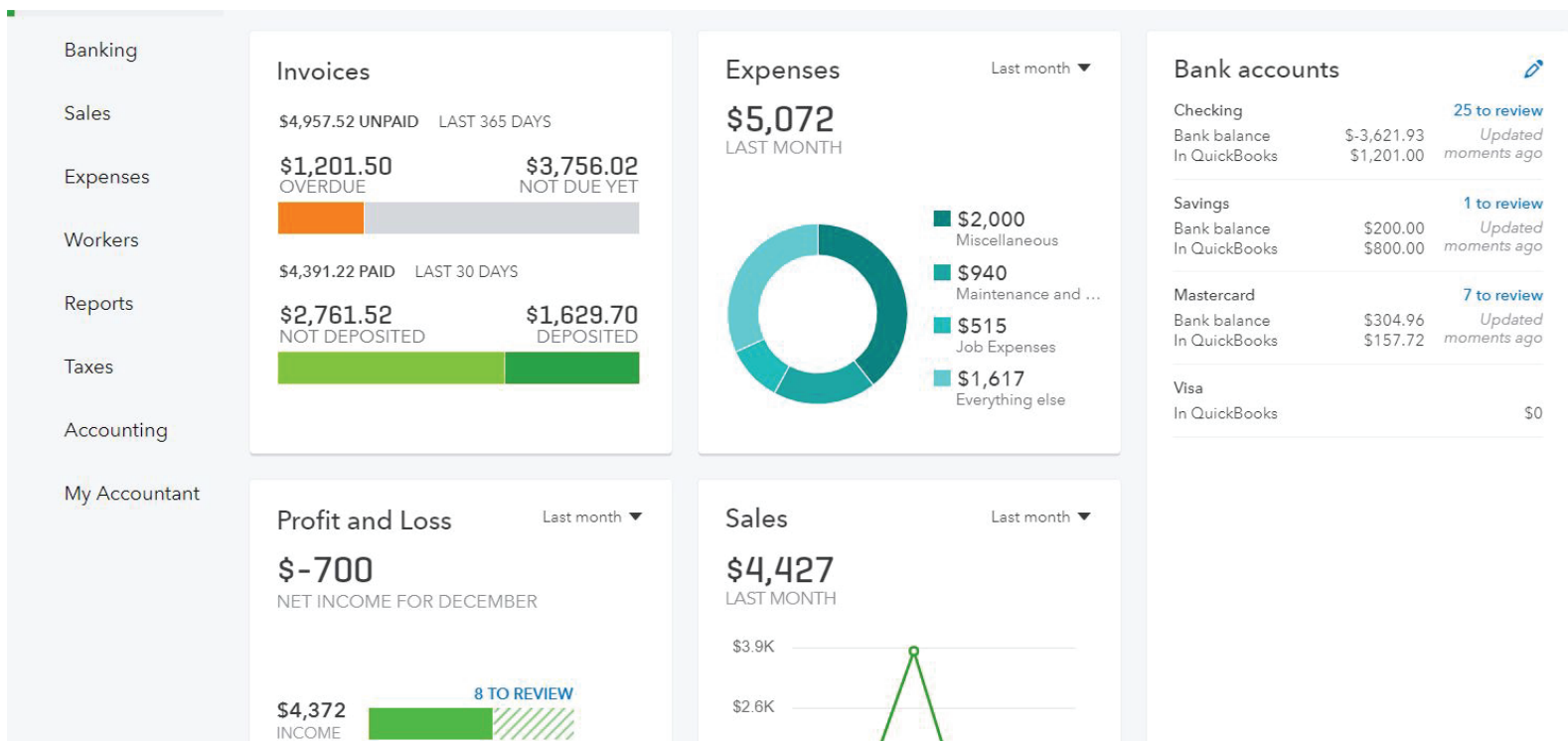




QuickBooks Basics



QuickBooks is an incredibly powerful and effective tool to manage your farm business. When used properly, it is a great system to help organize your finances and mitigate risk. Here are some key facts and takeaways to consider when determining how to manage your farm business and finances:

- Effortlessly compare year-over-year financial statements that every farmer should keep, including income statements, cash flow statements, and balance sheets (the "Big 3").
 - o Increase trust and communication with partners and lenders.
 - o Show where you have been and where you are going.

The "Big 3" Financial Statements

BALANCE SHEET

Assets (*what you own*) vs.
Liabilities (*what you owe*)

CASH FLOW STATEMENT

Cash Inflow vs.
Cash Outflow

INCOME STATEMENT

Income (*money in*) vs.
Expenses (*money out*)

(over)



QuickBooks Basics

- Depending on your reporting needs, you can choose to run QuickBooks reports using cash basis or accrual basis accounting.
- Reduce time spent on accounting and tax reporting.
- Easily sort your income, expenses, fixed assets, loans, and more using preset account types.
- Create readable sales summaries to view quantities of each product sold, average and total sales prices, percent of total sales, and any associated charges/fees.
- Accurately record grain checks, patronage checks, animal sales, crop insurance proceeds, USDA payments, loan payments, credit card charges, equipment trade-ins, vendor payments, etc.
- Create separate statements for different “classes” (i.e., dairy, crop, equipment, etc.).
- Upload scanned paper or electronic receipts directly to transactions in QuickBooks for easy retrieval.
- Compared to Excel, use a program like QuickBooks to help avoid mistakes and easily reconcile accounts.
- QuickBooks is a paid service. You can select a basic package or choose additional features to suit your needs (e.g., payroll, auto bill pay, invoicing, member management).

GENERAL ADVICE

- Consider costs and assets from every stage of production.
- Provide as much detail as possible in recorded transactions to aid in future examination/analysis.
- Create a chart of accounts that mirrors categories on tax forms. For example, categorize your expenses based on the categories of expenses found on the Schedule F form.

For additional resources, please visit thelandconnection.org/resources

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