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”).
  - Increase trust and communication with partners and lenders.
  - Show where you have been and where you are going.

### The “Big 3” Financial Statements

<table>
<thead>
<tr>
<th>BALANCE SHEET</th>
<th>CASH FLOW STATEMENT</th>
<th>INCOME STATEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets (what you own) vs. Liabilities (what you owe)</td>
<td>Cash Inflow vs. Cash Outflow</td>
<td>Income (money in) vs. Expenses (money out)</td>
</tr>
</tbody>
</table>

(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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