

# Livestock 101

## Recordkeeping & Marketing

*Donna R. Coffin, Professor  
University of Maine Cooperative Extension*





# Objectives

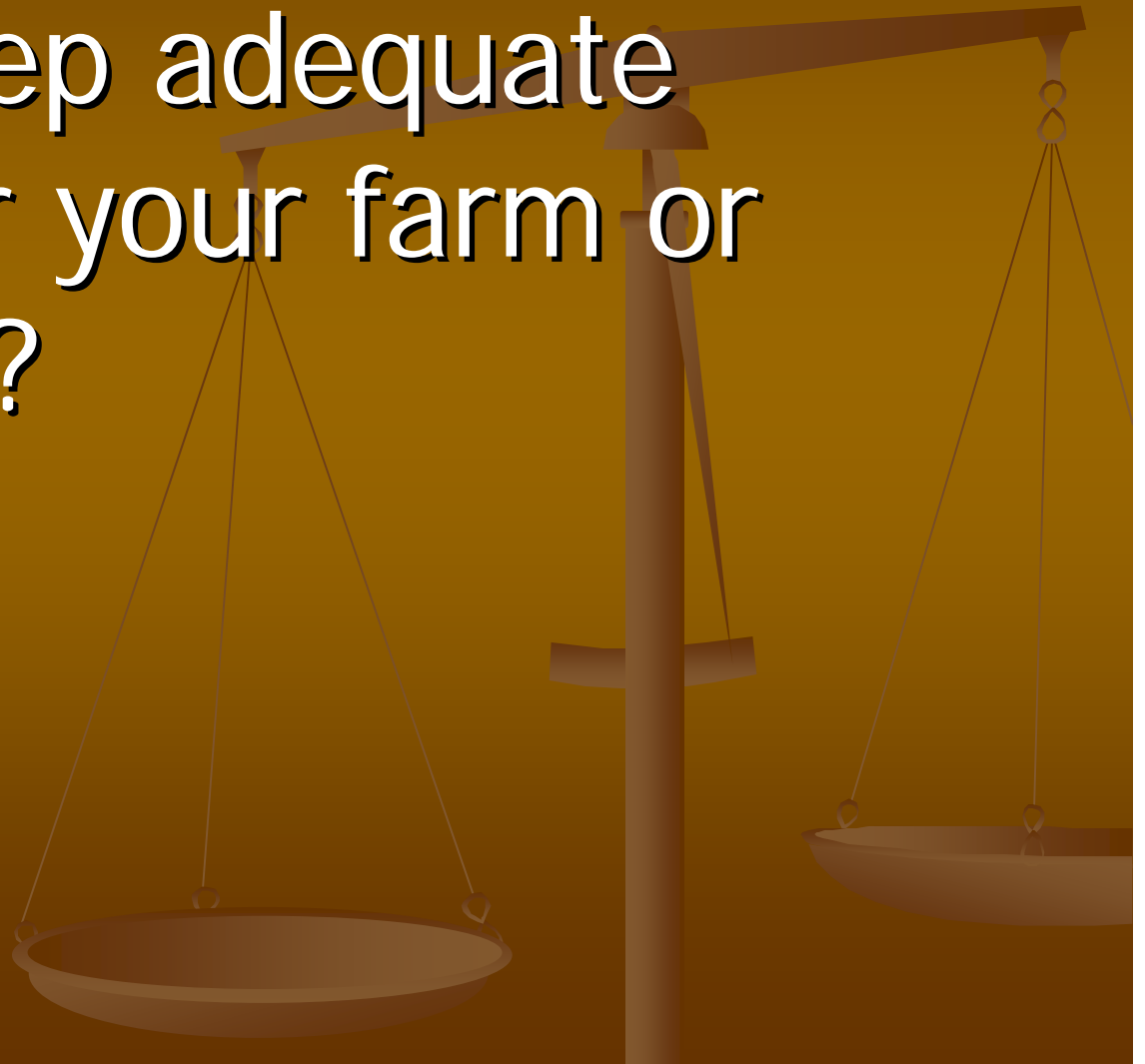


- Improve understanding and use of production and financial record keeping systems
- Increase awareness and expansion of marketing options
- More successful farming operations



# Question

- Do you keep adequate records for your farm or household?



# Question

- How are your records kept?
  1. Paper
  2. Computer
  3. Memory



# Farm Use of Computers - 2004

All Farms	44%
Over \$500,000 sales	72%
How computers are used	
Financial Records	89%
Production Records	76%
General Information Search	73%
Price Tracking	55%
Internet Marketing of Farm Products	13%

*Source: Farm Management Update, Ohio State University Extension, Winter 2003-2004*

# Records

## Financial Vs. Production

### ■ Production

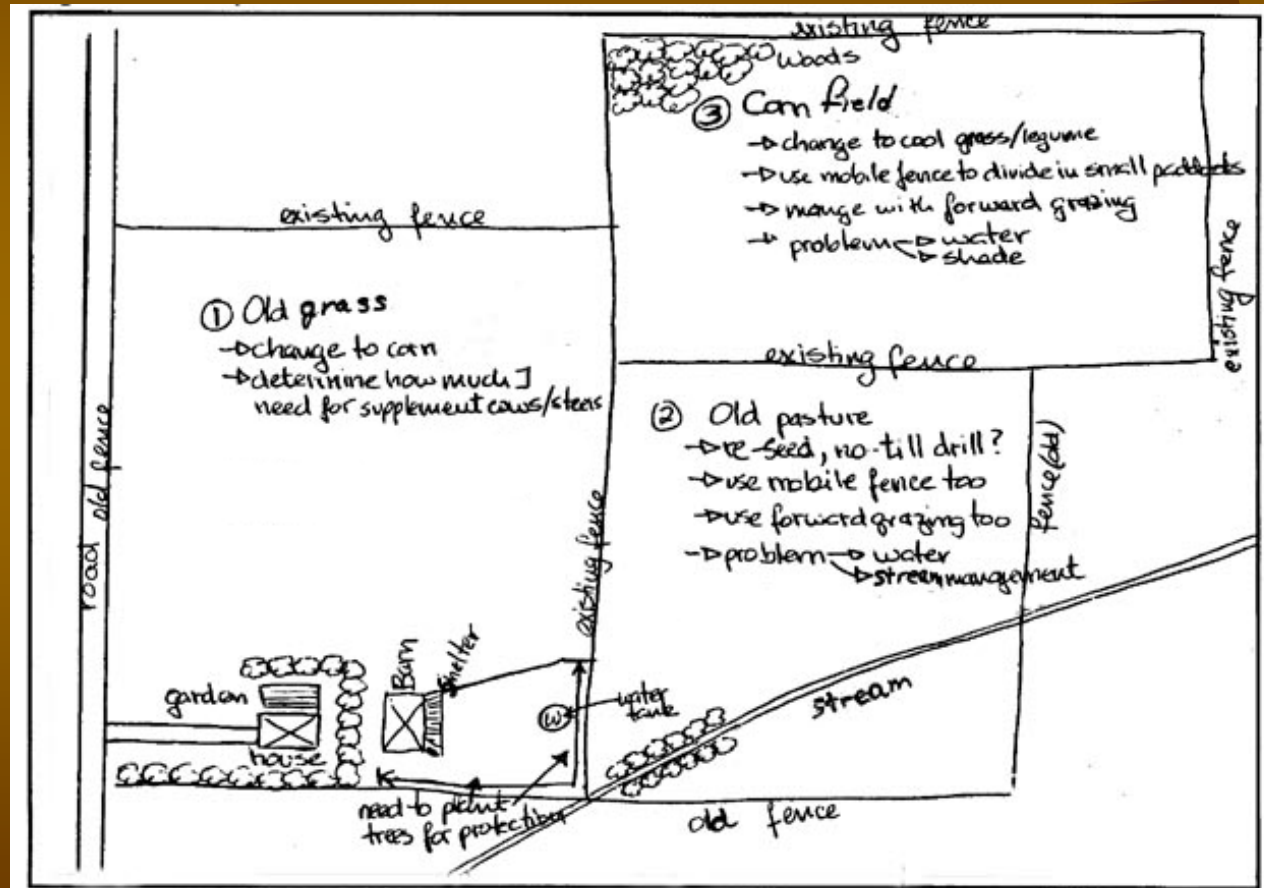
- *Farm Resources*
  - *Land*
  - *Equipment*
- *Quantities of Inputs*
  - *Breedings*
  - *Crops Planted*
- *Production Measures*
  - *Live Calves*
  - *Hay yield*

### ■ Financial

- Income Transactions
- Expense Transactions
- Capital

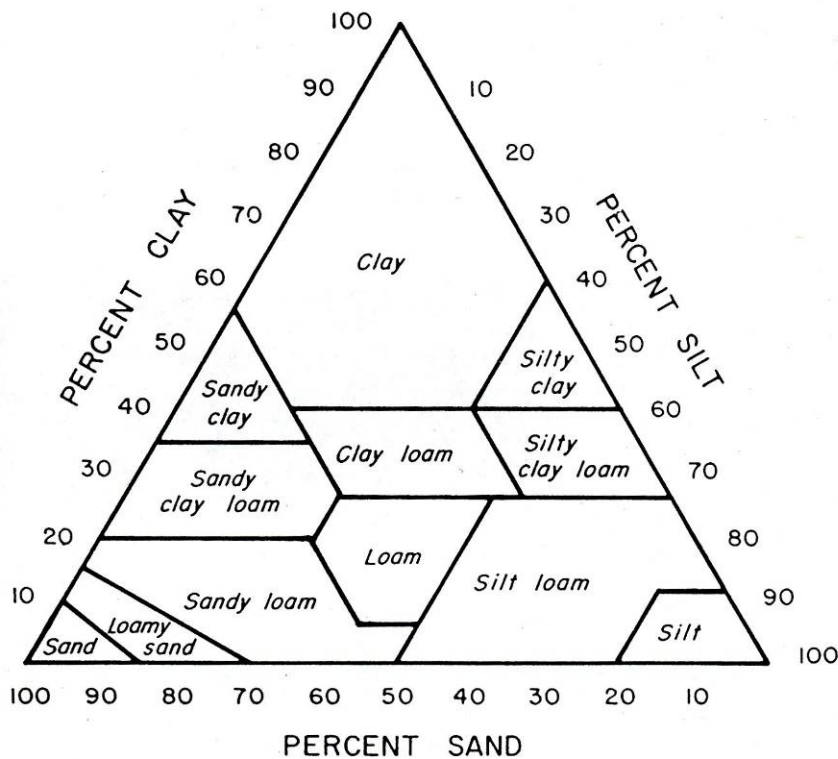
# Physical Resources Inventory

- Land
  - Tillable land
  - Pasture
  - Woodlot
- Water
- Buildings
- Machinery / Equipment

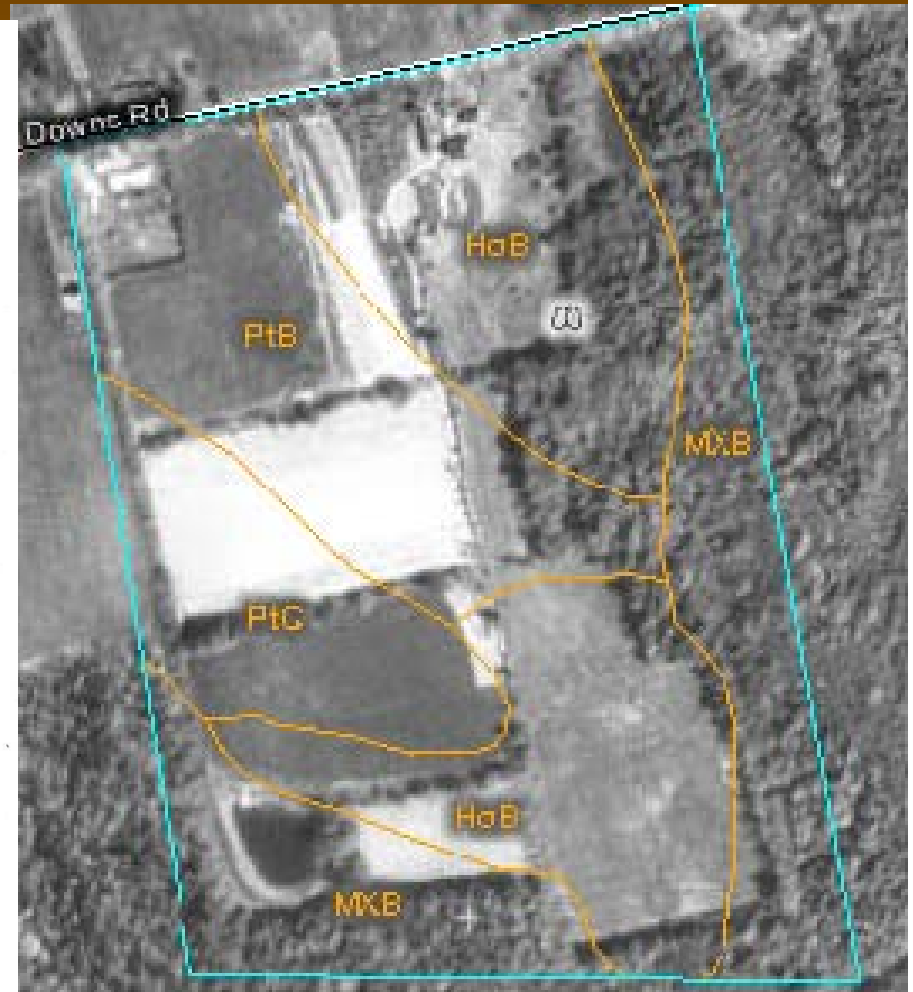


# Site and Soil Resources

*Example:* A soil containing 13% clay, 41% silt, and 46% sand would have loam texture.



Soil textural triangle. From Soil Conservation Service, *Soil Survey Manual*, USDA Agricultural Handbook 18 (1951).



<http://websoilsurvey.nrcs.usda.gov/app/>  
and county NRCS office



# Crop Production Records



- Field Records
  - Soil Tests
  - Fertilizer Applications
  - Pesticide Applications
  - Seeding
  - Crops Grown
    - Crop Yields
  - Rotations

# Livestock Production Records Start with Identifying Your Animals

- Individuals Identified
  - Ear tag
  - Tattoo
  - Microchip
  - Physical Characteristics





# Livestock Production Records

## ■ Individual History

### ■ Farm Bred

- Birth Info, Sire, Dam

### ■ Purchased

- Source, date, price



## ■ Reproduction

- Breeding / services
- Offspring info
  - Sex, rates of gain

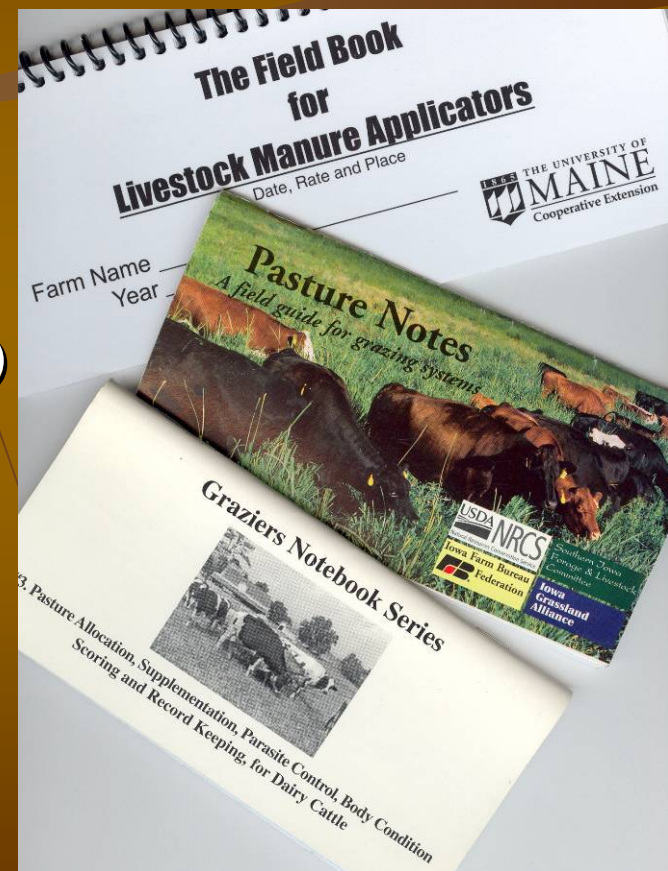
## ■ Health

- Vaccinations
- Treatments
- Body condition score



# Daily Events (Farm Diary)

- Pocket Note Pad 😊
- Field Note Book 😊
- Pocket Calendar 😊
- Cell Phone Application 😊
- Clip board & paper 😊
- Memory 😞



# Individual Animal Record

Name	Betsy		Born	3/1/03	Reg. No.	
Sire	Clyde		Date Vac. 3/5/03		Ear Tag No. 231	
Dam	Phebie		Vac. By: Farmer			
Yr.	Service Date	Sire Name	Checked Preg.	Date Due	Date Born	Sex
2005	Aug. 10	Pete			May15	M
2006	July 4	Sam			April 10	F
2007	July 15	Arthur			April 15	F

# Group Inventory Record

	Start January	Born	Purchase	Sold	Death	End December
Calves – heifer		5			1	4
Heifers	2		1	1		2
1 yr Heifers	2					2
2 yr Heifers	3					3
3 yr Cows	2					2
4 yr Cows	2					2
Over 4 yr Cows	5				1	4
Total Females	16					19
Calves – male		7				7
1 yr Steers	7			6	1	0
2 yr Steers	2			1		1
3 yr Steer	1			1		0
Bulls 1 year	1					1



# Production Record Analysis

- Pregnancy Percent
- Live Birth Percent
- Weaning Percent
- Weanling Rate of Gain
- Days at Weaning
- Yearling Rate of Gain
- Sex Ratio





# CHAPS 2000

## Cattle Health Appraisal Performance

- Maine Dept. of Agriculture (Cindy Kilgore)  
(comes to your farm)
  - Weighing of weanlings & yearlings
  - Reproductive information
  - Receive herd performance analysis

# Financial Records

## Recordkeeping Vs. Record Analysis

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### ■ Recordkeeping

#### ■ Maintaining Information

- Money In
- Money Out
- Capital

### ■ Record Analysis

#### ■ *Summarizing records to make decisions*

- net income per animal or acre
- compare expenses to income



# Records

## Tax Management Vs. Farm-Financial Management

### ■ Tax Management

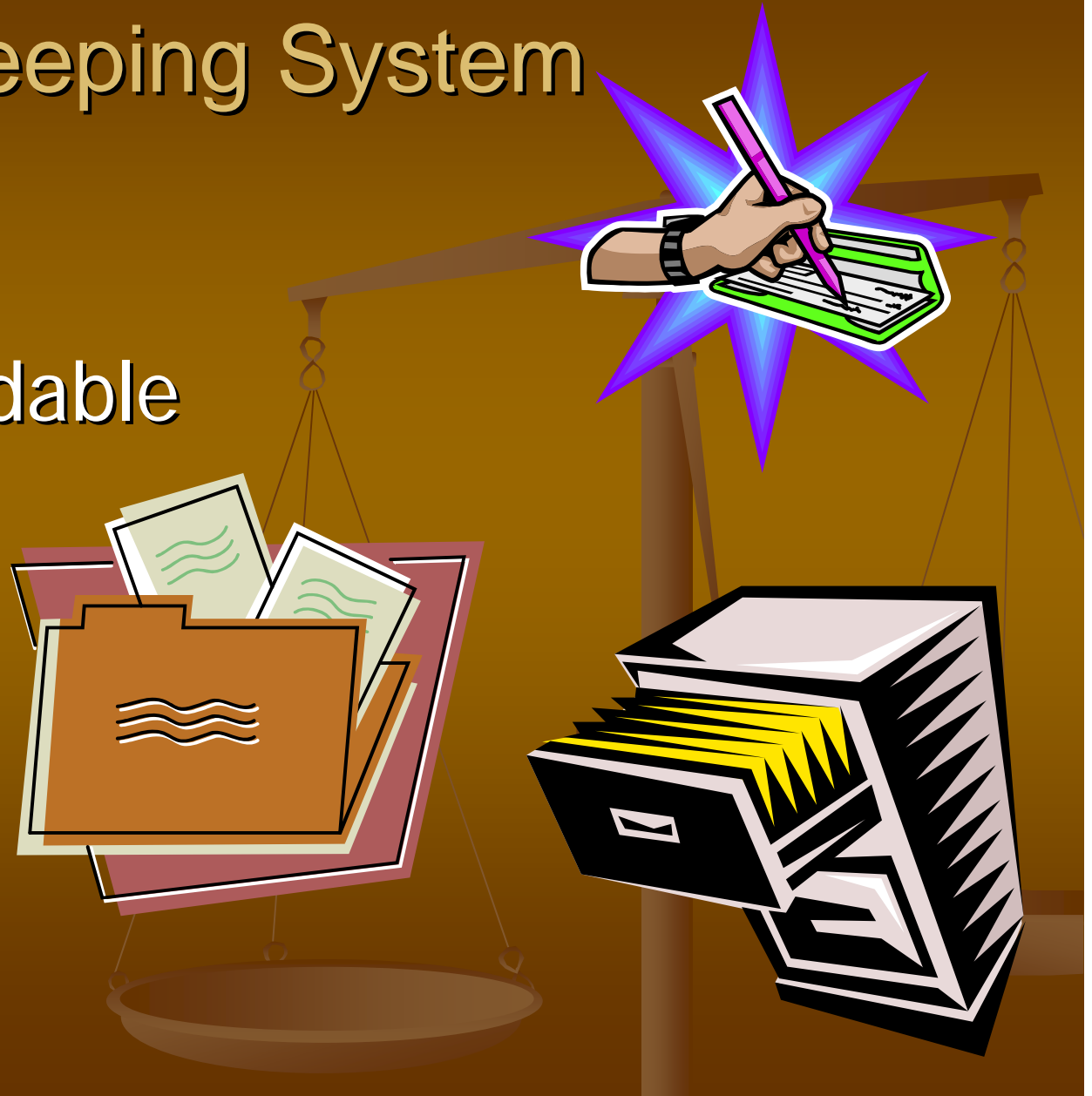
- Records are required for tax purposes
- Ensure you pay only the taxes you owe

### ■ Farm-Financial Management

- Records are needed to make decisions for future farm activities
- Verify invoice payments
- Determine charges for your products and services

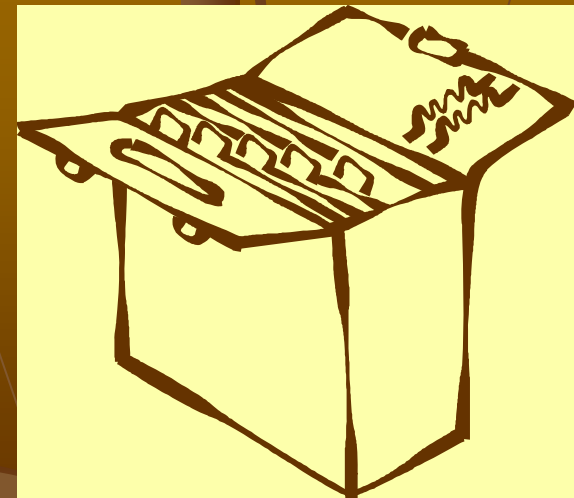
# Requirements of a Good Record Keeping System

- Simple
- Understandable
- Reliable
- Accurate
- Efficient



# Keeping Financial Records

- Start with Checkbook
- Shoe Box for receipts – NOT RECOMMENDED
- Record book and files for receipts
- Electronic and files for receipts



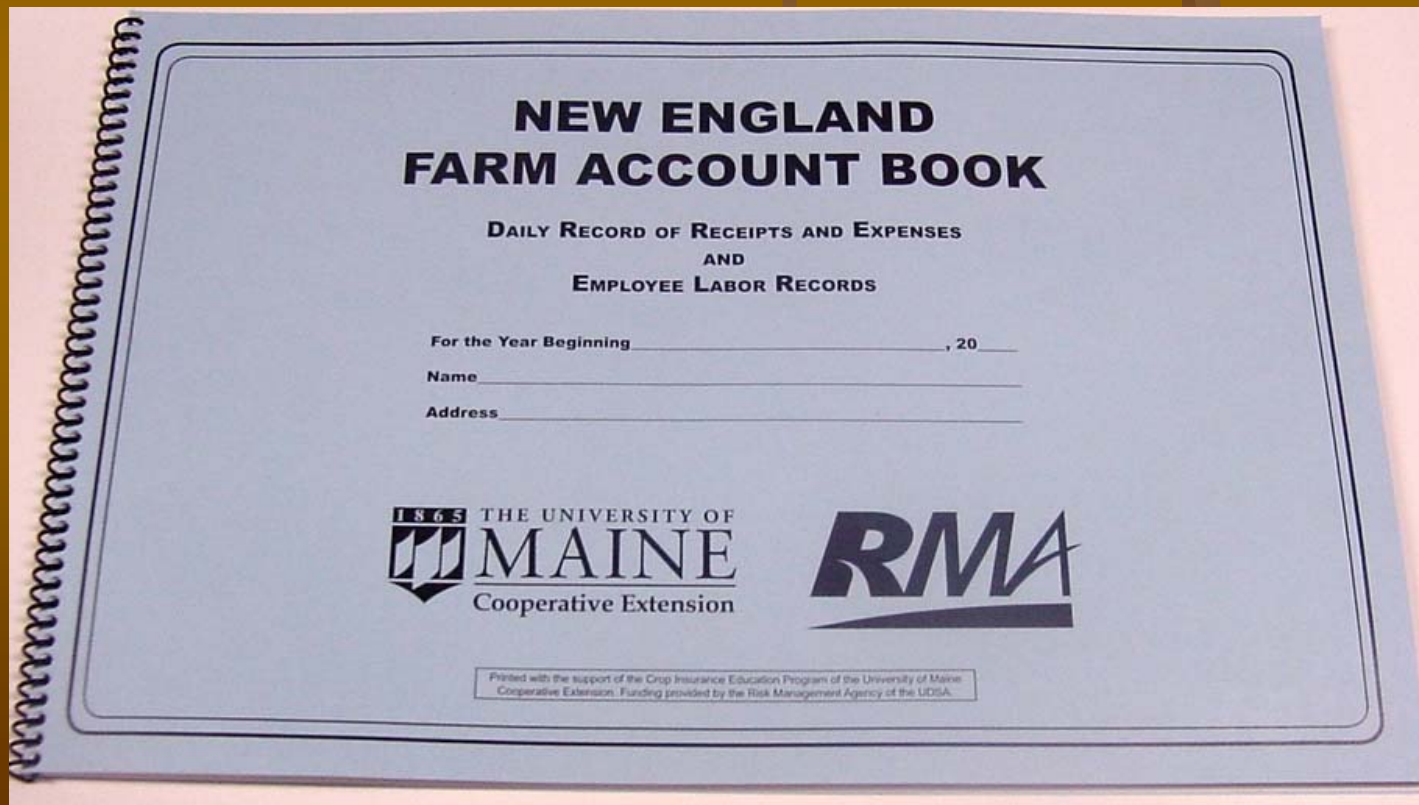


# Single Entry Bookkeeping System

## *New England Farm Account Book*

- Available free from Cooperative Extension or online

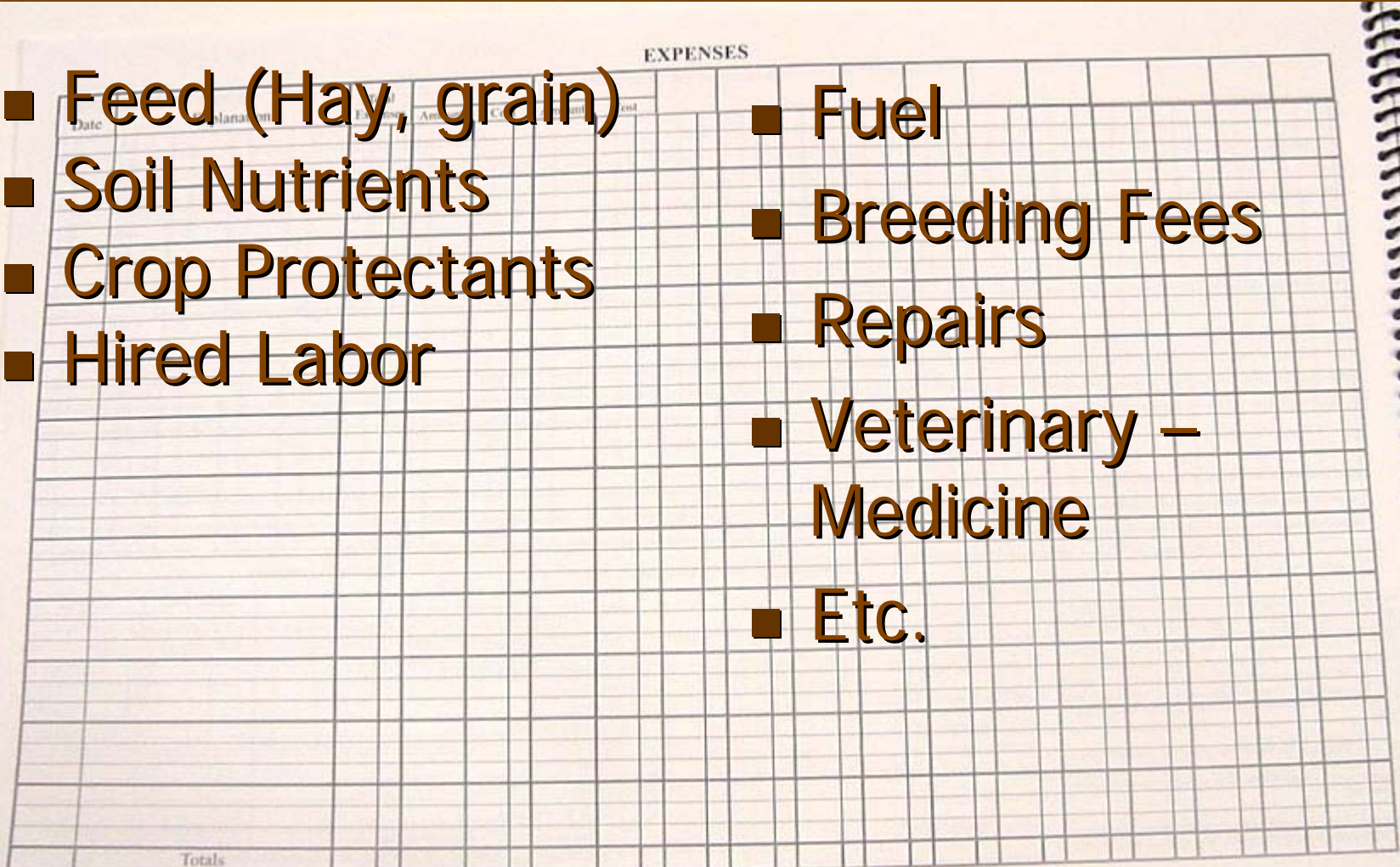
[http://www.uvm.edu/extension/agriculture/pdfs/nefarm\\_acct\\_book2\\_oct2010.pdf](http://www.uvm.edu/extension/agriculture/pdfs/nefarm_acct_book2_oct2010.pdf)







# Expenses (Costs)

- 
- Feed (Hay, grain)
  - Soil Nutrients
  - Crop Protectants
  - Hired Labor
  - Fuel
  - Breeding Fees
  - Repairs
  - Veterinary –  
Medicine
  - Etc.

# Electronic Farm Financial Recordkeeping

- Based on a Checkbook
  - Start with an opening balance
  - Use basic transactions
    - Checks
    - Deposits



<b>BOB JONES</b>	<b>2048</b>
	DATE _____
PAY TO THE ORDER OF _____	\$ <input type="text"/>
	_____ DOLLARS
<b>FIRST NATIONAL BANK</b>	
_____	_____
⑆00 2100 551: 770 ⑆ 954075⑆ 2121	

# Check - Expense Transactions

DATE	NUM	PAYEE	PAYMENT	DEPOSIT	BALANCE
28-Sep	1002	Power Company	200		2,500.00
1-Oct	1003	Farm Supply	477.85		2,022.15

Shady Acres Farm

1003

DATE 10-1-10

PAY TO THE ORDER OF Farm Supply \$ 477.85

Four hundred seventy-seven and 85/100 DOLLARS

National Bank of Maine

Feed, Fertilizer, Drugs

I.M. Farmer

00210066 770 964076 2121



# Detailed Transactions

DATE	NUM	PAYEE	PAYMENT	DEPOSIT	BALANCE
1-Oct	1003	Farm Suppy	477.85		2,022.15
		Feed for Cows \$105			
		Feed for Calves \$ 45			
		Fertilizer for Pasture \$320			
		Drugs for cows \$7.85			

Shady Acres Farm

1003

DATE 10-1-10

PAY TO THE ORDER OF Farm Suppy \$ 477.85

Four hundred seventy-seven and 85/100 DOLLARS

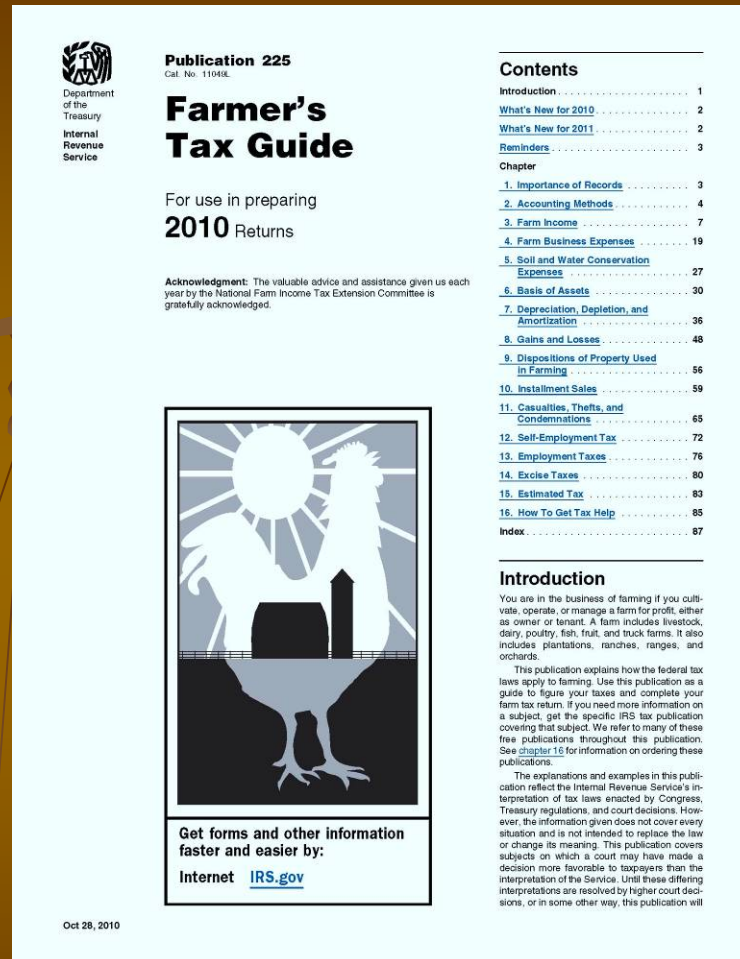
National Bank of Maine

Feed, Fertilizer, Drugs

I.M. Farmer

00210066 770 964076 2121

# Farmers Tax Guide




**Publication 225**  
Cat. No. 11048E

Department of the Treasury  
Internal Revenue Service

## Farmer's Tax Guide

For use in preparing  
**2010** Returns

**Acknowledgment:** The valuable advice and assistance given us each year by the National Farm Income Tax Extension Committee is gratefully acknowledged.



Get forms and other information faster and easier by:  
Internet [IRS.gov](http://www.irs.gov)

Oct 28, 2010

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### Introduction

You are in the business of farming if you cultivate, operate, or manage a farm for profit, either as owner or tenant. A farm includes livestock, dairy, poultry, fish, fruit, and truck farms. It also includes plantations, ranches, ranges, and orchards.

This publication explains how the federal tax laws apply to farming. Use this publication as a guide to figure your taxes and complete your farm tax return. If you need more information on a subject, get the specific IRS tax publication covering that subject. We refer to many of these free publications throughout this publication. See [chapter 16](#) for information on ordering these publications.

The explanations and examples in this publication reflect the Internal Revenue Service's interpretation of tax laws enacted by Congress, Treasury regulations, and court decisions. However, the information given does not cover every situation and is not intended to replace the law or change its meaning. This publication covers subjects on which a court may have made a decision more favorable to taxpayers than the interpretation of the Service. Until these differing interpretations are resolved by higher court decisions, or in some other way, this publication will

- <http://www.irs.gov/pub/irs-pdf/p225.pdf>

# Accounting Methods

- Accrual – Most businesses
  - Record income in the year earned
  - Record expenses in the year debt is incurred
  - Inventory must be included
- Cash – Farm businesses
  - Record income in the year received
  - Record expenses in the year debt is paid



# Business Analysis



Knowing where your business is!

Directing where you want it to go!



# Business Analysis

- Types of Financial Analysis
  - Comparative
  - Projected



# Cash Flow

	January	February	March
<b>Income</b>			
Cattle Sales			\$3,500
Meat Sales	\$1,000		\$500
Manure	\$100	\$100	\$100
<b>Total</b>	<b>\$1,100</b>	<b>\$100</b>	<b>\$4,100</b>
<b>Expenses</b>			
Feed	\$100	\$400	\$400
Hired Labor	\$200	\$200	\$200
Vet/ Medicine	\$100		\$50
Repairs	\$25	\$50	\$75
<b>Total</b>	<b>\$425</b>	<b>\$650</b>	<b>\$725</b>
<b>Income - Expenses</b>	<b>\$675</b>	<b>-\$550</b>	<b>\$3,375</b>



# Farm Finance Scorecard



- Liquidity
- Solvency
- Profitability
- Repayment Capacity
- Financial Efficiency



A photograph showing a person from behind, wearing a purple hoodie and a light-colored cap, looking at a herd of deer behind a wire fence. The scene is set in a green field with a misty background of trees. The text "If you don't keep records..." is overlaid in yellow on the left side of the image.

If you don't  
keep records...

... You can't tell if you are making  
progress or falling behind in your  
agriculture enterprise.



# Question

- What do you market?



1. Live animals
2. Product: Meat, milk, cheese, eggs, etc.
3. Service / training
4. Nothing yet



“Knowledge of production without effective marketing usually will not bring rewarding returns.”

*Reap New Profits... Marketing Strategies for Farmers & Ranchers*





# Factors That Influence Marketing

- Variable Demand
- Market Knowledge
- Transportation / Handling
- Information
- Market Access



# Price Discovery “Going Price”



- Species
- Sex
- Grade
- Frame size
- Muscling
- Location
- Time

- USDA Livestock & Field Crop Reports

<http://www.ams.usda.gov/AMSV1.0/lsmnpubs>

- Organic

[www.mofga.org](http://www.mofga.org) → Publications → Organic  
Price reports

- Country Folks. New England Farm Weekly

[www.countryfolks.com](http://www.countryfolks.com)

- Informal Network



# Types of Markets for Livestock and Livestock Products

## ■ Livestock

- Farm Sales
- Livestock Dealers
- Slaughter House / Meat Packer
- Auctions
- Cooperatives
- Specialty

## ■ Livestock Products

### ■ Indirect

- Wholesale
- Broker
- Restaurant

### ■ Direct

- Farm sales
- Farmers' Markets
- Internet sales
- CSA – Buying clubs





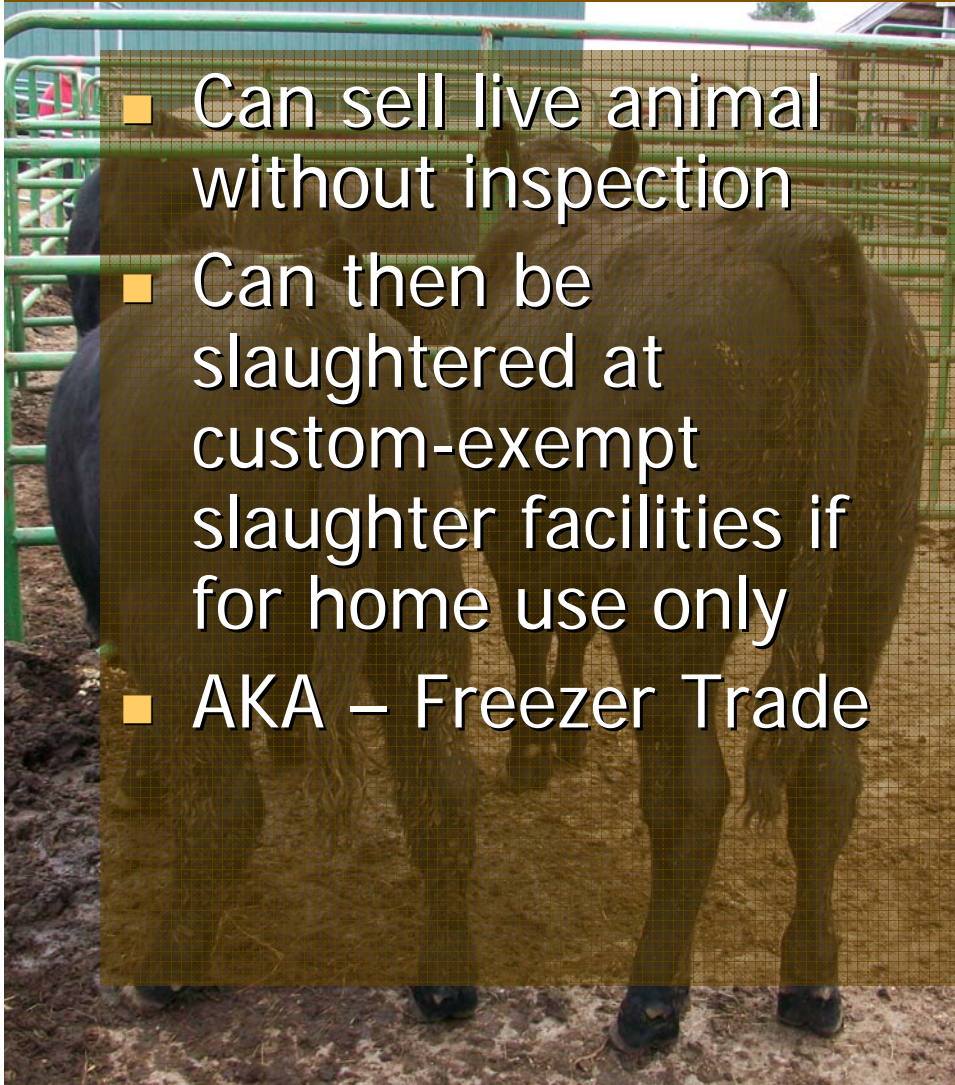
# Marketing Plan

- Market Research
  - Who
  - Price
  - Quantity
- Evaluate Competition

## Marketing Tips

1. Target Market
2. Educate Customers
3. Price Product for Market
4. Market for Quality
5. Practice Good Customer Service

# Slaughtering Livestock & Selling Meat

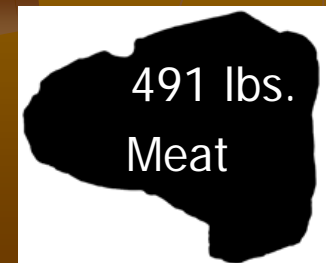
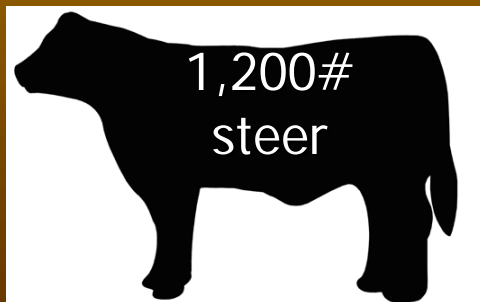
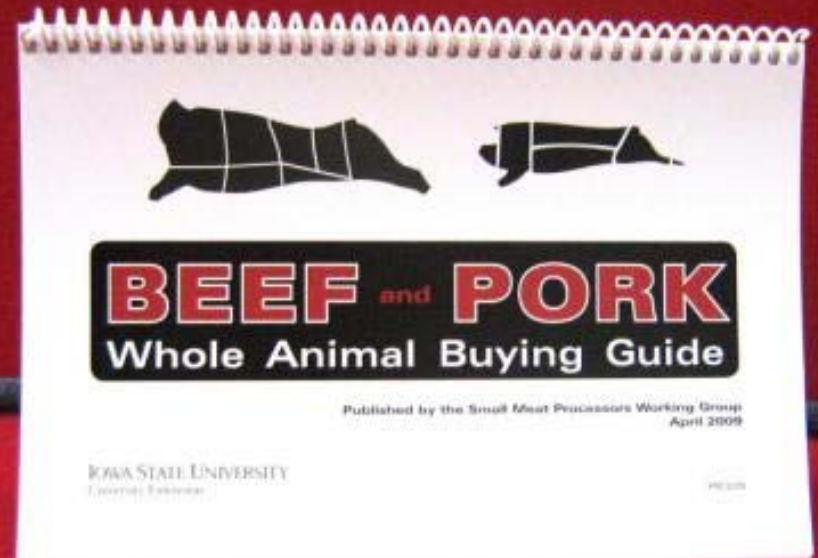


- Can sell live animal without inspection
- Can then be slaughtered at custom-exempt slaughter facilities if for home use only
- AKA – Freezer Trade

- Meat sold in Maine must be from USDA or Maine inspected plants
- Poultry
  - On-farm slaughter for direct to consumer sales
  - Less than 1,000 birds/yr
  - Not many options for inspected poultry slaughter

# Educating Freezer Trade Customers

- Beef and Pork Whole Animal Buying Guide- PM2076, Iowa State
- Free online at
- <https://www.extension.iastate.edu/store>



76% of  
Carcass weight





# Eggs



- No license or inspection if less than 3,000 birds
- Regulations
  - Name, address and zipcode
  - Eggs in carton must match labeled grade, size & color
- Encouraged
  - Product liability insurance
- If reusing cartons
  - Obliterate USDA shield and other info that doesn't match eggs in carton
- Must state that refrigeration is required
  - Must be stored and transported at 45 degrees or less



# Value Added Foods

- ME Dept of Ag – Division of Quality Assurance & Regulations
  - Specialty food business (also FDA & USDA)
  - Home Food Manufacturing Sanitary Facilities
    - Potable water
  - Food protection
  - Labeling
  - Mobile vendors license

- UMaine Extension
  - Recipe analysis
  - Processor License
    - HACCP training
  - Recipe to Market
- Northeast Center for Food Entrepreneurship  
[www.nysaes.cornell.edu/necfe](http://www.nysaes.cornell.edu/necfe)





# Reasons Why Customers Buy at Farm Direct Markets

Quality	73%
Help Local Farmer	73%
Freshness	77%
Locally Grown	77%
Value for Money	44%



# Finding Farm Direct Markets

A white sign with a black border for 'Breakneck Ridge Farm'. The text 'Breakneck Ridge' is in a large, black, serif font, and 'Farm' is in a smaller, black, serif font below it. To the left of 'Farm' is a silhouette of a bison, and to the right is a red maple leaf. Above the sign, a silhouette of a bird is visible against a brown background.

Breakneck Ridge  
Farm

	Farmers Market		Farm Stand	
	Rural	Urban	Rural	Urban
Newspaper	23%	39%	38%	23%
Roadside Sign	24%	50%	71%	56%
Word of Mouth	17%	46%	57%	40%
Radio & TV	5%	10%	8%	4%





The Vermont Quality Meats marketing cooperative put \$100,000 to \$150,000 extra profit into the collective pockets of its member producers in less than a year.

<http://www.vtqualitymeats.com/>

"Instead of throwing our product away at the auction and supporting a bunch of middlemen, we're doing all of those steps ourselves."

--Lydia Ratcliff  
Vermont Quality Meats founder



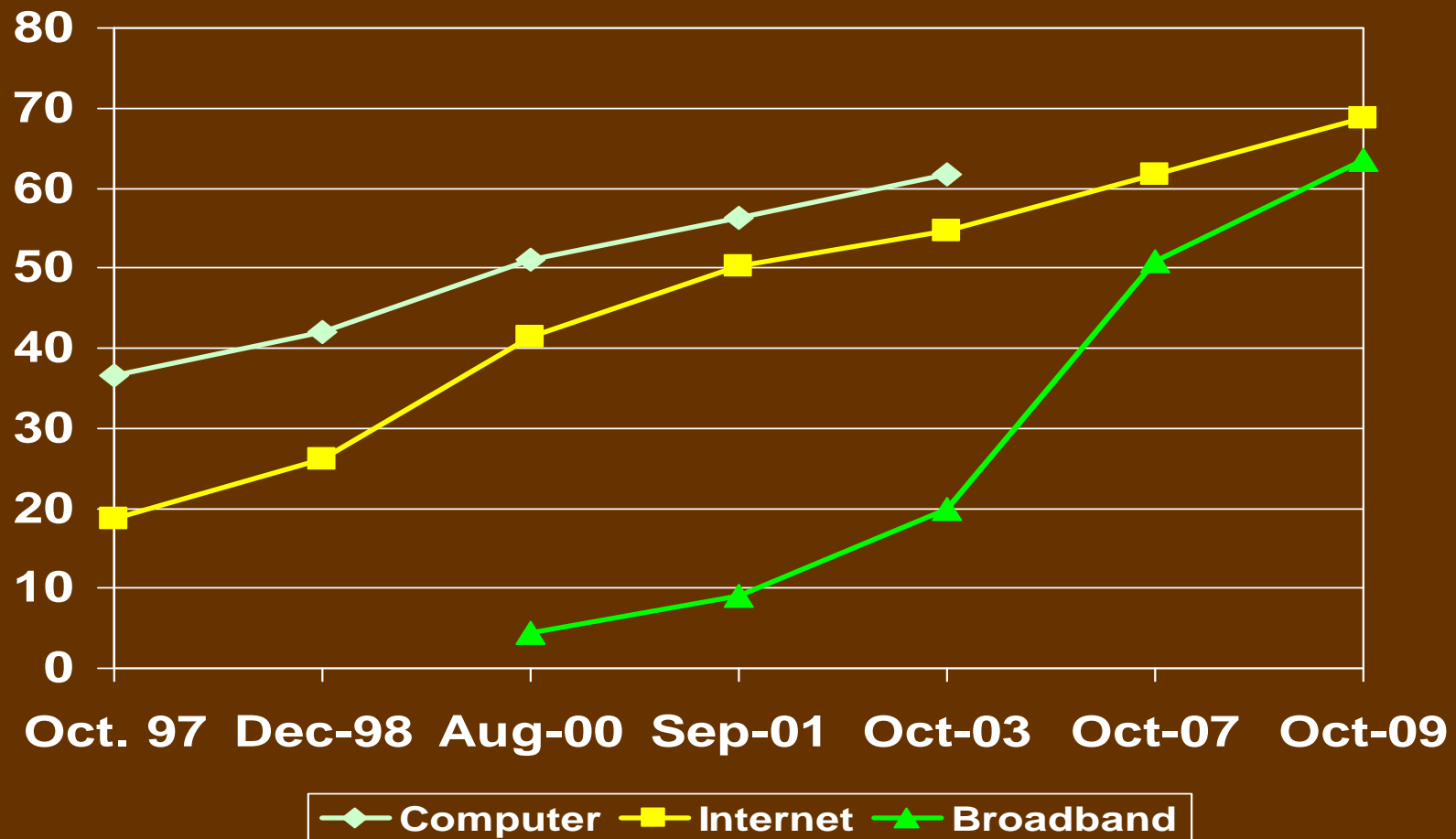
# Direct Sales of Livestock Products

- Good people skills
- Location
- Customers



# % Households with Computer & Internet Connections

Digital Nation – 21<sup>st</sup> Century America's Progress Toward Universal Broadband Internet Access, NTIA Research Preview, Feb. 2010





# E-Newsletters

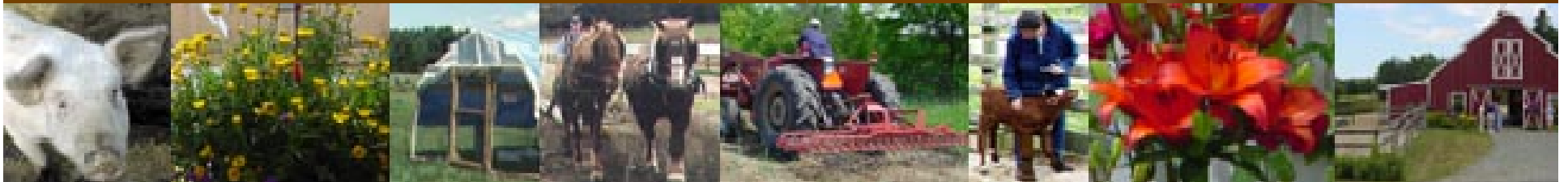
- Piscataquis / Penobscot Farming Newsletter - sent monthly
- Statewide Beef Information Newsletter – determining interest
- Farm Scoop – Cumberland/ Andro/ Sag Counties – sent monthly

Sign-up at:

<http://bit.ly/PPfarming>

Sign-up at

[dana.rickman@maine.edu](mailto:dana.rickman@maine.edu)



# Please Complete the Evaluation

