

**Maika Koehl**  
Operations

# Enterprise Accounting for Agriculture

ambrook

# Agenda

- 1 Introductions (5m)
- 2 Enterprise Accounting Best Practices (20m)
- 3 Ambrook Software Demo (20m)
- 4 Questions (15m)

## Maika Koehl

### Operations



- Has visited farms and ranches in more than 15 states to better understand their challenges with keeping clean, useful books
- Onboarded and advised Ambrook's entire customer base to-date
- Previously: Worked with teams building software for independent grocery stores and trucking owner-operators, with an emphasis on customer operations

# Why do any recordkeeping at all?



## 1. Taxes

Keeping good records protects you in the case of an audit, and gives your accountant what they need to minimize how much tax you pay.



## 2. To know and grow your business

- Know how you spend and make your money.
- Know if you are making money.
- Become eligible for more grants and loans.

# Enterprise Accounting: A lot more value for a little more effort

Farms and ranches are usually multi-enterprise businesses:

- Row Crops
- Specialty Crops
- Livestock
- Value-added Production
- Custom Hire
- Agritourism
- Markets

Enterprise accounting just means tracking your income and expenses specifically towards the line of business that incurred them.



# The Payoff: An Enterprise P&L

	A	B	C	D	E	F
1	<b>Spring Acres Farm</b>	<i>Enterprises</i>				
2	<b>Detailed Income Statement</b>	<b>Total</b>	<b>Corn</b>	<b>Vegetables</b>	<b>Cattle</b>	<b>Overheads</b>
3		<b>YTD</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>
4		<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
5	<b>Revenue</b>					
6	Farmers Market Sales	\$ 68,320	\$ 23,400	\$ 12,878	\$ 32,042	\$ -
7	Online Sales	\$ 48,809	\$ 3,405	\$ 4,820	\$ 40,584	\$ -
8	Restaurant Sales	\$ 32,824	\$ 5,500	\$ 6,000	\$ 21,324	\$ -
9	<b>Total Revenue</b>	<b>\$ 149,953</b>	<b>\$ 32,305</b>	<b>\$ 23,698</b>	<b>\$ 93,950</b>	<b>\$ -</b>
10						
11	<b>Costs of Goods Sold</b>					
12	Seeds & Starts	\$ (1,163)	\$ (1,163)	\$ -	\$ -	\$ -
13	Fuel	\$ (1,191)	\$ (714)	\$ (355)	\$ (122)	\$ -
14	Fertilizer & Lime	\$ (971)	\$ (971)	-	-	-
15	Chemicals	\$ (1,197)	\$ (703)	\$ (494)	\$ -	\$ -
16	Custom Hire	\$ (1,834)	\$ (1,834)	-	-	-
17	<b>Total COGS</b>	<b>\$ (6,356)</b>	<b>\$ (5,385)</b>	<b>\$ (849)</b>	<b>\$ (122)</b>	<b>\$ -</b>
18						
19	<b>Gross Profit</b>	<b>\$ 143,597</b>	<b>\$ 26,920</b>	<b>\$ 22,849</b>	<b>\$ 93,828</b>	<b>\$ -</b>
20	<i>Gross Profit %</i>	<i>95.8%</i>	<i>83.3%</i>	<i>96.4%</i>	<i>99.9%</i>	<i>0.0%</i>
49	<b>Net Income</b>	<b>\$ 71,473</b>	<b>\$ 11,360</b>	<b>\$ 6,358</b>	<b>\$ 76,817</b>	<b>\$ (23,061)</b>
50	<i>Net Income %</i>	<i>47.7%</i>	<i>35.2%</i>	<i>26.8%</i>	<i>81.8%</i>	<i>0.0%</i>
51						
52						



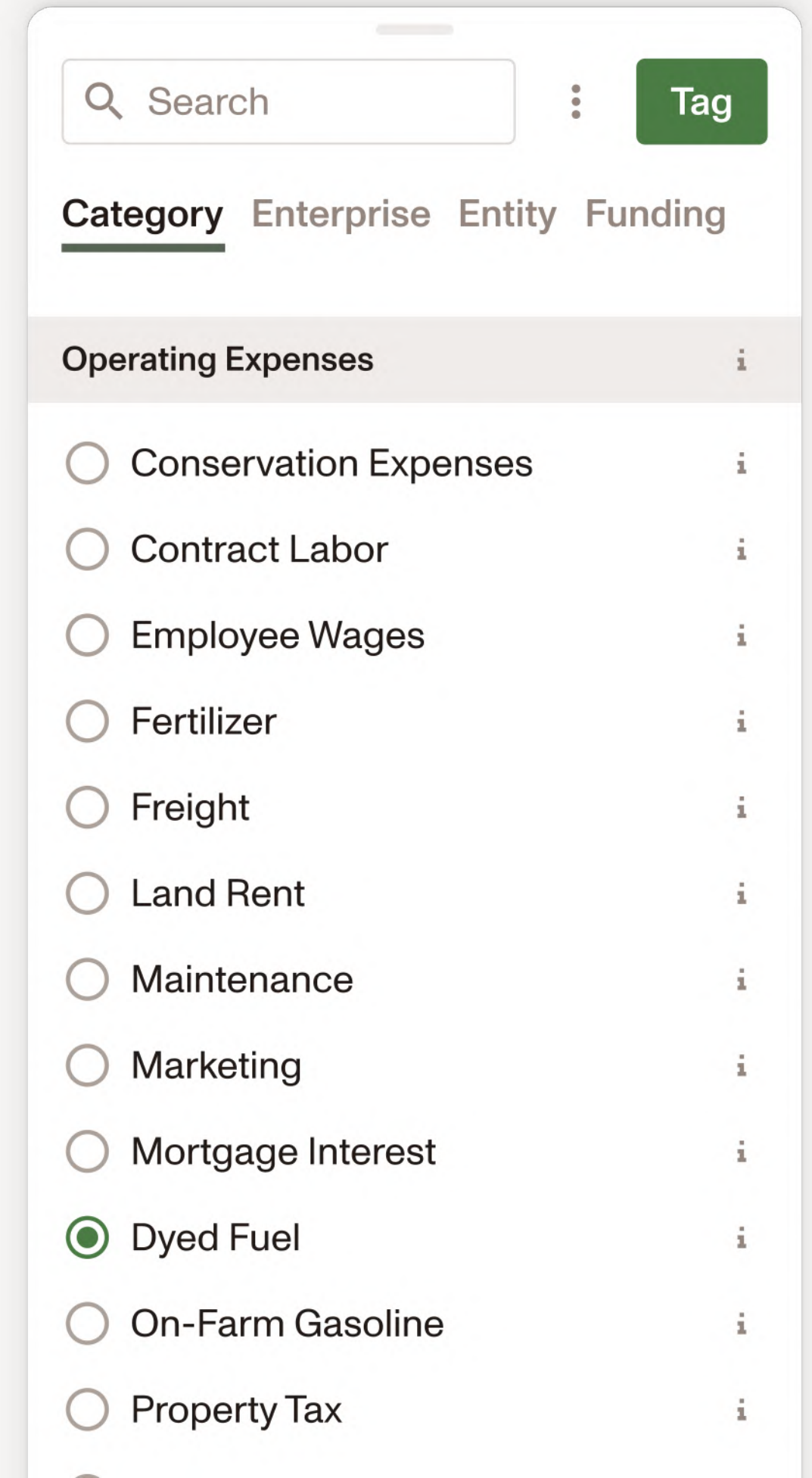
# Principles of a Good Enterprise Bookkeeping Practice

# 1. A Chart of Accounts that is in your own words

Familiarity with your chart of accounts makes bookkeeping faster and reduces errors.

## Example 1

A client's accountant made them an account called 'Off-road fuel'. The client was always miscategorizing their purchases because in their mind they were looking for 'Dyed fuel'.





## 2. Associate an expense with an Enterprise if and only if that expense would go away if you stopped the Enterprise

### Example 1

#### Chicken Feed - Chickens

Pretty obviously, you wouldn't need chicken feed if you stopped raising chickens. So tag that expense towards **chickens**.

 Feed Grain & Meal

 Chickens

### Example 2

#### Mortgage Payment - Overhead

This expense won't go away if you stopped any one of your given enterprises, so it shouldn't be tagged towards any of them.

 Mortgage Payment

### Example 3

#### Pastureland Rent - Cattle

If you stopped running cattle, you would probably stop leasing this land used only for grazing, so it should be an expense against your **cattle**.


 Pastureland Rent

 Cattle

### 3. Use 'Other' categories sparingly

- Add specific categories for expenses that are predictable, even if they are infrequent.
- If you aren't sure, don't categorize it, instead save it for a time when you can sit down and figure it out, but attach any receipts or note anything relevant to the decision later.

#### < Transaction

 Cash On Hand  
Cash Account

Amount

-\$25.00

Description


Farmers Market Parking Fee

Date

Tuesday, March 28, 2023

#### Attachments

 IMG\_4827.jpg

 Upload

#### Tags





 Category

 Enterprise

 Entity


 Funding

## 4. Record the transaction at the moment it occurs (or ASAP)

-  Check
-  Cash
-  Internal Transfer
-  Upload Receipt

- Note what happened when it happens.
- Save the receipt.

## 5. Consider 'Internal Transfers'

<input type="checkbox"/>	3/7/23	 Feed for cattle	±\$1,000.00	
<input type="checkbox"/>		Internal Transfer Credit	+\$1,000.00	Farm Product Sales Hay
<input type="checkbox"/>		Internal Transfer Debit	-\$1,000.00	Feed Grain & Meal Cattle

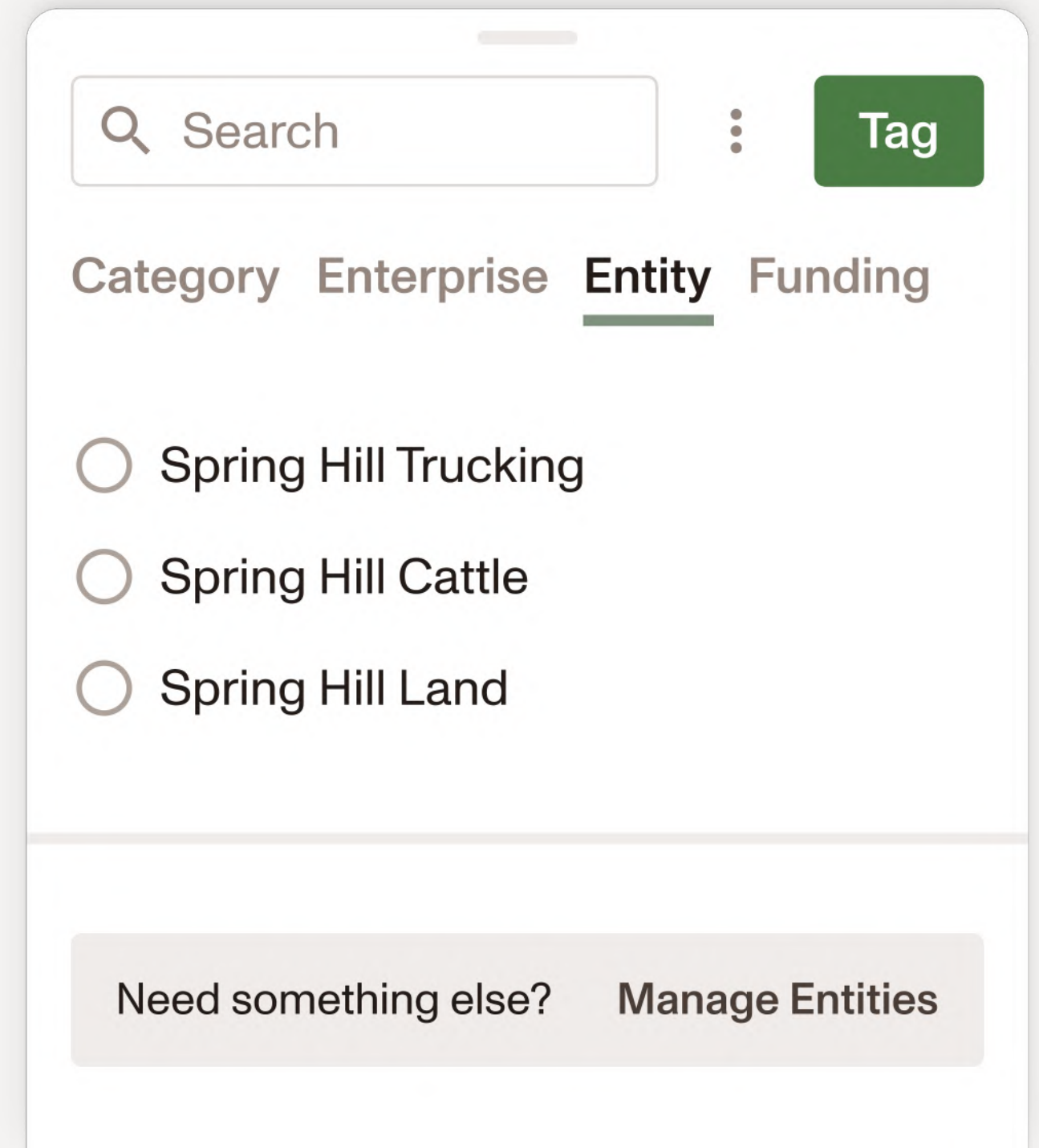
### Example 1

A rancher raises cattle, but also grows crops to feed them.

- The profitability of his cattle will be inflated if he does not consider the value of those crops as if he had to purchase them.
- The profitability of his crops will be unknown since he never sells them, but he could!
- An 'Internal Transfer' is a way to recognize a movement of value from one enterprise to another even when cash doesn't change hands.

## 6. Keep entities separate

- Keep separate bank accounts.
- Rigorously document transactions between entities.



# The Payoff: An Enterprise P&L

[Link](#)

# Why is enterprise accounting hard to do?



## QuickBooks

- QB has a concept for enterprises called 'classes', but it is very finicky to set up and maintain.
- Many farmers report that even with classes set up, QB doesn't give them reports about them in a way that answers questions.



## Excel

- Anything is possible in Excel!
- The problem is that Excel becomes a lot of manual entry work and won't scale with your business.
- At a certain amount of data, spreadsheets will break.

**We've tried to make it  
easier with Ambrook.**



# Demo

**Shiloh Avery**

Tumbling Shoals Farm



- Grows certified organic vegetables and fruit in Wilkes County
- Transitioned off QB Online to become a design partner in January 2023
- Appreciates the Ambrook team's thoughtful and responsive customer service

# Questions?

Thank you

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# Pitch

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