



Risk Management Education



Florida A&M University

Cooperative Extension Programs

College of Engineering Sciences,
Technology and Agriculture



FARM FINANCIAL MANAGEMENT



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WHAT IS FARM FINANCIAL MANAGEMENT?

- ▶ Farm Management is concerned with the decisions that affect the profitability of the farm business.
- ▶ Farm management includes making, executing, and evaluating farm operation decisions.

EFFECTIVE FARM FINANCIAL MANAGEMENT ADDRESSES THE FOLLOWING QUESTIONS:

- What should be produced?
- How much should be produced?
- How large should the farm be?
- How many acres of land, dollars to invest, and hours of labor should be used?
- How should land labor, and money (capital) be acquired?
- Should land be rented or purchased?
- Should new or used equipment be purchased?
- Should labor be hired or supplied by the farm family?
- What production practices should be used?
- When and where should inputs be purchased and products sold?

TOOLS OF FARM FINANCIAL MANAGEMENT

- **Farm Records** - identify problems and opportunities for improving profitability
- **Farm Budgeting**- compare farm alternatives on paper before investing money

HOW DO I KNOW IF MY FARM BUSINESS IS FINANCIALLY SOUND?

- Keeping adequate financial records
- Analyzing the financial records

WHY SHOULD I KEEP RECORDS?

- Provide information used in the making business plans and decisions
- Help determine profitable farm enterprises
- Identify successful production practices
- Identify problems in individual crop and livestock enterprises

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