Bookkeeping basics for your farm

Farm Financial Records: What to Track for Taxes + Decisions

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Certified B Corp: verified as balancing people, planet and profit

Your books help you run the farm

Your tax return comes from them.

Pricing

Are you making money on each crop or animal, or is one subsidizing another?

Cash timing

When does cash leave for seed, feed and chicks, and when does it come back from markets and restaurants?

Capital readiness

Could you hand a lender six months of clean books tomorrow?

Strategy

Where is the farm growing, and where is it losing money?

Pick one system now. We recommend Xero.

Tag every transaction twice

By item type (tomatoes, chickens, garlic) and by sales channel (farmers market, restaurant). Then you can see what each one earns.

Everyone gets a login

Unlimited users on every plan: you, your partner, your bookkeeper, your tax preparer.

Pick the plan that fits

Most farms will want the middle plan, about $59 a month. The cheapest plan caps invoices and bills.

Already on something that works? Stay with it. This is for people still choosing.

Every receipt goes in a pile

Sweet Ridge receipt	Pile	Schedule F line
Seed order	Seeds and plants	26
Chicken feed	Feed	16
Paying the seasonal helper	Labor hired	22
Land rent check	Rent: land	24b
Gas for the tractor	Fuel	19
Fixing a fence	Repairs	25

Snap it when you buy it: photograph the receipt on your phone and it attaches to the matching bank charge.

Never on the farm tax form: groceries and other household costs, household savings moved into the farm account, and the part of a loan payment that isn't interest.

Line numbers: IRS Schedule F (2025)

One farm bank account. One farm card.

Farm costs get paid from the farm account only.

Money you put in from the household is recorded as money you put in, not as sales.

Money you take out to pay yourself is recorded as a draw, not as a farm expense.

This is how it works for sole proprietors and single-member LLCs, which is common for small farms.

Do it yourself until you can hire

$400

a month is what a bookkeeper usually costs

What a bookkeeper does

Records and categorizes your transactions, reconciles them to the bank, handles invoices, bills and payroll, and answers your questions.

Until then

Plan on a couple of hours a week. If you get stuck, ask Claude (about $20 a month) to explain what to do.

When the farm grows

Hire a bookkeeper to take over the monthly work.

Five questions to ask every month

Ask your bookkeeper, or ask yourself.

1. Are all bank and card accounts reconciled through last month?
2. What's sitting in "uncategorized," and why?
3. Did anything in inventory go negative or jump by more than 20%?
4. Any duplicate vendors, customers or transactions to clean up?
5. What's the one thing to flag this month?

Accrual: count it when it's earned or used

Sweet Ridge's chickens: $9,000 of costs and $10,000 of sales over the season.

Basis	Before the sale	At the sale	Total
Cash	−$9,000	+$10,000	$1,000
Accrual	$0	+$10,000 − $9,000	$1,000

To see whether the chickens made money, count the costs when the birds sell.

Until then, the $9,000 of chicks, feed and processing is counted as unsold inventory, not as a cost yet.

What's in it for you

See what pays

Costs and sales for one batch often land in different months. Counting them together shows whether the chickens or the garlic really made money.

Make fewer wrong calls

On cash basis, a summer can look like a $9,000 loss. You might drop a product that is earning.

Lenders look for it

Farm lenders follow guidelines that recommend accrual-adjusted numbers, so they may ask for one.

Start small. Keep tracking the bank, and add three lists: what customers owe you, what you owe vendors, and what you've spent on crops and animals you haven't sold yet. Which method you file taxes with is a separate decision for your tax preparer.

When does it count?

Type your answer in the chat: now, over time, partly, or not at all.

- Fixing the fence
- Groceries for the family
- The tractor
- The truck, used for restaurant deliveries part of the time
- Seed and fertilizer

HigherRing: bookkeeping first, then tax

Who we are

A certified B Corp, a business independently verified as balancing people, planet and profit. We do managed back-office support for impact businesses and nonprofits.

Bookkeeping

We keep your books current and accurate, every month.

Tax

Enrolled agents on staff, who cost less than a full CPA, prepare returns for clients whose books we keep. Because the books are up to date, we can record your details for tax with confidence.

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