

Accounting Categories

Last Modified on 08/15/2024 4:26 pm MDT

You'll have a basic understanding of Accounting Categories from reading our [Getting Started With Accounting](#) article. The core concept is that you will classify your income and expense transactions to associate them with a category. The category totals are then used across different features in Farmbrite. You'll find them used in the Expense Categories chart on the Accounting Dashboard, on your Profit and Loss and Cash Flow Statements, your Tax Summary, and on other financial reports.

The screenshot displays the Farmbrite Accounting Dashboard for 2022. On the left is a navigation menu with options like Schedule, Tasks, Livestock, Crops, Resources, Accounting (expanded to show Transactions, P&L Statement, and Cash Flow), Market, Contacts, Farm Map, and Reports. The main content area features a '2022 Summary' section with two charts: a '2022 INCOME VS EXPENSE' bar and line chart, and a '2022 EXPENSE CATEGORIES' pie chart. Below the charts are summary statistics for the year: Revenue: \$7,243, Expenses: \$4,851, and Profit: \$2,392. A table of transactions is visible at the bottom, with one entry for 'Labor hired (less employment credits)' on June 03, 2022, for \$275.00.

Date	Payee	Category	Description	Type	Amount
Jun 03 2022	Cross Williams, Stephanie Szlak, Frank Bounald	Labor hired (less employment credits)	3 employees picking vegetables for tomorrows	Expense	\$275.00

Using Standard Categories

Farmbrite provides a standard list of income and expense categories that come preloaded in your account by default. These categories are aligned with the [US IRS Schedule F Form 1040](#), which helps to translate your Profit and Loss statement to the tax form. Here is the full list of your options.

Expenses Categories

- Car and truck expenses
- Chemicals
- Conservation expenses
- Custom hire (machine work)
- Depreciation
- Employee benefit programs
- Feed
- Fertilizers and lime
- Freight and trucking
- Gasoline, fuel, and oil
- Insurance (other than health)a
- Interest Mortgage (paid to banks, etc.)
- Interest Other
- Labor hired (less employment credits)
- Pension and profit-sharing plans
- Purchase of livestock
- Rent or Lease of Vehicles, machinery, equipment
- Rent or Lease of Other (land, animals, etc.)
- Repairs and maintenance
- Seeds and plants
- Storage and warehousing
- Supplies
- Taxes
- Utilities
- Veterinary, breeding, and medicine
- Other expense

Income Categories

- Sales of livestock and other resale items
- Cost or other basis of livestock
- Sales of livestock, produce, grains, and other products you raised
- Cooperative distributions
- Agricultural program payments
- Commodity Credit Corporation (CCC) loans reported under election
- CCC loans forfeited
- Crop insurance proceeds and federal crop disaster payments
- Custom hire (machine work) income
- Other income

Even if you don't need to fill out that tax form, we find that these standard categories are still useful and relevant throughout the world for agricultural operations. **These categories are automatically available in your Farmbrite account, and you do not have to do anything to enable them. They are included by default when creating transactions.**

Using Custom Categories in a Chart of Accounts

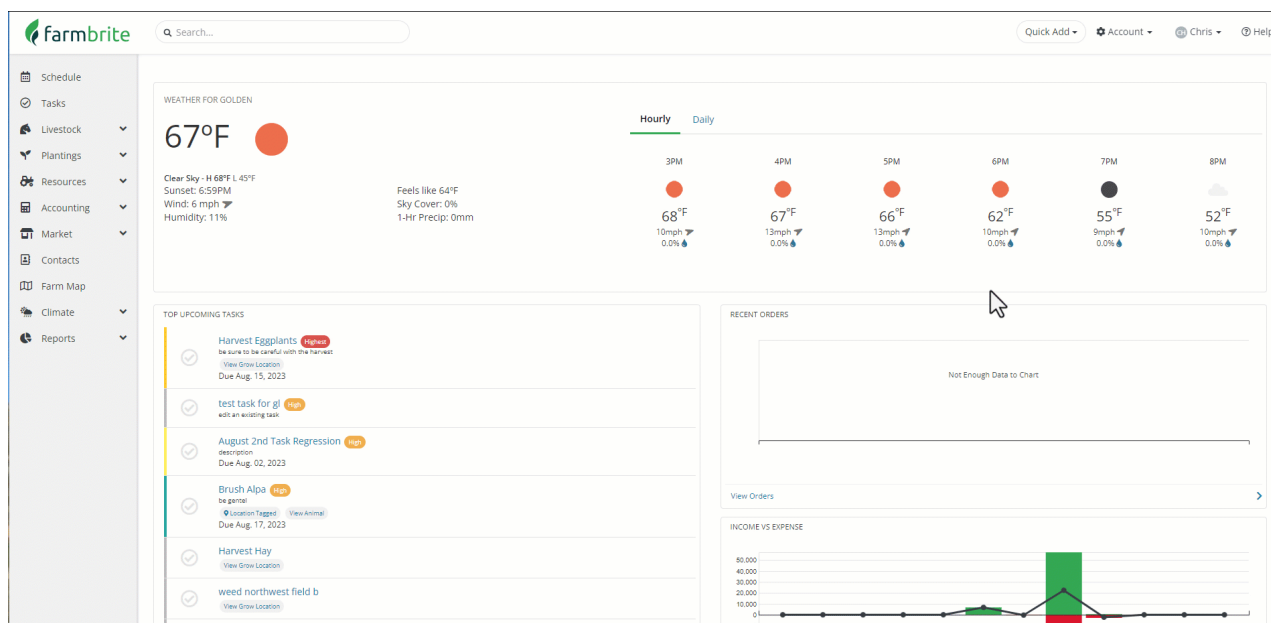
If you'd like to use a different set of categories, you can customize them by navigating to Account>Chart of Accounts.

From that page, you can choose to copy the defaults and then modify them, or start from scratch. This decision is up to you. Take a look through the default categories listed at the bottom of the page; they mirror the categories that come standard in your Farmbrite system that were referenced above. *If you've been using Farmbrite for some time and had previously created transactions using "Other" custom categories, they'll also be listed here for you to copy, update, and use in your Chart of Accounts.*

If you want to use the defaults but add more to them, it's best to copy them and then edit them as you see fit. If you don't think you need any of them, and want to create an entirely new set of categories, you can start from scratch. Either way, heed the warning on that page: *we advise you to consult with an accounting professional to be sure the structure of your Farmbrite accounting categories is sufficient for your accounting*

and tax filing needs.

In our example below, we are copying the default categories. You'll see them created when we make that choice.



You can edit any of the existing categories, or make new ones using the Add Category button. You can add or edit the following fields in a category:

- **Name:** What should the category be called? This is referenced when you categorize a transaction, and in your Profit and Loss Statement Report.
- **Type:** Is this category used for income or expense? You'll need to choose one or the other. If you have a category name that might be both, you'll create separate income and expense categories for it. For example, if you had something like equipment or machine rentals, you might need an income category to track the money you make renting your equipment out to neighbors, and an expense category to track what you pay to rent equipment you need.
- **Accounting Code:** This is an internal field for your tracking of this category. It does not get shown on your Profit and Loss Statement nor your Tax Summary; this is for your own accounting to match with an internal code you might currently use in your business operations.
- **Parent:** You won't find this on the first category you create, but will see it on all of the subsequent categories. This feature allows you to create subcategories by linking new categories to existing ones. For example, you might have Livestock Expenses as a parent category, with child categories like Medical Expenses, Processing Expenses, and Breeding Expenses. This type of parent/child structure would let you see totals for the children individually, and then a combined total for the parent. If you have multiple business units on your farm - maybe a crop operation and that livestock operation - you might create parent categories for the different business units, and then child subcategories to track all your costs and income within it.
- **Tax Line:** This field lets you associate the category with a specific tax line on your [Tax Summary report](#). Transactions associated with different categories can be combined for tax purposes by adding the same tax line to the various categories. In our example of the two business units operating separately but together above, we might separate the expenses for our internal purposes, but still need to combine both into a single tax form for our incorporated business. Note that if your Farmbrite account is US based, the software will automatically suggest the standard Schedule F Tax Lines based on what you type into the field. Also, be aware that categories created without a tax line will not be displayed on the Tax Summary report.

- Description: Only used internally, you can use this to note what you might use this category for.

Once you've added what you need, click save and the category is created.

Name	Type	Tax Line
Agricultural program payments	Income	4a
Car and truck expenses	Expense	10
Ccc loans forfeited	Income	5b
Chemicals	Expense	11
Commodity credit corporation (ccc) loans reported under election	Income	5a
Conservation expenses	Expense	12
Cooperative distributions	Income	3a
Cost or other basis of livestock	Income	1b
Crop insurance proceeds and federal crop disaster payments	Income	6
Custom hire (machine work)	Expense	13
Custom hire (machine work) income	Income	7
Depreciation	Expense	14
Employee benefit programs	Expense	15
Feed	Expense	16
Fertilizers and lime	Expense	17
Freight and trucking	Expense	18
Gasoline, fuel, and oil	Expense	19

You can now use it when recording transactions, and once you have, you'll see that category on your Accounting Dashboard, Profit and Loss Statement, and your Tax Summary report. Note how our Profit and Loss shows the categories we created, but the Tax Summary shows the tax lines we used.

Accounting Dashboard Summary:

- Revenue: \$63,291
- Expenses: \$28,889
- Profit: \$34,405

Date	Payee	Category	Description	Type	Amount
Sep. 22, 2023	Springfield Supply Co.			Expense	-\$100.00
Sep. 22, 2023				Expense	-\$5.00
Sep. 22, 2023		Feed: cattle feed		Expense	-\$800.00
Sep. 21, 2023				Expense	-\$500.00
Sep. 20, 2023	Murdocks			Expense	-\$350.00
Sep. 20, 2023				Expense	-\$250.00
Sep. 20, 2023	Bob Chipes	Crop operation: seeds and plants		Expense	-\$25.00

Note that once you set up the custom chart of accounts, your setting for Accounting Categories within your account settings will switch to custom. If you ever want to go back to using the standard Schedule F categories, you can set this back to Schedule F and you'll no longer see your custom chart of accounts when adding or filtering transactions.

Account Name	Type	Balance	Actions
Cooperative distributions	Income	3a	⋮
Cost or other basis of livestock	Income	1b	⋮
Crop insurance proceeds and federal crop disaster payments	Income	6	⋮
Crop operation	Expense		⋮
Crop operation: Seeds and plants	Expense	26	⋮
Custom category a	Expense		⋮
Custom category b income test	Income		⋮
Custom hire (machine work)	Expense	13	⋮
Custom hire (machine work) income	Income	7	⋮
Depreciation	Expense	14	⋮
Dog food sales	Income		⋮
Employee benefit programs	Expense	15	⋮
Farm camp income	Income		⋮
Feed	Expense	16	⋮
Feed: Cattle feed	Expense	16: Feed	⋮
Feed: Chicken feed	Expense	16: Feed	⋮
Feed: Goat feed	Expense	16: Feed	⋮
Fertilizers and lime	Expense	17	⋮
Freight and trucking	Expense	18	⋮
Gasoline, fuel, and oil	Expense	19	⋮
Hayrides	Income	3625	⋮

Importing your Chart of Accounts

You can also import your chart of accounts if you'd like. The process is similar to [other imports you may have worked with in Farmbrite](#). You'll use the 3-Dots Actions Menu near the top of the page to start the process. Choose Import Files, and you'll be brought to a two step process.

In step 1 you'll download the template, and then add your chart of accounts categories to it. The template is a .csv spreadsheet, so you can open it in a spreadsheet program like Excel or Google Sheets. From there, choose if you are adding new records or updating existing ones, and select your completed .csv file to upload.

In step 2 you'll map your fields. If you used the template you won't need to change anything here, but if you are trying to use your own file, you can map your spreadsheet columns to fields in Farmbrite to be sure your data is being added to the correct fields.

After double checking the field mapping, import your file. You'll see a summary page with any errors displayed.

Please let us know if you have [questions](#) or [comments](#).