Five Activities Required to Measure Farm or Ranch Profitability

1. Use QuickBooksPro™ (QB) to Record and Report Ranch Cash Revenue and Expenses
   a. Use the IRS Schedule F.” Profit or Loss from Farming” as base chart of accounts.
   b. Provides the cash data for the IRS Schedule F tax reporting.
   c. Provides the cash data used to develop the accrual adjusted income statements.
   d. Organize the cash data including debt payments to prepare a statement of cash flows.

2. Record Data to Update the Business Depreciation Schedule.
   a. Data for annual IRS compliance.
   b. “Book” depreciation prepared by the CPA for management purpose.
   c. Incorporate the base value methodology if breeding stock is involved.

3. Use QB to Record Family Living Expenses/Withdrawals
   e. Use to report family living expenses/withdrawals.
   f. Used to support development of the statement of cash flow.

4. Record Cattle Ranch Accrual Adjustments for Revenue and Expenses
   a. Cattle and feed inventory change.
   b. Detail cattle sales and purchase data.
   c. Other accrual adjustments to revenue and expenses.

5. Develop the accrual adjusted financial statements using the Excel decision aids.
   Summaries the QB date in financial statements – income statement and balance sheets.
   Calculate the FFSC measures and report profitability and financial performance measures.

Step 1a. and 1b. will provide the data needed for the CPA to file the IRS Schedule F.

Excel™ spreadsheets are provided to record data and do calculations for all reporting not accomplished by QuickBooks™ to generate financial statements and calculate and report the FFSC measures for both financial position and financial performance.

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