

Welcome to the Ag Biz Masters Year Two Webinar!

February 19, 2026

12:00-1:30 PM



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HorizonFC.com

Agenda for Today

- Innovation in Agriculture: Discipline Before Disruption
- Farm Accounting: Essential Tips
- Alumni Spotlight

Innovation in Agriculture: Discipline Before Disruption

Joe Waddell



Joe Waddell
Industry and Innovation Officer
Horizon Farm Credit

Innovation in Agriculture: Discipline
Before Disruption



FARM
CREDIT

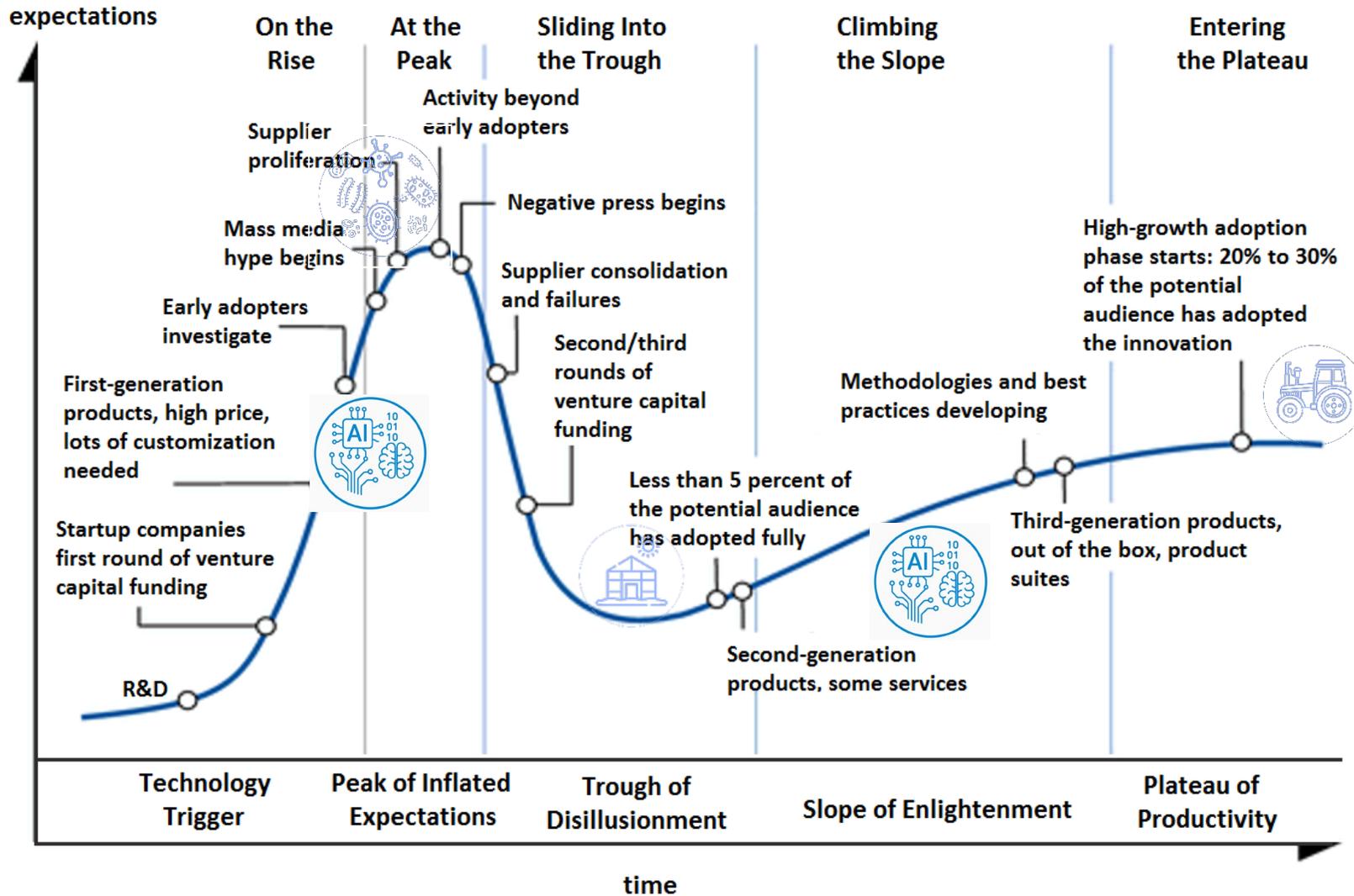


Innovation

- The Process of creating value by applying novel solutions to meaningful problems



Gartner Hype cycle



Building a Solid Foundation – Understand Your Operation

Defining your long-term vision : The Why

- Purpose drives decision making
- Mission vs. Vision
- Long-term vs. short-term thinking
- What's your story?

Professionalize the operation

- Standard operating procedures
- Data-driven decision making
- Messaging matters
- Financial discipline!

Building a Solid Foundation- Understand your operation

Understanding operational details to stay nimble

- Agility in changing markets
- Risk management
- Continuous improvement

Define and focus on the controllables

- Operational efficiencies
- Seek external perspectives through peer groups (get outside your bubble)
- Don't let the external noise get in the way of your vision
- What's your differentiator?

Optimize and Innovate

Practice changes

- Systems level thinking
- Routines, Rotations
- Labor reduction
- Risk Reduction

Novel approaches

- Leverage external perspectives
- Incremental adoption
- Fail fast, learn faster
- Regain that childhood curiosity!

Optimize and Innovate

Technology adoption

- Make sure there's a pouch full of nails for that new hammer!
- ROI beyond cost savings
- Interoperability
- Beware the shiny object: **\$10 dollar solution to the \$1 dollar problem**
- Leverage your network!
- Be apart of the solution
- **Just because it can be measured doesn't mean it should be**

Maximizing a Generational Opportunity

➤ Innovation Advantage

- Precision Ag Specialists, AI Opportunists

➤ Leverage Tech Prowess to Leap Frog the Old Guard

- Big tech in small packages

➤ Leveraging the SAAS Model

- Affordability to the masses (GRIPP, Ambrock, Traction Ag, Microclimates)

➤ Don't Take the BAIT

- \$10 solutions to \$1 dollar problems

➤ Building a Strong Data Driven Foundation

- Setting up for the tools of tomorrow

Record-Keeping Tools

Pen and paper sees significant fall. It is used by just **21%** of respondents (in 2024, it was at 54% and in 2023, it was at 65%).

76% use a **farm management software tool** (does not include Excel spreadsheets, pen and paper, and none of the above) for record keeping (up 6% from the previous year and up 11% from 2023).

31% use **more than one farm management software tool** for record keeping.

This year, **spreadsheets** are used by **39%** of respondents—last year it was 61%.

Which of the following record-keeping tools do you use?

Record Keeping Tool	2023	2024	2025
Excel Spreadsheets	50%	61%	39%
Pen & Paper	65%	54%	21%

sample sizes =
2025: 906
2024: 651
2023: 1186

2025

Record Keeping Tool	%	Count
Excel spreadsheets	39%	350
QuickBooks	38%	342
Bushel Farm	30%	269
Climate FieldView	21%	190
Pen and paper (a.k.a. Shoe Box)	21%	189
John Deere Operations Center	17%	152
None of the above	11%	96
Others - Other Software Selections	10%	90
Others - Write In	14%	127

sample size = 906

An aerial photograph of a vast, green agricultural field, likely corn, with a tractor pulling a spray rig in the center. The rows of crops are dense and uniform, stretching towards the horizon. The lighting is bright, suggesting a sunny day, with a slight lens flare effect in the upper right corner.

Artificial Intelligence's Role in Agriculture

Artificial Intelligence's Role in Agriculture

➤ LLM (Large Language Model) – Top of Mind

- Rolodex of information- LLMs are a function of their data
 - Decision Tree/ Pattern Recognition
- Generalist vs. Specialist => Mixture of Experts
- **The power is in the prompt!**
- Generates unique content based on probability and pattern learning from large databases of information

➤ Machine Learning/Computer Vision

- e.g., image recognition, identifying crop stress, classifying weeds, livestock counting
- Automation
- Real time decision making

Artificial Intelligence's Role in Agriculture

- **Advanced Decision-Making**
 - AI algorithms analyze data (weather, soil, crop health) to provide predictive insights for optimizing operations
- **Automated Machinery**
 - Computer vision, complex decision-making, autonomous navigation
- **Precision Farming**
 - From farm level to field level, ultimately plant level leveraging digital twins
- **Livestock Management**
 - Animal health and behavior analysis
- **Supply Chain / Market Optimization**
 - Advanced trend analysis
- **Research Tool**
 - Time compression in research and development

"Data is the new oil, its valuable, but if unrefined it cannot really be used"
– Clive Humby
"Garbage in Garbage out"

Key Take aways

- **Innovation starts with the fundamentals**
- **Disciplined operators are best positioned to adopt technology**
- **AI rewards those with clean data, clear goals ,and strong processes**
- **The Farms that win will be prepared to innovate**

QUESTIONS?



“Agriculture has always been about adapting to change those who plant the seeds of understanding today will harvest the benefits of tomorrow”



Break



Farm Accounting: Essential Tips

Rachel Eck



Introduction



Rachel Eck

YBS Relationship Manager

What can you expect to learn?

- What are Farm Records
- How to Keep Basic Farm Records
- How is Farming for Profit different than a Hobby Farm
- Tips for Good Farm Recordkeeping
- Why are Good Records Important
- How to Select a Qualified Farm Accountant
- Where to Find a Farm Accountant

Getting to Know You Questions



What are Farm Records?

- All records related to your farm business.
 - Financial Records
 - The recording of farm business income (cash in) and expenses (cash out) conducted in the normal day to day operation of a farm.
 - Cash vs. Accrual
 - Vast majority of farms use the cash method – IT'S EASIER!
 - Cases where Accrual is required
- What records to keep?
 - Receipts & Invoices, Proof of payment, Deposit Detail
 - Statements – Bank, Credit Card, Loan, Settlement, Investment, Tax Related
 - Payroll & Labor related records – W2, W3, Payroll tax deposit statements
 - Contracts and agreements (leases),
 - If not a physical record, have access to an electronic version.
 - If in doubt – keep it!

How to Keep Basic Farm Records



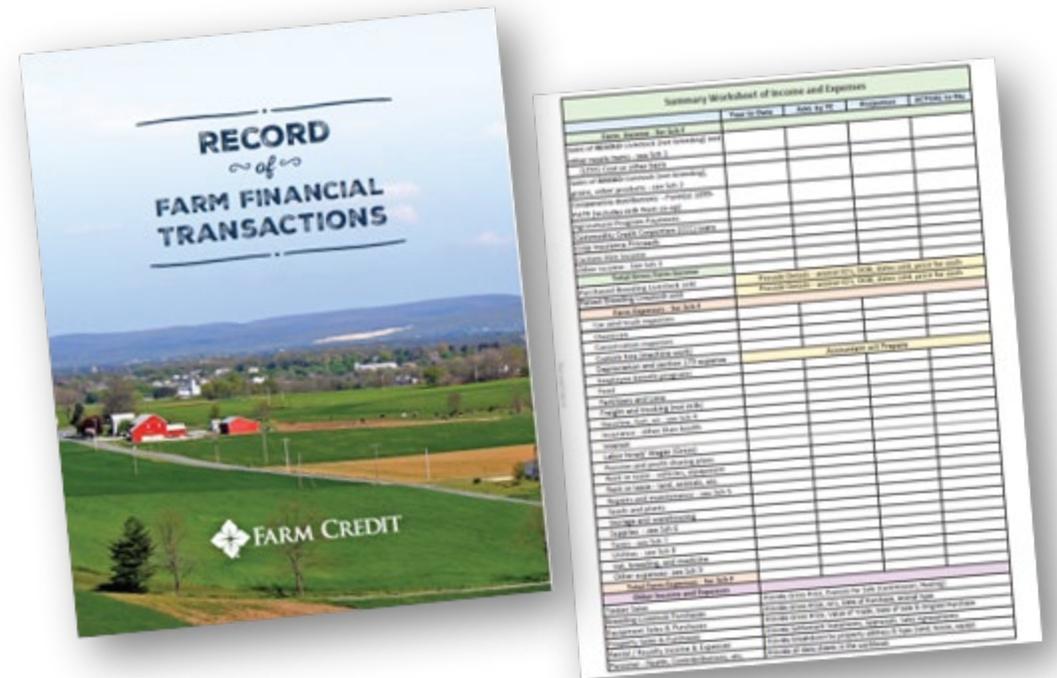
The Basics

- Have a Positive Attitude
 - Passion, interest, healthy attitude
 - Bookkeeper Drudgery = poor records
- Separate the farm business checkbook from the personal checkbook.
- Know which expenses and income are Farm Related vs Personal
- Record all transactions that are *related* to the farm
 - Machine sales and purchases
 - Timber Sales
 - Loan payments
- Also Record what is not *related* to farming
 - Medical expenses
 - Taxes
 - Charitable donations
 - Estimated payments

**Get the Receipt.
Compile the Statements.**

Methods that are used to keep Farm Records

- Paper Record Books
- QuickBooks
- Farm Raise
- Center Point
- Quicken
- Other Farm Computer Applications
- Excel
- General Ledger



Categorize Accounts

- Establish a Chart of Accounts
 - Categorize the business transactions.
 - Income = Crop & Livestock Sales, Custom Work Income, Government Payments, etc.
 - Expense = Seed, Repairs, Labor, Fuel, Supplies, Rent, etc.
- Use the IRS Schedule F as a guide to your chart of accounts.
- Be sure accounts are categories of income/expense, not vendor names.
- Use sub-accounts to track detail.

Get the Receipt! Compile the Statements.

Types of Accounts

- Livestock sales
 - Breeding livestock sales vs. market livestock sales
 - Raised vs. Purchased
 - Milk checks – net or gross? Advance or final?
- Crop sales
 - By specific crop.
 - Is crop insurance income considered crop income?
- Other Farm Income
 - Can include several types of income.

SCHEDULE F
(Form 1040)

Department of the Treasury
Internal Revenue Service (IRS)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1040NR, Form 1041, or Form 1065.
▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **14**

Name of proprietor _____ Social security number (SSN) _____

A Principal crop or activity _____ **B** Enter code from Part IV _____ **C** Accounting method: Cash Accrual _____ **D** Employer ID number (EIN), (see inst.) _____

E Did you "materially participate" in the operation of this business during 2018? If "No," see instructions for limit on passive losses. Yes No

F Did you make any payments in 2018 that would require you to file Form(s) 1099 (see instructions)? Yes No

G If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions)	1a		
b Cost or other basis of livestock or other items reported on line 1a	1b		
c Subtract line 1b from line 1a		1c	
2 Sales of livestock, produce, grains, and other products you raised		2	
3a Cooperative distributions (Form(s) 1099-PATR)	3a	3b Taxable amount	3b
4a Agricultural program payments (see instructions)	4a	4b Taxable amount	4b
5a Commodity Credit Corporation (CCC) loans reported under election		5c Taxable amount	5c
b CCC loans forfeited	5b	5c Taxable amount	5c
6 Crop insurance proceeds and federal crop disaster payments (see instructions)		6b Taxable amount	6b
a Amount received in 2018	6a	6b Taxable amount	6b
c If election to defer to 2019 is attached, check here <input type="checkbox"/>		6d Amount deferred from 2017	6d
7 Custom hire (machine work) income		7	
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		8	
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part II, line 50. See instructions.		9	

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10 Car and truck expense (see instructions). Also attach Form 4562	10	23 Pension and profit-sharing plans	23
11 Chemicals	11	24 Rent or lease (see instructions):	24
12 Conductor expense (see instructions)	12	a Vehicles, machinery, equipment	24a
13 Custom hire (machine work)	13	b Other (land, animals, etc.)	24b
14 Depreciation and section 179 expense (see instructions)	14	25 Repairs and maintenance	25
15 Employee benefit programs other than on line 23	15	26 Seeds and plants	26
16 Feed	16	27 Storage and warehousing	27
17 Fertilizers and lime	17	28 Supplies	28
18 Freight and trucking	18	29 Taxes	29
19 Gasoline, fuel, and oil	19	30 Utilities	30
20 Insurance (other than health)	20	31 Veterinary, breeding, and medicine	31
21 Interest (see instructions):		32 Other expenses (specify):	
a Mortgage (paid to banks, etc.)	21a	a	32a
b Other	21b	b	32b
22 Labor hired (see employment credits)	22	c	32c
		d	32d
		e	32e
		f	32f

33 **Total expenses.** Add lines 10 through 32f. If line 32f is negative, see instructions. ▶ **33**

34 **Net farm profit or (loss).** Subtract line 33 from line 9. **34**

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss.

a All investment is at risk. **b** Some investment is not at risk.



Farm Business vs. Hobby Farm

What's the Difference?

- According to IRS publication 225 the “Farmers Tax Guide”
 - “You are in the business of farming if you cultivate, operate, or manage a farm for profit, either as owner or tenant.” If your motivation for farming is to produce a product that will bring a profit, you are a farmer and not simply a hobbyist.”
- This publication is what most accountants use to guide them when completing taxes
- There are stiff penalties for claiming farming deductions on your taxes when they are used for a hobby

Questions to Ask Yourself

- What is the time and effort I give to my operation
- What are my expectations of the what I am using to farm with
- Am I attempting to make a profit
- Can I show the IRS that I have made a profit in two out of the last five years
- What is my eventual goal of my farm operation

The 3 C's of Farm Records

- **Correct:** records are accurate – accounts are reconciled.
 - Checking, Savings, Credit Card, Loan Balances – your records should match their records.
- **Complete:** all the necessary data is recorded, all transactions are recorded
 - Buy a small tractor using Farm Credit Express. Do you record the purchase and the borrow?
- **Consistent:** account names are consistently used for the same transactions.
- All transactions are recorded.
 - Sometimes we have to ACT like a transaction went through the checking account even though there is no bank record of it on the statement.
 - Purchase a capital item with borrowed funds.
 - CASH purchase out of personal cash.

Get the Receipt! Compile the Statements.

Benefits of Computer Software Systems

- Easy to use sub-accounts in software programs.
- Journal entries insure debits = credits.
- Availability of reports.
- Bank account reconciliation is simplified.
- Download bank transactions to computer software
 - Transactions need to be checked for proper account assignment.
 - Split deposits – are livestock sales kept separate from crop sales or government payments?
- Allows easier use of enterprise accounting.
- Automated creation of budgets.
- Easy to correct errors or make adjustments.

Storage of Farm Records

- How long should financial records be kept?
 - Tax-related -7 years
 - Non-Tax related (bank statements, pay stubs, bills)- 1 year
 - Items needed to prove income or expense for an audit -3 Years
 - Employer Records-Lifetime

Why are Good Records Important?



Essential for Analysis and Growth

- Provides necessary data for Key Financial Statements
 - Balance Sheet – what the business owns and owes
 - Income Statement
 - Cash – for filing taxes
 - Accrual Adjusted – for determining true profit (net farm income)
- Cash Flow Statement
 - Reconciliation of balance sheet and income statement
 - From where and to where did all the cash come and go?

Accrual Income Statement

Cash Income

less

Cash Expenses

NET CASH FARM INCOME

(+ OR -) Accrual Adjustments

feed, supplies, livestock & grain inventories, accts receivable/payable)

NET OPERATING PROFIT

(+ or -) Depreciation & Capital Adjustments

NET FARM INCOME (True Profit)

Provides Necessary Data

Tax Preparation

- Including tax planning
- Payroll data and filing accurate 1099s
- Support data for IRS audit
- Expense vs. Capital Purchase

Business Decisions

- Capital Expenditures
- Feasibility study of expansion or enterprise changes
- Annual Business Analysis of Key Financial Indicators
- Accurate Calculation of Costs of Production
- Loan Requests
- Transition and Succession Planning
- Creating and Monitoring Budgets

Specific Transaction Examples

- Repair or Capital Purchase – does it matter?
- YES - For calculating accrual profit
 - Repair expense will drive down profitability in the current year.
 - Capitalization spreads out the expense over multiple years.
- Farm vs. personal purchases
 - Just because you bought it at Tractor Supply doesn't make it a business expense.
 - Are business and personal purchases co-mingled?
 - What about business/personal portion of utility expenses – electric, phone, internet etc.

Cash vs. Check vs. Debit Card Vs. Credit Card

- How can you keep credit card purchases recorded correctly?
 - Pay the balance each month.
 - Assign purchases to accounts monthly when the bill is paid.
- Maintain a running balance.
 - Borrow from the credit card company.
 - Is the interest a business expense or personal expense?

GET THE RECEIPT!!!

Selecting a Qualified Farm Accountant

- Not all tax returns are created equal
 - Farm tax returns have specialized rules that Farm Accountants are more qualified to handle
- Reputation in the farming community
- Accountant concentrates most of their portfolio on farm related accounts
- Do they offer specialized services
 - On Farm visits are very important
- Can they meet the needs of your family
- Your accountant should want your farm to succeed
- Is this someone you can trust

Where Can you Find a Farm Accountant

- Ask your fellow farmers who they have as their accountant
- Ask your loan officer if they know who provides accounting services in the area
- Research on the internet
- Most of our current new business comes from referrals

Question

Jimmy and Millie live and farm in Ohio and travel to Florida for a week of vacation. On their way to Florida, they spend a day and a half at the National Farm Machinery Show in Louisville, KY. since it was on their way to Florida. Which statement is accurate?

- A___ They can claim all of their trip expenses as a farm business expense.
- B___ They can claim some of their trip expenses as a farm business expense.
- C___ They can't claim any of their expenses since it was a vacation.
- D___ They can't claim any of their expenses because they are Buckeye fans.

Question

- Bob wants to get a tax deduction for giving to his favorite charity. Can he give the charity farm commodities (like corn) and take an itemized deduction for it?
- **A) Yes B) No C) Either or, but not both.**
- What are the potential tax liability benefits?
 - Giving away commodities or farm produce reduces gross farm income.
 - All else being equal, this would lower potential self-employment and income tax to the farmer.
 - The donation of cash of an equal amount may not trigger a Schedule A itemized deduction benefit. It – combined with other deductions - would have to be large enough to get itemized deductions higher than the standard deduction.

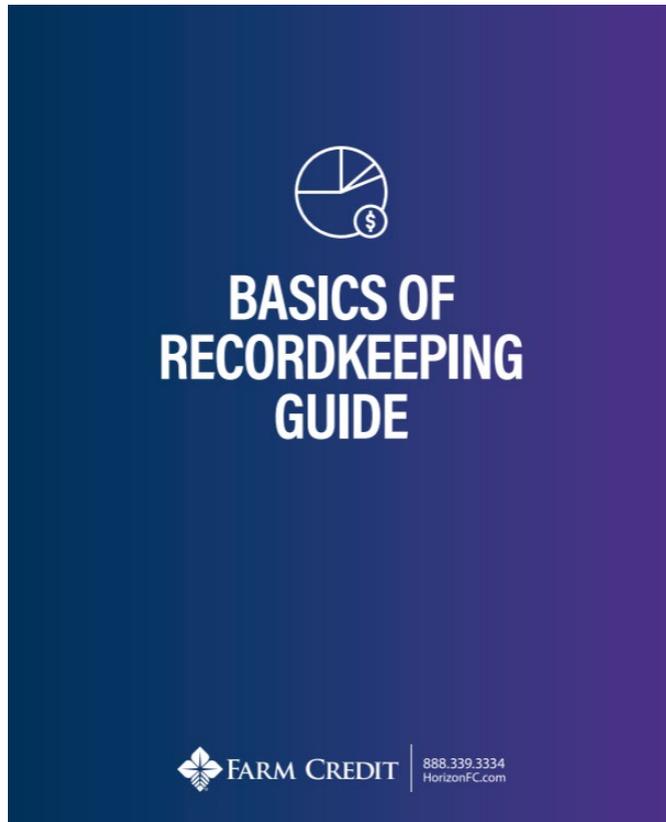
Question

- Elle Mae wants to upgrade her on-farm market by putting up a retail building at the site of her market. She visits with a lender to see about getting a loan for the building. Her last three years of Schedule F tax forms show an average negative \$5,000 with only one year showing a small profit. Funny thing is she drove to the bank in a new Dodge Ram 2500 4X4 pickup with all the bells and whistles. Is she likely to get the loan based on her business performance?
- **A) Yes B) No C) More information is needed**
- Schedule F does not tell the whole story.
 - She might be leasing the truck and has very high lease expense.
 - She has only been in business for 3 years and the business is growing.
 - The farm may not be her only source of income.
 - No equity or net worth information.
 - She might not report all of the cash sales from the market.

Question

- Marty and his brother Mutt (that's his nickname) are building a livestock barn. The builder is completing the construction including installation of waterers, gates, fans, and other handling equipment. The contractor is also providing all the labor.
- Assume costs to be:
 - Barn structure - \$100,000 Construction Labor - \$60,000
 - Concrete - \$ 60,000 Waterers - \$ 10,000
 - Gates & Handling EQ - \$ 20,000 Fans - \$ 10,000
 - TOTAL Cost - \$260,000
- Is it best to:
 - **A)** Lump all the costs of the barn together in the records
 - **B)** Separate some of the expenses in the records

Record Keeping Guide Resource



Recordkeeping Basics

Recordkeeping is essential for all farming operations, and an organized approach can reduce the stress of operating a business.

What are Farm Records?

Keeping up-to-date records is important to the success of your farm business, and keeping all records is vital. Records come in handy when looking for information and understanding where you're spending and earning money. They also:

- Provide data about your business's profitability and allow you to monitor progress over time.
- Help tell your farm's story.
- They aid in preparing tax returns, making financial decisions and planning for your business.
- Allow you to reference past information when developing a budget or planning for the future.

Farm business records are any income or expense directly related to your operation. Some examples include:

- Paid bills
- Bank statements
- Cancelled checks
- Credit card statements
- Income tax receipts for deductions
- Invoices
- Expense receipts
- Livestock, crop, and labor records
- Pay stubs
- Inventories
- Receivables
- Payables
- Loan records or settlement statements
- Financial statements (balance sheets, income statements, etc.)
- Sales receipts (with quantities)
- Contracts and sales agreements

How to Keep Farm Records

One key step to good recordkeeping is creating a Chart of Accounts, which will serve as the foundation for all of your reporting. First, you'll need to determine the level of detail you want from your records. You can use only high level categories, or you may want to include sub-categories to break down certain income, expenses, etc. Either way, you want to keep the correct chart of accounts for both required financial reporting (your tax return) and management reporting (what you need to analyze your business). If you are unsure of how to structure your Chart of Accounts, refer to the Schedule F of your tax return or contact your accountant.

Choosing how you keep your records is another important step to gain a wealth of information out of your records, but it can also be intimidating. There are many software choices, and determining the right one for you can be a challenge. The good news is that it doesn't matter what system you choose, just that you use it consistently and accurately.

Options Include:

- Software - QuickBooks, CenterPoint, Excel, etc.
- Manual/paper - farm record book, check register, notebook, ledger sheets

Choose the system that works best for you and your farm business, understanding some programs have more benefits than others. Software systems allow for customizable reports and graphs to analyze your information over a specified time period and more easily track and code income and expenses by area.



Any Questions?



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Alumni Spotlight

Next Steps

- Complete today's surveys
- Complete modules



Live Course WEBINAR Check-in.

Join us as
we conclude the course with Erin Cumings from
Nationwide who will present on the importance of
Risk Management.

March 2, 2026

Session Time: Noon-1:30pm

Webinar Survey

<https://www.surveymonkey.com/r/7RZ7QCQ>

Questions?

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