

## 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.

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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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