QUICKBOOKS FOR FARMERS
PART II

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With the Carrot Project

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DISCLAIMERS

- The examples shown are for QB Desktop for PC
  - The interface for the on-line version and MAC are different
  - The on-line version is not quite as robust
  - The functions are the same, where you find them and how they look will be different

- The numbers in this presentation are fictitious and used for illustrative purposes only.

- As you set up your own QuickBooks files, you will need to adjustments based on your own business and growth needs.
AGENDA

- Review of Part I
- Tracking Bills and Managing Cash Flow
  - Review How to Enter and Pay Bills
  - Review A/P Aging Report
- Using Classes and Customer: Jobs
  - Preference: Make sure to turn on “classes”
  - When to use classes
  - Review how to write checks and record revenue
- General Journal Entries
- Inventory Tracking
Organizing Bills
ENTERING AND PAYING BILLS
IF YOU ENTER A BILL/YOU PAY A BILL

Otherwise, just write a check
VIEW A/P AGING REPORT
CLASSES, CUSTOMERS AND JOBS

- Flower Sales
- Honey
- Farm-stand
- Wholesale
- Produce Sales
- CSA Sales
- Egg Sales
- Meat Birds

- Farmers Markets
WHY USES CLASSES AND CUSTOMERS?

- To separate revenue and expenses by different products and by different sales channel
- To understand the profitability of different products and different sales channels

Sales Channel: Where you sell your products such as at a farmers’ market or through a CSA

Products: What you sell such as produce, flowers or eggs.
CREATING YOUR CHART OF ACCOUNTS

REVENUES

- Sales Channels
  - Farmers Markets
  - Farm Stand
  - Co-Op
  - CSA
  - Wholesale

OR

- Products
  - Beef
  - Dairy
  - Vegetables

EXPENSES

- Parent Categories
  - COGS
  - Direct Operating
  - Payroll
  - General + Admin
  - Repairs + Maintenance
  - Occupancy

- Children (Sub-Accounts)
  - Seeds/Seedling
  - Fertilizers/Amendments
  - Salaries and Wages
  - Insurance
### Classes – Create Mini-Profit and Loss

<table>
<thead>
<tr>
<th>Income</th>
<th>Total</th>
<th>Eggs</th>
<th>Produce</th>
<th>Meat Birds</th>
<th>Flowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>1,400</td>
<td>400</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSA</td>
<td>1,700</td>
<td>300</td>
<td>600</td>
<td>600</td>
<td>200</td>
</tr>
<tr>
<td>Farmers Market</td>
<td>1,900</td>
<td>400</td>
<td>1,200</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Farm-Stand</td>
<td>2,600</td>
<td>600</td>
<td>500</td>
<td>1,200</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,600</td>
<td>1,700</td>
<td>3,300</td>
<td>1,800</td>
<td>800</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Eggs</th>
<th>Produce</th>
<th>Meat Birds</th>
<th>Flowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
<td>40</td>
<td>10</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Seeds</td>
<td>150</td>
<td>100</td>
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<td>50</td>
</tr>
<tr>
<td>Feed</td>
<td>350</td>
<td>200</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Processing</td>
<td>200</td>
<td></td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td>500</td>
<td>100</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,240</td>
<td>310</td>
<td>315</td>
<td>465</td>
</tr>
</tbody>
</table>

**Net Profit** 6,360  1,390  2,985  1,335  650
GENERAL JOURNAL ENTRIES
GENERAL JOURNAL ENTRIES

- Double Entry Accounting
- Moving “money” from one bucket to another
- Debits and Credits; Debits = Credits

Assets:

“Assets are Ass-Backwards”
- Credits decrease the value, Debits increase the value

Liabilities and Equity

(Income and Expense count as Equity)
- Credits increase the value, Debits decrease the value
MAKE GENERAL JOURNAL ENTRIES
WHEN TO USE JOURNAL ENTRIES

- Inventory Adjustments
  - True Understanding of cost
  - Accurate Balance Sheet

- Recording Sales
  - Multiple products
  - Multiple payment methods
TRACKING INVENTORY (ASSETS)

**Assets:**

“Something that gives future economic benefit as the result of a past transaction”.

Assets are listed on the Balance Sheet, and can include your home, car, land, building, large equipment, seeds, and livestock.

Inventory is an asset
- The past transaction was the purchase of the inventory.
- The future benefit is the revenue that will be generated… resulting from utilized or sold inventory.
TRACKING INVENTORY (ASSETS)

Types of Inventory
- Product Purchased
  - Seeds
  - Product for Re-Sale
  - Laying Birds
- Product Raised/Grown
  - Meat
  - Storage Crops
  - Livestock

Counting Inventory
- Identified Products
- Quantified Dollar Value
INVENTORY BECOMES AN EXPENSE/COGS WHEN SOLD

Income Statement
- Revenue
- Expenses
  - COGS
  - Operating Expenses
  - Net Income
    = Revenue - Expenses

Balance Sheet
- Assets
  - Cash
  - Accounts Receivable
  - Inventory
  - Greenhouses/Barns
  =
- Liabilities
  - Bank Loans
  - Accounts Payable
  +
- Owner’s Equity
INVENTORY ADJUSTMENTS

Types of Inventory

- Product Purchased
  - Seeds
  - Product for Re-Sale

- Product Raised/Grown
  - Meat
  - Storage Crops
  - Livestock

Counting Inventory

- Identified Products
- Quantified Dollar Value
CALCULATING INVENTORY ADJUSTMENT

- Inventory value decreased
  - Increase Expense

- Inventory value increased
  - Decrease Expense

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>500</td>
</tr>
<tr>
<td>Expenses</td>
<td>500</td>
</tr>
</tbody>
</table>

Adj. is NEGATIVE

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>500</td>
</tr>
<tr>
<td>Expenses</td>
<td>500</td>
</tr>
</tbody>
</table>

Adj. is POSITIVE
THANK YOU!

More Resources:
http://www.juliashanks.com/tools-for-entrepreneurs/

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Call: 617-945-8718
MULTIPLE PAYMENTS – MULTIPLE REVENUES

Cash
Credit Cards
CSA Credit

Farmers Market Sales

Vegetable
Eggs
Value-Added