

FINANCIAL MAINTENANCE

By Kathy Daily

We all know that farming isn't just about the crop you raise. It's about how you market your crop, the weather, the soil tests, applying the right mix of fertilizer and chemicals, planting and harvesting at the right time, having the right equipment to get the job done, and ALL of the other tasks that go along with farming. I think we all agree that there are a lot of things that have to be done in order to get your crop sold.

Another really important part of farming that often gets neglected is keeping good financial records. The quality of your balance sheet can determine approval or denial of a loan request. As an agricultural lender for 29 years, I can tell you that a poor balance sheet means a delay in loan approval. Like you, your lender is very busy and if they have to come back to you multiple times to get clarification, your application will get set aside each time until they hear from you. If you are like most people, you know the benefit of having good financial records but you just can't find the time to do it or you don't have the aptitude for that type of work.

So what is the solution? You could hire an experienced bookkeeper that understands agriculture. Even though it may not seem like the best time to add another expense, you will quickly see that the cost is outweighed by the benefits. Depending on the size of your operation, the bookkeeper could be an employee or work on an hourly rate or flat rate. Most bookkeepers will use accounting software such as QuickBooks, and chances are, you are currently using the same software. However, I would venture to say that you probably don't use it to its full capacity and it isn't updated on a regular basis.

Some of the benefits of having a bookkeeper include:

- The ability to know, at any given time, your financial position. This allows you to adjust where needed.
- Access to detailed information that your lender can understand – resulting in quicker loan approvals.
- The capability to see, by enterprise, the income and expenses and to determine where you are making or losing money.
- By keeping up with your income and expenses on a regular basis, there is no "end of the year dread" or worrying about getting everything ready for the tax preparer.
- Elimination of late fees because you have someone making sure things get paid on time.
- Catching and minimizing of potential errors.
- It will free you up to handle the day to day operations of the farm.

It is important that you find an experienced bookkeeper that understands agriculture. There are a lot of CPA firms that offer this service at reasonable rates.

You spend time and money doing the maintenance on your equipment. Your finances deserve the same maintenance!

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