



Farmers Market Bookkeeping Best Practices

Washington State Farmers Market Association – February 5, 2016

Farmers Market Bookkeeping Best Practices

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- A Certified Public Accountant since 1991, worked with Price Waterhouse and Ernst & Young (EY), specializing in small business audits and taxation, retiring as the EY National Tax Compliance Knowledge Manager for EY in 2000
- In private practice since 2000, continuing to specialize in small business and not-for-profit accounting, taxation and consulting
- Working with the Anacortes Farmers Market for over 10 years, as well as the Skagit Valley Farmers Market Coalition, closely supporting the farmers markets and farmers within them with accounting, consulting, and tax services
- Since 2011, Sheri started working with markets statewide as part of the WSU Farmers Market Wireless Technology Project, writing the manuals and developing the worksheets distributed as a best practice throughout WA state, now being offered as best practices nationwide through the Farmers Market Coalition

Farmers Market Bookkeeping Best Practices Agenda

- Bookkeeping software
- Chart-of-accounts
- Financial reporting and budgeting
- Tracking multiple currencies
 - Debit & Credit card processing
 - EBT transactions
 - Incentive tracking
- Q&A

Bookkeeping Software

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Bookkeeping Software

- **QuickBooks Online:** QuickBooks is the accounting application with the largest market share. New to the QuickBooks approach is an inexpensive online edition that offers an uncomplicated way to do market accounting. It is the most robust of the inexpensive bookkeeping options, running from \$9 a month to \$39 a month (ask your accountant about wholesale pricing).
- **FreshBooks:** FreshBooks is very much more oriented toward basic bookkeeping, rather than true double-entry accounting. It has strong invoicing, time and expense keeping, and optional credit card processing for accepting electronic payments. There's a free version of FreshBooks if your market has simple needs.
- **Wave:** Wave offers a relatively complete set of bookkeeping tools, and for the most part they are free (you do occasionally get hit with ads for products and services from other companies — that's what pays the bills). Wave offers several products — accounting, invoicing (and invoicing from mobile devices), personal financial management, and receipt management. Wave does charge for its payroll service, as well as the ability to accept credit card and electronic payments.
- **Xero:** Xero offers three plans, starting as inexpensively as \$9 a month and rising to as pricey as \$70 a month. The least-expensive plan limits you to sending five invoices a month, paying five bills, and reconciling 20 bank transactions, while the two more expensive plans remove these caps and add payroll (in seven states) for either five or 10 employees, though additional employees can be accommodated for an extra cost.

Adapted from Needleman, Ted. 2015 March 30. *Cloud Accounting: Side by Side*. Accounting Today.
<http://www.accountingtoday.com/news/accounting-technology/cloud-accounting-side-by-side-74132-1.html>

Farmers Market Bookkeeping Best Practices Bookkeeping Software

	Accountants World	Fresh Books	Intacct	Kashoo	NetSuite	QuickBooks Online	Sage One	Wave	Xero
Multi-user/number of users	Y	Y	Unltd.	20	Unltd.	*	2	Y	Unltd.
Import from QuickBooks	Y	Y	Y	Y	Y	Y	N	N	Y
Automated bank rec	Y	N	Y	N	Y	N	N	Y	Y
Integrated backup	Y	N	Y	Y	Y	Opt.	Y	Y	Y
Bank account import	Y	Y	Y	Y	Y	Y	Y	Y	Y
Credit card import	Y	Y	Y	Y	Y	Y	Y	N	Y
CRM integration	N	Y	Opt.	N	Opt.	Opt.	N	N	Y
Time tracking	Opt.	Y	Opt.	N	Y	Y	Y	N	Add-on
Expense tracking	Opt.	Y	Opt.	Y	Y	Y	Y	Y	Y
Create estimates	Y	Y	Y	N	Y	Y	Y	Y	Y
Performs inventory	Y	N	Opt.	N	Y	Y	N	N	Y
Multicurrency	N	Y	Opt.	N	Y	N	N	Y	Y
Integration with tax prep	Y	N	Y	N	Y	Y	N	N	Y
Provides payroll	Y	N	Opt.	Opt.	Y	Opt.	N	Y	Y
Links to external payroll service	Opt.	Y	Y	Y	Y	Y	N	N	Y
Document management	Opt.	Y	Y	Y	Y	Y	N	Y	Y
Customize invoices	Y	Y	Y	Y	Y	Y	Y	Y	Y
Statements	Y	Y	Y	N	Y	Y	N	Y	Y
Receive payment electronically	N	Y	Opt.	N	Y	Opt.	Y	Y	Y
Create custom reports	Y	N	Y	Y	Y	Y	N	N	Y
Export to PDF	Y	Y	Y	Y	Y	Y	Y	Y	Y
Export to CSV	Y	Y	Y	Y	Y	Y	Y	Y	Y
Export to Word	Y	N	Y	N	Y	Y	N	N	¶
Prints W-2s/1099s	Y	N	Y	N	Y	Opt.	N	Y	Y
Prints checks	Y	N	Y	Y	Y	Y	N	§	Y
Dashboard(s) available	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes: Unltd: Unlimited Opt = Optional; add-on or third-party support * Depends on version ¶ Exports to Google Docs § Payroll only

Needleman, Ted. 2015
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Bookkeeping Software – Advisable to Upgrade

- Excel or Checkbook Only
 - No longer a best practice
 - Other free options available
 - Does not adequately track all cash-flow issues (age of outstanding checks, tokens, etc.)
 - Encourages reporting at a transaction-by-transaction level, which causes the group to micro-manage instead of focusing on the bigger picture

Chart of Accounts

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Chart of Accounts

Balance Sheet Accounts

- Checking Account
- EBT Account (Checking)
- Token Liabilities
 - Debit/Credit Tokens Outstanding
 - EBT Tokens Outstanding
 - Allowance for Doubtful Tokens Outstanding
- Incentive Liabilities (including A/P to markets when working in Coalition)
- Payroll & Sales Tax Liabilities

Income and Expense Accounts

- Market Fees (Booth & Registration), Sponsorships, Retail Sales Income (net of Purchases), Processing Fees Received
- Donations, Grants, Interest/ Investment Income, other NFP Income
- Expenses – Advertising, Entertainment & Education, Incentives, Payroll, Professional Fees, Processing Fees Paid, Rent, Supplies, Travel M&E, Taxes, Other Miscellaneous Expenses
- Other Income and Expenses – Donated goods and services (necessary volunteer & professional hours)

Financial Reporting and Budgeting

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Financial Reporting and Budgeting

- Budget vs. Actual Report
- Balance Sheet
- Coalition reports
 - Farmers markets working to get FINI grant funds or finance incentives as a group may work under a single market's name.
 - Be sure the Board of Directors gets reports that break out any Coalition information from the Market's information so they can be understood as separate activities. They do need to be in the same accounting system for tax reporting purposes.

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Financial Reporting- Sample Budget (%s)

Income		Income	Percent of Income
	Grants & Donations	\$ 46,000	38%
	Vendor fees	60,000	50%
	Sponsorships	6,000	5%
	Memberships	3,000	3%
	Fundraising - \$5,000	10,000	4%
	Expenses	(5,000)	
Total Income		\$ 120,000	100%

Farmers Market Bookkeeping Best Practices Financial Reporting- Sample Budget (%)

Expenses		Income	Percent of Income	
	Contractors/Employees	\$ 60,000	50%	Manager Base = \$44,000
	Incentive Programs	25,000	21%	Executive Director = \$79,000
	Supplies & Equipment	8,000	7%	Note: Labor costs are covered by vendor fees
	Rent & Utilities	5,000	4%	
	Entertainment	4,000	3%	
	Advertising	3,000	3%	
	Dues	2,000	2%	
	Insurance	2,000	2%	
	Excise Taxes	1,000	1%	Per DOR letter ruling on fees/sponsors
	Miscellaneous	1,000	1%	
Total Expenses		\$ 111,000	94%	Cushion in budget for sustainability

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Financial Reporting – Budget vs. Actual Report

- Important because it shows the viewer what activities were planned, expenses which were expected and where the market is in their progress toward the plan
- Budget – professional services/payroll (best practices)
 - Expenses – expectations
 - Income – plan on how to deal with expectations (booth fees & registration fees based on actual expenses and plans for the market, fundraising, grant, and solicitations plans based on actual expenses and incentive goals)

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Financial Reporting – Balance Sheet

- Important because it shows the liabilities compared to the cash reserves

ASSETS			LIABILITIES		
Checking		\$ 5,000	Grant A/P		\$ 1,000
EBT Account - \$5,500		5,000	Coalition A/P		-
Restricted		500	Gift Certificate Liability		200
Coalition Account - \$17,000		2,000	Payroll Liabilities		1,500
Restricted		15,000	Sales Tax Payable		100
Grant A/R		20,000	Token Liabilities - \$5,000		6,000
TOTAL ASSETS		\$ 47,500	Allowance		(1,000)
			Incentive Liabilities		2,000
			TOTAL LIABILITIES		\$ 9,800
			EQUITY		\$ 37,700
			TOTAL LIAB & EQUITY		\$ 47,500

Tracking Multiple Currencies

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Tracking Multiple Currencies

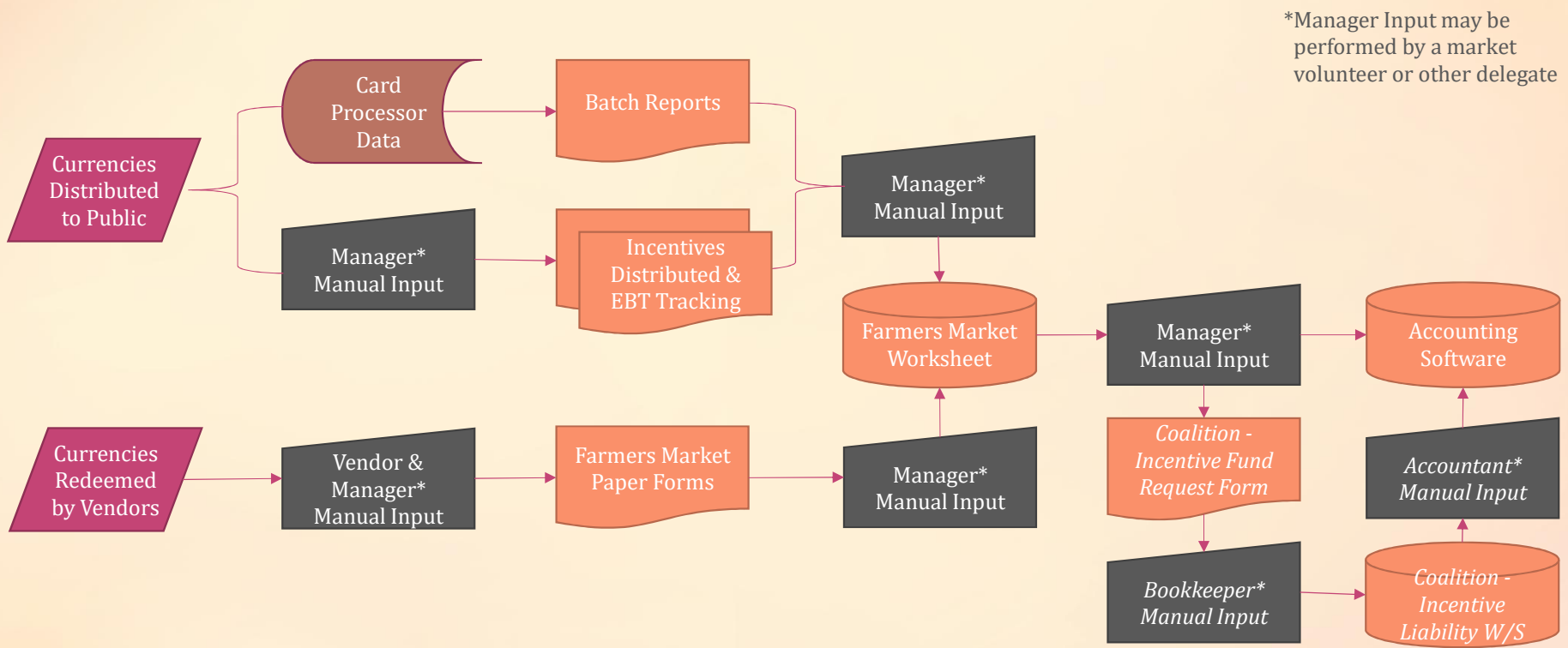
- Debit/Credit tokens best practices
 - Maintain *accurate* records of outstanding tokens & incentives – to assure cash reserves are maintained to cover potential token redemptions in the future
 - Do not allow for payment of Booth fees with tokens – muddies the water when doing token counts and calculating liability numbers
 - Track all non-token credit card transactions (donations, retail purchases, fundraiser ticket sales, etc) – required in order to have accurate liability numbers
 - Assure your paper trail is complete in case you are ever audited by the IRS or other agency (especially important if you are getting federal grant funds)
- Seems complicated – why bother? Better to have good records and minimize *errors and irregularities*, and related costs (actually saves time and money in the long run, searching down issues, inadequate reserves)

Farmers Market Bookkeeping Best Practices Tracking Multiple Currencies – Websites for Tools

- Shamballa Centre website (all tools)
http://shamballacentre.com/cgi/wp/?page_id=81
- National Farmers Market Coalition website (some tools)
<http://farmersmarketcoalition.org/resource/token-accounting-templates/>

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Tracking Multiple Currencies



*Manager Input may be performed by a market volunteer or other delegate

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Tracking Multiple Currencies – Market Day

- EBT Tracking Sheet (for use tracking incentives distributed with EBT tokens)

Double Up Bucks EBT Incentive Program								
Date: _____								
Market: _____								
Page _____ of _____								
	EBT \$\$	DUBx \$\$	Out of State?	Last 8 digits of EBT	Zip Code	First time shopping at a FM?	First time using EBT at a FM?	How did you hear about DUBx?
1								
2								

- Incentives Distributed Tracking Sheets (for other incentive dist)

_____ Incentive – _____ Distributed

To _____

Date & Names of Distributors	Incentives Distributed	Signature 1	Signature 2

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Tracking Multiple Currencies – Recordkeeping

- Generic Farmers Market Worksheets – vendor check calculation; tracking redemptions, distributions, other credit/debit transactions, WSFMA data

Dr/Cr Fees =		Market 1 (1)													
3.00%		Check Calculation							Other WSFMA Sales Totals						
Vendors	Total EBT	Total Dr/Cr	Incentive #1	Incentive #2	Incentive #3	Incentive #4	Fee on Dr/Cr	Check Total	Farm Sales	Processor Sales	Prepared Food Sales	Craft Sales	Other Sales	Grand Total Sales	
							\$ -	\$ -						\$0	
							\$ -	\$ -						\$0	
							\$ -	\$ -						\$0	
Other Adjustments							\$ -	\$ -						\$0	
Dr/Cr Tokens given for Certificate or Promotion (Use Negative Number!)							\$ -	\$ -						\$0	
Market Sales - Memberships							\$ -	\$ -						\$0	
Market Sales - Donations							\$ -	\$ -						\$0	
Market Sales - Fundraiser							\$ -	\$ -						\$0	
Market Sales - Retail							\$ -	\$ -						\$0	
Market Sales - Gift Certificates							\$ -	\$ -						\$0	
Grand Total	\$0	\$0	\$0	\$0	\$0	\$0	\$ -	\$ -	\$0	\$0	\$0	\$0	\$0	\$0	
VOLUNTEER HOURS							Incentives Distributed								

Farmers Market Bookkeeping Best Practices Tracking Multiple Currencies – Recordkeeping

- Generic Farmers Market Worksheets – batch report input, calculating liabilities and other WSFMA data, reconciling tokens in hand

Pg	Market Date (mm/dd)	Total EBT Transactions (Number)	Total EBT Transaction (Dollars)	Average EBT Transaction (\$ / #)	Total Redeemed EBT Tokens (Dollars)	Unredeemed EBT Tokens (Dollars)	Total Credit Transactions (Number)	Total Credit Transaction (Dollars)	Average Credit Transaction (\$ / #)	Total Debit Transactions (Number)	Total Debit Transaction (Dollars)	Average Debit Transaction (\$ / #)	Total Credit and Debit Transaction (Dollars)	Total Redeemed Credit/Debit Tokens (Dollars)	Unredeemed Credit/Debit Tokens (Dollars)	Outstanding Tokens Balance (net of 3% fees)
	Prior Season End Total:					\$0									\$0	\$0.00
5	12 Market 53 (12)			#DIV/0!	\$0	\$0			#DIV/0!			#DIV/0!	\$0	\$0	\$0	\$0.00
7	Season End Total	0	0	#DIV/0!	\$0	\$0.00	0	\$0.00	#DIV/0!	0	\$0.00	#DIV/0!	\$0.00	\$0	\$0.00	
					Last Rec	\$0							Total Fees	\$0.00	Net of Fees	\$0.00
														Total Tokens	0	
														Last Rec	1/0/1900	

Market Date (mm/dd)	Beginning of Market EBT Accounting Balance	Gross Sales of EBT Tokens to Customers	Total EBT Tokens Redeemed from Vendors	Expected End of Market Count	INPUT Outside Additions, Reductions, Adjustments	INPUT Actual EBT COUNT	EBT Difference Over/(Short)
Prior Season End Total:						\$0	
Market 1 (1)	\$0	\$0	\$0	\$0			\$0

- *Why reconcile after QB entry?*
Catches error and irregularities
- *Why do it after every market?*
Because then you can more easily identify and address the cause of the error or irregularity on a timely basis

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Tracking Multiple Currencies – Coalitions

- *Incentive Fund Request Form*

Farmers Market
Skagit Valley Farmers Market Coalition
Incentive Programs Fund Request Form

Reimbursement Date (Monday) 11/18/15

Currency	Redeemed by Vendors	Distributed to Public
Incentive #1		
Incentive #2		
Incentive #3		
Incentive #4		

- *Incentive Liability worksheet*

Farmers Market Coalition
Incentive #1 Liability Worksheet
 Year ending December 31, 2016

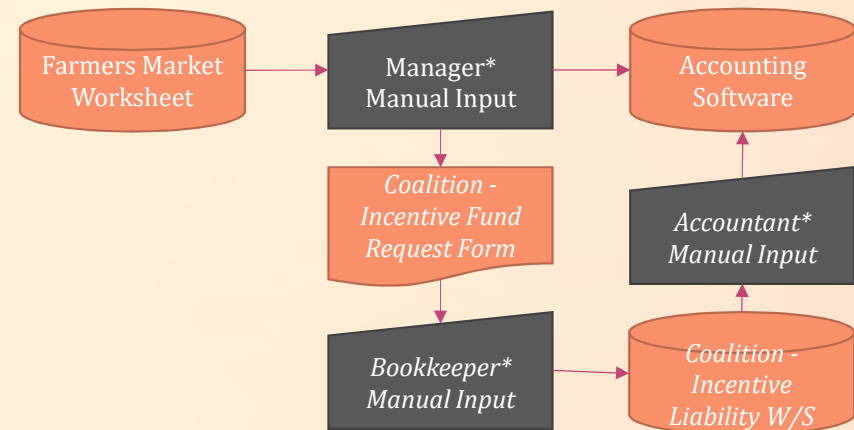
Date	Primary Market		Market #2		Market #3		Market #4		Total Liability
	Redeemed	Distributed	Redeemed	Distributed	Redeemed	Distributed	Redeemed	Distributed	
11/12/2016									\$ -
11/22/2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
							Last Reconciled		\$ -
									1/0/1900
			Beginning	\$ -					
			Distributed	\$ -	Expense				
			Redeemed	\$ -					
			Liability	\$ -					

Incentive #1 Incentive #2 Incentive #3 Primary Reimbursement

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Tracking Multiple Currencies – Recordkeeping

- Accounting Software entries sourced from Worksheets
 - Vendor checks (tokens/incentives redeemed, fees) from worksheet
 - Batch report deposits into token liability accounts (and other uses of dr/cr funds – retail, etc.) from worksheet & reconcile
 - Journal entries for Incentives distributed from worksheet
 - Dr. Expense
 - Cr. Incentive Liability
 - Coalition Entries from liability worksheet & reconcile



Questions & Answers

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