

Staff Papers Series

Staff Paper P87-5.

February 1987

IMPROVING THE EVALUATION OF FARM ACCOUNTING SOFTWARE

by

Kent D. Olson



Department of Agricultural and Applied Economics

University of Minnesota
Institute of Agriculture, Forestry and Home Economics
St. Paul, Minnesota 55108

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While published evaluations of farm accounting software are helpful, there are still problems which need to be solved. Different evaluations are not always comparable because they may emphasize different characteristics and capabilities and they may mix subjective and objective measures. Another problem is that two evaluators may give an identical score to the same program, but rank it differently relative to other programs. Or, two evaluators may give different scores to one program, but still have an identical ranking of all programs. Also, an unevaluated program cannot be evaluated and intelligently compared to published evaluations of other programs. Often evaluations are very general and do not help a farmer decide how well his/her specific needs would be met. They do not always distinguish between what are objective performance standards and what are subjective standards or personal preferences.

The situation outlined above can be improved! Published evaluations could be made even more helpful. This paper contains several ideas to alleviate these evaluation problems. The objectives of the paper are to (1) identify and discuss the desirable attributes of a good evaluation, (2) develop an evaluation tool for farm

* Assistant Professor, Department of Agricultural and Applied Economics, University of Minnesota--Twin Cities. Thanks to Earl Fuller and Rob King who reviewed an earlier draft of this paper.

accounting software, and (3) show how this general tool can be adapted for a specific farm's needs.

ATTRIBUTES OF A GOOD EVALUATION

To improve software evaluations, the problems and concerns mentioned in the first paragraph need to be mitigated. These problems and concerns can be regrouped into six attributes:

1. Objectivity
2. Consistency
3. Comparability
4. Specificity
5. Adaptability
6. Quantifiable

While these attributes are interrelated, they do point out specific concerns of which we should be aware. Let's look at each topic in more detail.

Objectivity. To give a program a high score in "easy to use" is not objective even if you assign a numerical score between 0 and 10. A more objective approach would be to check off those features which make it easy to use, such as on-line help, on-screen lists, menus, etc. However, even a list of features can be less than objective. For instance, stating "the manual has step-by-step examples for beginners" is better than "the manual has good instructions."

Objective descriptions have clear distinctions between features. For best results, the descriptions are written in a yes/no or true/false manner and in such a way that most people would respond

in the same way. Subjective descriptions use abstract or value-laden terms such as "good", "better", etc.; different people may respond to these terms in different ways.

Consistency. All programs for the same general purpose (accounting, for example) need to be evaluated with the same objective method. A different set of criteria cannot be used for each program.

Comparability. If the evaluations are objective and consistent for programs with the same purpose, the evaluations will be comparable. Two evaluations done by the same person at different times will be comparable. Two evaluations done by different people will be comparable.

If the objective, consistent evaluation is available in its complete form, a user could evaluate an unevaluated program and obtain a comparable evaluation. Thus, a farmer will not have to test every program because someone else's objective, consistent evaluation is comparable to their own evaluation.

Specificity. This feature of evaluation methods refers to the need to have a list of specific program features rather than a general comment on program performance. By having a specific list, a user can see the specifics of what makes a program good or poor. A user can decide if a "poor" rating is of concern or reflects performance in areas not of concern to the farmer. For example, if a farmer does not want check writing, he/she probably would not care if that feature was given a poor rating. Scoring programs in several areas is better than one overall score, but a farmer still needs more specificity. For example, a farmer needs to know how errors are corrected, what reports

are available, how noncash transactions are handled, how easily the data can be accessed for special inquiries, etc. To know that an accounting system received a score of 7 out of 10 does not answer many questions.

Adaptability. Since farms vary greatly in type, size, and location, their accounting requirements vary greatly also. By providing a list of objective features and how different programs rate with regard to this list, a farmer can sort through the list and evaluate programs on the basis of how well they meet his/her needs. A farmer would not have to trust the evaluator's judgement of what's important and needed; the farmer could regroup the features into a new custom scoring system.

Not all features should be included in software evaluations, even though we could write objective, consistent, and specific descriptions of those features. For the same reasons that we have more than one kind of tractor, farmers need to have a choice of different accounting programs. Our evaluations should realize that some areas will have to be evaluated subjectively. Some features as screen design or pushing the return key after every entry are more items of personal preference than items in the Generally Accepted Accounting Conventions. Evaluations should help a farmer narrow the list of programs to what will meet his/her requirements and then help them make a personal choice from that list.

Quantifiable. While it may seem contradictory to speak of quantifying right after personal preferences, a good evaluation tool should be quantifiable. Those personal preferences should be

recognized as such and left to the ultimate user to include in his/her scoring system. If an evaluation cannot be quantified, a farmer may not be able to make an overall judgement on the software.

One way to quantify the evaluation is to use a series of questions and statements which have a yes/no or true/false response. By writing the statements and questions so that a yes or true response indicates a positive feature of the program, the percentage of yes and true responses can be used as a quantifiable score to compare programs. If the goals of specificity and comparability are met, a farmer could decide which statements and questions are crucial to his/her operation and calculate an individualized score.

In summary, these attributes need to be considered when designing an evaluation tool. Many evaluations already contain some of these points, but all can be improved. In the next section, I develop a new evaluation tool for farm accounting software and strive to incorporate these points into that tool.

AN EVALUATION TOOL FOR FARM ACCOUNTING SOFTWARE

Developing an evaluation tool for farm accounting software is simplified because there is an original, common purpose: recording data and preparing financial reports. It is difficult in two aspects: objectivity and specificity. Objectivity is difficult to maintain with any type of evaluation. Specificity is hard to achieve because there are so many features that are or could be included in accounting programs, especially when the various uses of accounting information are considered.

After considering the needs and requirements of farmers, I have developed an evaluation form for farm accounting software. It is listed in Appendix A. The evaluation form has been divided into general information, required accounting features, desired accounting features, and the rating systems. Required accounting features are defined as those needed to assure that the most basic accounting functions are performed. Desired accounting features are those which complement the required basic functions. The distinction between required and desired features is arbitrary, but by showing the complete list of statements and questions in the evaluation form, another person can regroup the features and not use my classification. In the remainder of this section, the reasons for including the various features in the evaluation form are discussed in detail by section.

General Information

The name and price of the system or program is of obvious interest. The version evaluated and how long this version and its predecessors have been available indicate some information about the system's longevity and how many times its been updated. Longevity may show how well the system is accepted and how likely the bugs have been worked out. If the version number is quite high, but the system has been available for only a year or two, the company might not have a good field testing program and other bugs may be still present. The number of systems in use can also be an indicator of how well the program is accepted.

While most computers can handle most of the software, it is still worthwhile to check on hardware requirements. Comments like

"hard disk recommended" may indicate that "although it will run on floppy disks, performance will be vastly improved with a hard drive."

Information about the vendor can be important to the farmer. How far is the vendor from the farm? Some support can be given over the phone, but some fixes and assistance can be obtained only by personal contact with the vendor. Length of time in operation can indicate acceptance, success, and commitment to the locality, but new vendors should not be shunned completely in this rapidly changing industry. The training, support, and background knowledge can be very crucial to the successful use of software; what does the vendor provide?

Knowing the information about the software company may not be as crucial as vendor information, but it is still important. The vendor usually does not have the rights to the software; so if the company goes out of business, a good vendor can be left "out in the cold" with the users. On the other side, the company may provide the needed support and training that the vendor does not provide. Since tax laws change often, updated programs are needed as changes occur.

The manual will be important for successful use of the software, so it needs to be checked thoroughly. Beginning users should have step-by-step instructions and examples while there should be a separate, abbreviated section or some other system for experienced users. A manual should include an image of what the screen will look like at various points in the program; that old saying about 1,000 words or one picture applies to software manuals. A manual should describe what the user sees on the screen; if it is not correct, it may

communicate very well or that the manual may have some other mistakes. A few spelling and grammatical mistakes can occur in the best manuals, but if many mistakes occur, it may indicate poor workmanship and/or lack of pride in the final product. While we shouldn't be fooled by slick presentations of poor programs, a good program can be hampered by a poor presentation; neither extreme is desirable. A high quality copy and the inclusion of color can help improve the explanation of how a program operates and, thus, can increase the chances of successful use on the farm. A good manual is not complete without an index and a glossary; the index should include commands, subjects and examples.

A good system will also include a tutorial and a set of sample transactions to show to use the system. Showing how typical situations--especially difficult ones--can be handled can be important. A trouble-shooting guide can be indispensable to beginning and experienced users.

What type of accounting does the system provide? The choice depends upon what is used how and what will be needed in the future. Can it handle both cash and accrual basis? Will it do both single- and double-entry accounting? If a user needs to have some accounts handled in a double-entry method, but not all the accounts, can the system provide that mix of methods?

There are several special considerations that a user may need. Some users use a fiscal year which is different from the calendar year. Users may need (now or in the future) more than one profit or cost center; if it can't do this, you won't be able to have enterprise accounting. Many farmers rent from more than one landowner or a land-

owner may have more than one tenant. A farm may have more than one operator and need to split the accounts between them for reporting purposes. Can business and personal transactions be kept separate in the program? For some analyses beyond traditional accounting, the individual transaction data are needed; if the individual data is destroyed after it is posted, these analyses cannot be completed. The ability to provide more information for management decisions can increase the benefits of the time required to keep the accounts.

The use, naming and structuring of the chart of accounts is crucial to the ease of using an accounting system. Most systems will include a sample farm chart of accounts which can be modified to fit an individual farm or a new chart can be developed. Alphanumeric account codes may increase the ease of understanding and using the system. Also, the ability to structure or tie the accounts together can be very useful and timesaving when entering transactions. For example, corn seed expenses can be tied to the corn enterprise and won't show up in the hog enterprise; or hog feed linked to the hog enterprise and not another enterprise.

To make installation easier, worksheets are provided by some programs to write down the accounts, vendors, enterprises, and other characteristics of the farm. These worksheets help organize the user before installing the program and also help the user visualize how the recorded data can be used for reports.

When entering cash transactions, a user should be able to allocate the amount between several income and several expense accounts. As the amount is being allocated between accounts, the

balance left to allocate should be calculated and displayed. The program should not allow the user to proceed before the transaction amount is completely and accurately allocated among accounts. A few programs require that expenses be entered as negative values; this can be an annoying step.

The ability to obtain lists of accounts, vendors, etc., on the screen as you are entering transactions may save considerable time and potential errors. The ability to assign primary vendors to accounts can also save time and errors by automatically inserting an often used vendor for specific types of transactions. The primary vendor can be changed temporarily as needed.

As the program is being used, there are several features which make its use easier. On-line help can be very useful for questions of how the program works at certain points. Menus can be useful for moving around a program, but an experienced user may find menus slow and want a quicker way to move about. Full-screen editing allows a user see all the information that is needed or available in this part of the program; the alternative is to answer questions in a piecemeal fashion as they appear and scroll up the screen. Instead of having to use the manual extensively, an experienced user will appreciate a separate command summary and (or) a program map. Also, since many programs are being written for users who don't have extensive training in accounting, they are striving to avoid the "debit" and "credit" terminology.

Error correction takes place at several points in the program. When entering transactions, a system which asks the user to verify data

correctness before proceeding can save the small "typos" which can occur. Some programs allow errors to be corrected directly even after the data has been written into a disk file and after they have been posted or the month has been closed. In other programs, offsetting entries are needed to make any corrections. Some programs allow entries to be "zeroed out", but not completely deleted once they are written into the disk file. Having a list of error codes and how to recover from those errors can be invaluable.

Required Accounting Features

The features described in this section are required in the sense that even the most basic cash accounting systems need these features. If a system lacks one or more of these features, it has a serious deficiency. These features may not be the only features that a farmer needs for his/her operation. What is included as desired features in the next section may be required for some farmers. The rating system described later can be customized to reflect the differences in required features.

Several features are needed for income. Ordinary income categories should be separated into cash, noncash, CCC sales (versus loans), nonfarm business, and personal income. Items held for sale should be stored for tax preparation (across fiscal years, if needed) and for cash flow analysis and projection. Although the new tax law will treat capital gains as ordinary income, it may be important to keep those sales separate for analysis purposes and because the law may change again. Other types of income transactions which are useful to keep separate are: reimbursements and refunds; patronage dividends

(cash and noncash); nontaxable income; and on-farm consumption of farm products. If a list of income accounts is provided, can it be customized for individual farms? For proper analysis of a farm business, the quantities as well as the values involved in transactions are needed. To make sure that the quantities are entered consistently, the predefined units should be displayed on the screen. Noncash income items should be identified and automatically excluded from any cash flow analysis and projection.

Expenses need the same features as income items. An additional item is the entry of depreciation and cost recovery values.

A very valuable feature is the cash accuracy check. This compares all the cash inflows with the cash outflows. Any discrepancy can point out mistakes or omissions which need to be corrected. A discrepancy may also be due to family living expenses and savings if those records are not kept and one checking account is used for both personal and business items.

There are five reports that are required for a very basic accounting system. The income statement should be available on a cash basis and in a form similar to the IRS's Schedule F. A year-to-date Schedule F report should be available for tax planning purposes. The actual cash flow statement is needed in either a monthly or quarterly format. A monthly journal listing and a transaction listing by account are used for error checking and analyzing account activity.

Desired Accounting Features

Many of these features, which I have classified as "desired", are included in the accounting software currently available. Many

farmers would consider some of these features essential to their business. I put them in the "desired" section to separate them from the barebone essentials classified as "required" and described in the previous section.

The net worth statement or balance sheet is listed as "desired" only because it requires more information than is available in a barebones system. It is still an essential part of the financial statements of the business. The assets and liabilities should be separated into current, intermediate, and long-term categories with business and personal items listed separately. The traditional report format with the assets on the left side and the liabilities and net worth (or capital accounts) on the right side is preferred. Some management decisions need the modified-cost basis method of asset valuation while other decisions need the market-value method; so to have complete information, both methods are needed. Also, footnotes which explain how assets were valued are very critical to understanding the net worth information; can they be generated and printed automatically within the accounting program? To obtain a true estimate of net worth in the market-value approach, the liabilities such as taxes and sales costs, which are contingent upon selling an asset, need to be included in the net worth calculation.

The farm profit/loss statement should start with a cash operating statement and include the other items necessary to calculate accrual profit and retained earnings. The cash operating statement should be separated into income and expenses with a subtotal by each group. Inventory adjustments, capital asset adjustments, extraordinary

items (such as debt forgiveness), and other noncash transactions are needed to calculate the farm profit or loss. To calculate retained earnings, nonfarm income and personal and nonfarm expenditures are needed.

The cash flow statement should include the basic list of inflows and outflows and a summary of flows and borrowings. A comparison of projected versus actual monthly cash flow can be used for controlling the farm business. A section summarizing loan balances and changes is needed for debt management. For planning purposes, the ability to transfer the cash flow data to and from a spreadsheet or other program for evaluating "what if" questions, can be a tremendous advantage.

Other records are needed for some farms. These include accounts payable, accounts receivable, loan accounts, and inventory records. Capital asset records are necessary for tax purposes; these would include purchases, sales, and inventory. Calculation of the depreciation and cost recovery amounts is often done in another program, but could be included in the accounting system. Tracking the fair market value of capital assets by period can help improve management decisions. Social security, workman's compensation, and payroll information is required as is the information needed to prepare the "1099" forms for vendors and other people.

The check writing option is essential to high volume businesses. It is included in the basic program of some accounting systems. Some users wish to enter the check and transaction information at separate times; some programs allow that while others do not.

Several transactions may involve one vendor; to consolidate those accounts into one check is a desirable feature for both farmer and vendor. At times, it is desirable to delay printing checks, even if the information has been entered, until closer to the due date or for other reasons. To check for accuracy and control purposes, a printed check register report is needed.

Two additional accuracy checks are very good to have. The profitability/net worth/retained earnings check looks at how much money was made and the disbursement of that money compared to the actual change in net worth. The liability check compares beginning and ending debt load with new borrowings and principal payments.

If all the necessary information is already in the accounts or could be entered easily, the end-of-year analysis of the farm business is needed for management decision making. The various ratios and measures can help determine how well the business is doing and where improvements could be made. Analysis over years can show how well long-term goals are being achieved. Monthly or quarterly analysis can show how this year's plans are being implemented.

Enterprise analysis is an extremely important tool for analysis and planning. A minimum of two levels of enterprise coding will allow identification of major crops or livestock activities and of categories within each enterprise (e.g., corn on the Smith farm). Allocation of income and expenses is crucial to enterprise analysis. Operating income and expenses should be allocated directly to enterprises. A farmer should have several alternative mechanisms to allocate overhead expenses to enterprises. Footnotes explaining how the allocations are

made are important to understanding the resulting enterprise budgets. Inventory changes are necessary to correctly allocate income and expenses between fiscal year. Enterprise reports should include a gross margin report and a cash flow statement; these should be available on both a total enterprise and a per unit basis. Some managers may even want a net worth statement for an enterprise.

No accounting program can anticipate all (or include all anticipated) uses of accounting information. Thus, access to the data for reports and other analysis not done within the program can greatly enhance the value of an accounting program. This can be accomplished by custom reports, transfers to spreadsheets, access by programs (such as Pascal or Fortran), or utilizing the database in which the accounting program is written. A last point to consider is whether old data files have been accessible by new versions of the accounting program.

In describing these features and writing the form, I have paid attention to four of the six attributes needed for proper evaluation: objectivity, consistency, comparability, and specificity. Quantifiability and adaptability are used in the next section.

RATING THE SOFTWARE

In the previous section, the features of an accounting system are divided into general, required, and desired--an arbitrary division. Those features are written as yes/no or true/false statements on the evaluation form in the appendix. The statements are written in such a

manner that a yes or true response indicates a positive feature for that accounting program.

As the form is now written, there are 54 statements in the general information section, 36 in the required feature section, and 65 in the desired section. By counting the number of yes and true responses and calculating a percentage of these positive responses for each section, we can compare accounting systems quantitatively. Thus, if one program received 40, 35, and 42 yes and true responses in the three sections, the percentages would be 74, 97, and 65 percent, respectively. This program could be judged superior to another which had percentages of 65, 85 and 50.

Adapting to Individual Needs

One complaint of current software evaluations is the inability to give a true test of how well the software will perform for individual farmers. With the form developed in this paper, we can move towards removing that complaint.

A farmer can regroup the features into his/her own classifications and calculate a new rating score based on individualized needs. The individual user can adapt the form to test how well a program satisfies his/her own preferences on use and reports and to test how well a program meets the needs of the business. Two lines for this purpose are provided in the "Ratings" section of the form. Not all of the statements would have to be for a custom adaptation.

SUMMARY

At the beginning of this paper, I listed several complaints and concerns about current software evaluation. I developed those into six attributes and discussed each of them. To exemplify how these concerns can be met, I developed an evaluation tool for farm accounting software by describing the desired features and transforming those features into a form for evaluation. The rating system is quantifiable because of the way that the form is prepared. A farmer can customize and adapt this form to his/her own preferences and needs.

By using this form or another objective and specific form consistently, software evaluations can be improved. Farmers and other users will benefit from the increased information available to them.

APPENDIX

**Evaluation Form
for Farm Accounting Software**

**EVALUATION FORM
FOR FARM ACCOUNTING SOFTWARE**

I. General Information

A. Name of System: _____
Version: _____
Years Available: _____ (this and earlier versions)
Price: _____

B. Minimum Requirements:

Operating System: _____
RAM Memory: _____
Disk Drives: _____
Other Hardware: _____

C. Company: _____

Contact: _____
Address: _____

Phone: (_____) _____ - _____

D. Vendor: _____

Contact: _____
Address: _____

Phone: (_____) _____ - _____

Years vendor has been in operation: _____
Distance from farm to vendor: _____
Amount of initial training by vendor: _____
Type of backup support provided
by vendor: _____

E. Evaluated by: _____
Date: _____

F. Training, Support and Instructions

Initial training is provided by company:	yes	no	cost?
Backup support is provided by company:	Y	N	cost?
A toll-free phone number for support is available:	Y	N	
Company updates system for new tax laws:	Y	N	cost?

The manual:

1) Includes separate, step-by-step instructions for beginners:	T	F
2) Includes separate, abbreviated instructions for experienced users:	T	F
3) Shows an "image" of the screen and describes the steps needed to reach this screen:	T	F
4) Correctly describes what the program writes on the screen:	T	F
5) Has very few spelling mistakes:	T	F
6) Has very few grammatical mistakes:	T	F
7) Is reproduced by a high-quality method:	T	F
8) Uses color to highlight points:	T	F
9) Is indexed by subject and command:	T	F
10) Includes a glossary:	T	F

System includes a tutorial:	Y	N
System provides a set of sample transactions for typical situations: How many? _____	Y	N
A set of sample data is provided:	Y	N
System provides trouble-shooting guide:	Y	N

G. Type of Accounting

System provides for cash accounting:	Y	N
System provides for accrual accounting:	Y	N
System provides for single-entry accounting:	Y	N
System provides for double-entry accounting:	Y	N
System provides for partial, double-entry accounting:	Y	N

H. Special Considerations

System allows for user-specified fiscal year:	Y	N
System allows for multiple profit centers:	Y	N
System allows for multiple landowners and tenants:	Y	N
System allows for multiple operators:	Y	N
System provides for the separation of business and personal transactions:	Y	N
Are individual transactions saved and not destroyed after posting:	Y	N

I. Ease of use and error correction

1) Accounts and naming		
A typical farm chart of accounts is provided	Y	N
This account list can be modified	Y	N
The account codes can be alphanumeric	Y	N
Accounts can be structured or tied together	Y	N
2) Worksheets are provided to collect the beginning installation information	Y	N
3) When entering transactions:		
The "balance" of the transaction to be allocated is shown	Y	N
There can be multiple income accounts	Y	N
There can be multiple expense accounts	Y	N
The transaction needs to balance before the system allows you to proceed to another transaction	Y	N
Expenses are entered <u>without</u> a negative sign	Y	N
Liabilities are entered <u>without</u> a negative sign	Y	N
A list of accounts can be obtained on the screen	Y	N
A list of vendors can be obtained on the screen	Y	N
Primary vendors can be attached to accounts	Y	N
4) On-line help is available within the program	Y	N
5) Menus:		
a) Are used to access the different parts of the program	Y	N
b) Can be "skipped" for quick movements	Y	N
6) Full screen editing is used	Y	N
7) A separate command summary or program map is available in addition to the manual	Y	N
8) An understanding of "debit" and "credit" terminology is <u>not</u> required	True	False
9) Error correction		
a) The user is asked to verify entry correctness before continuing	Y	N
b) Errors can be corrected directly even after being written into the disk file	Y	N
c) Offsetting entries for errors are needed only after posting or closing	Y	N
d) Entries <u>cannot</u> be deleted once written into disk file	T	F

10) A list of error codes, what they mean, and how to recover is provided	T	F
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II. Required Accounting Features

A. Income

1) Ordinary income categories		
a) Cash	Yes	No
b) Noncash	Y	N
c) C.C.C. sales (versus loans)	Y	N
d) Nonfarm business	Y	N
e) Personal	Y	N
f) Other _____		
2) Items "held for sale" are stored:		
a) For tax preparation (across years, if needed)	Y	N
b) For cash flow analysis and projection	Y	N
3) Capital sales are separated from other income?	Y	N
4) Other types of transactions:		
a) Reimbursements, refunds, etc.	Y	N
b) Patronage dividends: cash and noncash	Y	N
c) Nontaxable income	Y	N
d) On-farm consumption of farm products	Y	N
e) Other _____		
5) Can the list of income categories be customized?	Y	N
6) Can quantities be entered as well as dollar amount of transaction	Y	N
7) Units are identified with quantities	Y	N
8) Noncash items are automatically excluded from cash flow	Y	N

B. Expenses

1) Ordinary expenses		
a) Operating	Y	N
b) "Held for Sale" items	Y	N
c) Noncash	Y	N
2) Capital expenses		
a) Purchases	Y	N
b) Depreciation and Cost Recovery Entries	Y	N

3) Other types of expenses		
a) Nondeductible items	Y	N
b) Nonfarm expenses	Y	N
c) Personal	Y	N
d) Other _____		
4) Can the list of expense categories be customized?	Y	N
5) Are quantities entered as well as dollar amount of transaction?	Y	N
6) Units are identified on screen with quantities	Y	N
7) Noncash items are automatically excluded from cash flow	Y	N
C. Cash accuracy check	Y	N
D. Required Reports		
1) Income Statement		
a) Cash basis	Y	N
b) Final Schedule F report	Y	N
c) Year-to-date Schedule F	Y	N
2) Actual Cash Flow Statement		
a) Monthly	Y	N
b) Quarterly	Y	N
3) Monthly Journal Listing	Y	N
4) Transaction Listing by Account	Y	N
III. Desired Accounting Features		
A. Net Worth Statement/Balance Sheet		
1) Assets by short, intermediate, and long-term categories:	Y	N
2) Liabilities by short, intermediate, and long-term categories:	Y	N
3) The traditional format is used with assets on the left and liabilities/net worth on the right	Y	N
4) Are separate columns available for different valuation methods?	Y	N
5) Can footnotes on valuation reasons be included?	Y	N

- | | | |
|--|---|---|
| 6) Can contingent liabilities be added when the market-value approach is used? | Y | N |
| 7) Are business and personal items separated? | Y | N |

B. Farm Profit/Loss Statement

- | | | |
|--|---|---|
| 1) Cash Operating Statement (separated into operating income and expenses) | Y | N |
| 2) Inventory Adjustments | Y | N |
| 3) Capital asset adjustments | Y | N |
| 4) Other noncash transactions | Y | N |
| 5) Farm profit/loss | Y | N |
| 6) Nonfarm income | Y | N |
| 7) Nonfarm expenses | Y | N |
| 8) Personal expenditures (including savings) | Y | N |
| 9) Retained earnings | Y | N |

C. Cash Flow Statement

- | | | |
|--|---|---|
| 1) Basic statement of inflows and outflows | Y | N |
| 2) Summary of flows and borrowing needs | Y | N |
| 3) Budgeted versus actual | Y | N |
| 4) Includes section on loan balances | Y | N |
| 5) Can be transferred to a spreadsheet | Y | N |
| 6) Can be transferred to an ASCII file | Y | N |
| 7) Can be read from a spreadsheet | Y | N |

D. Other Records

- | | | |
|---|---|---|
| 1) Accounts Receivable | Y | N |
| 2) Accounts Payable | Y | N |
| 3) Loan accounts | Y | N |
| 4) Inventory records | Y | N |
| 5) Capital Asset records | | |
| a) Purchases | Y | N |
| b) Sales | Y | N |
| c) Depreciation/cost recovery calculation | Y | N |
| d) Fair market value by period | Y | N |
| 6) Social Security | | |
| a) For employees | Y | N |
| b) For nonfarm employment | Y | N |
| 7) Payroll Reports | Y | N |
| 8) Can "1099 Misc." Information be retrieved? | Y | N |
| Does it include the vendor's soc. sec.? | Y | N |
| 9) Workman's Compensation | Y | N |

10) Other _____

E. Check Writing Option

- | | | | |
|--|---|---|-------|
| 1) Check writing is in the basic program | Y | N | cost? |
| 2) Check and transaction data can be entered at the same time, but they don't have to be | Y | N | |
| 3) Payments from several transactions can be combined into one check | Y | N | |
| 4) Check printing can be delayed | Y | N | |
| 5) Check register report can be printed | Y | N | |

F. Accuracy Checks

- | | | | |
|---|---|---|--|
| 1) (Cash flow accuracy check is listed previously.) | | | |
| 2) Profitability/net worth/retained earnings | Y | N | |
| 3) Liabilities | Y | N | |

G. Business Analysis

- | | | | |
|---|---|---|--|
| 1) Profitability measures | Y | N | |
| 2) Solvency measures | Y | N | |
| 3) Liquidity measures | Y | N | |
| 4) Trend analysis if used in subsequent years | Y | N | |
| 5) Monthly or quarterly analysis is available | Y | N | |

H. Enterprise Analysis

- | | | | |
|--|---|---|--|
| 1) Two levels of enterprise coding | Y | N | |
| 2) Cash income and expenses can be allocated directly to enterprises | Y | N | |
| 3) Overhead expenses can be allocated to enterprises | Y | N | |
| 4) Footnotes can be stored to explain allocation process | Y | N | |
| 5) Adjusts for inventory changes | Y | N | |
| 6) Enterprise reports: | | | |
| a) Gross margins | Y | N | |
| b) Cash flow statement | Y | N | |
| c) Net worth statement | Y | N | |
| d) Are these available on a total enterprise basis? | Y | N | |
| e) Are these available on a per unit basis? | Y | N | |

I. Access to data and unstructured formats for planning

- | | | | |
|---|---|---|--|
| 1) Can the data be accessed, without reentry, by other programs from the same company | Y | N | |
| 2) Custom reports can be developed by user | Y | N | |
| 3) Can data be transferred by spreadsheets | Y | N | |

- | | | |
|---|---|---|
| 4) Is the file structure explained for access by other languages (e.g., Pascal or Fortran)? | Y | N |
| 5) Is the system written in an accessible database (e.g., dBASE)? | Y | N |
| 6) Are data files from old versions accessible by new versions? | Y | N |

IV. Ratings

- A. Number of Y's and T's in "I. General Information" $\frac{\quad}{54} \times 100 = \quad\%$
- B. Number of Y's and T's in "II. Required Information" $\frac{\quad}{36} \times 100 = \quad\%$
- C. Number of Y's and T's in "III. Desired Information" $\frac{\quad}{65} \times 100 = \quad\%$
- D. An overall percentage could be calculated, but that may cause interpretation problems. For example, a high rating in "Desired Information" may cover up deficiencies in "Required Information" if an overall rating is used.
- E. User defined rating: $\frac{\quad}{\quad} = \frac{\quad}{\quad} / \frac{\quad}{\quad} * 100 = \quad\%$
- F. User defined rating: $\frac{\quad}{\quad} = \frac{\quad}{\quad} / \frac{\quad}{\quad} * 100 = \quad\%$

V. Other programs, modules, etc., that are available and can use the data in the basic program evaluated:

_____	_____
_____	_____
_____	_____

VI. Other Comments: