddle? What about Mom's dishes or paintings? Where do the family photos go?

A caring person will make sure that there are not only a will and estate plan handling the major assets, but also a plan for those items that have sentimental value.

There are three issues to consider:

- 1) Recognize that what is important to one person may not be important to another.
- 2) The perception of what is fair is often not the same. How do you divide an antique equally? If more than one wants it, who gets it? What rules will you use—oldest first; family auction (perhaps with play money); first come, first served; gifts over a time period; an advanced list of who receives what?
- 3) Many people are not prepared to face death and loss, so it may be tricky to motivate a discussion of these issues. Try asking, "If you weren't living here, what would you do with...?"

The pain of determining these answers is multiplied when a family waits until after a death to deal with them.

Online Resources Available

The academic professionals at RightRisk.org have developed an online course called *Getting on Track: Better Management Through Basic Ag Records* to help new and smaller ag enterprise managers improve and build upon their recordkeeping abilities. Simply log onto RightRisk.org, and click “Getting on Track” in the Products menu.



The Griffs and the Wilsons are two young couples who are expecting a child. Both couples work outside of the home and own and operate a small farm. They sell their products through direct marketing or local farmers markets and have a goal to generate enough supplemental income to allow the mothers to stay at home with their babies. How can they ensure they will generate enough income for the expecting moms to stay home?

The course is divided into several sections dealing with various topics on production and financial recordkeeping.

The first section addresses using recordkeeping within the family and business decision-making process. The course uses true-to-life rural families in various situations to illustrate the different subjects in the sections. Four different family business situations are presented in separate modules to illustrate the importance of recordkeeping.

The second section is organized into short modules presenting:

- 1) why keep records,
- 2) five easy steps for basic records,
- 3) keeping production records,
- 4) keeping financial records, and
- 5) records needed for filing Internal Revenue Service form Schedule F for tax purposes.

The content modules include a five-step record keeping process that illustrates how to track and record expenses and perform enterprise analysis, as well as how to track daily production, inventory, and outputs.

The course also provides downloadable record keeping and tax forms and examples that users can apply to their own business. Interactive exercises engage the learner to practice using recordkeeping tools and techniques.



Joe and Jane Burbank and their two children, David and Kath, live and work on the Navajo Nation where both Joe and Jane’s families have lived for generations. The Burbanks operate a livestock enterprise, comprising a few horses, 10 cows, and over 100 sheep. Faced with hard winters and low local wool prices, the family is weighing its financial options.

Getting on Track includes example recordkeeping forms for crop operations, livestock records, the complete “Agee Record System,” with links to other helpful courses for further study.

For more information or to access the online course materials, visit the RightRisk web site at RightRisk.org. Click on products and select *Getting on Track: Better Management Through Basic Ag Records* from the courses available.

(Business management and record keeping in family businesses are covered in greater detail in the **Enterprising Rural Families: Making It Work™** on-line course.)

“Everything that can be counted doesn’t necessarily count; everything that counts cannot necessarily be counted.” - Einstein



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