

If you know or ARE a farmer, then you certainly realize they spend a lot of time working in the fields and taking care of livestock. Managing the accounting is a crucial function that needs attention, but should not take away from the farmer's main job. That is why it's so important to have a suitable accounting system that is easy to use and helps gain control of finances. Not all software is created equal, so let's dive in to which farm accounting software works best for hard-working farmers.

### Production Analysis

In order to be more profitable, farmers should use production analysis, a function that is included in some agriculture-specific accounting programs. Production analysis provides detailed crop and livestock information on a cost per unit basis. Knowing specifically what the cost of production is for each profit center can help farmers become more profitable. Basic accounting programs cannot offer this detailed information.



### Book, Market, and Tax Asset Value Tracking

Another feature typically offered by ag-specific accounting programs, this function allows farmers to understand the value of assets, for whatever purpose they choose.

### Budgeting and Forecasting

Budgeting and forecasting basically give farmers a plan to go by, which in turn can help project future sales and expenses and help make wise buying decisions. Using these tools gives farmers the ability to create "what if" scenarios, project future sales, cash flow, income statement, assets and liabilities. Basic accounting systems do not offer budgeting and forecasting.

### Inventory Management

While basic accounting programs do not typically offer inventory tracking, this is a function that farmers need! The ability to track items in multiple quantities (ie: bushels and tons, or pounds and head), offered in more ag-specific programs, helps farmers keep better track of items, no matter how they are purchased or sold, for instance fertilizer, feed, seed, etc.

## Multiple Tax Entities

For farmers who have multiple business entities, the tracking of multiple tax entities is a valuable feature. This function allows for the tracking of multiple tax entities in one database and keeping the financial data separate, yet still perform combined business analysis when necessary. This is often a function of only ag-specific accounting software.

## Financial Analysis

Most basic programs do not provide in-depth financial analysis, while ag-specific programs understand the needs of farmers and allow for in-depth financial analysis with the unlimited ability to structure and segment entire operations, profit centers, accounts and inventories to track data, combine entities, and receive the most relevant farm reporting available today.

## Transaction Distribution to Multiple Profit Centers, Production Centers, etc.

The ability to distribute transactions to multiple profit centers, production centers, etc. can help give a more accurate financial picture and is usually not included in basic accounting software. An example of this is buying fertilizer and distributing it to multiple fields.

A basic, simple accounting system can do the job fine if all that is needed is basic information for filing taxes. For farmers who want to become more efficient, profitable and more organized, a farm accounting system is the best option in the long run.

Red Wing Software's CenterPoint Accounting for Agriculture includes all the basic accounting needs for farms, as well as all of those mentioned above, and many more. To improve your farm's accounting and financial practices, give Red Wing Software a call today at 800-732-9464, or visit this web page to learn more: [CenterPoint Accounting for Agriculture](#).