

The price of my accounting system just went up! What should I do?

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Farm managers need sound financial records to prepare income tax returns, obtain financing from lenders, analyze new investments, and make business decisions with confidence. A strong financial accounting system is foundational to the success of any farm. Every accounting system has its costs and benefits, and a farm manager must analyze both to select the best option for their business.

Over time, the relative costs and benefits of accounting systems change. Companies that develop accounting software regularly change program features and add new capabilities. They also adjust prices in pursuit of their own business goals. A farm's accounting needs may also evolve in response to growth, diversification, or other changes to business operations or structure. A farm manager may wish to reevaluate their accounting system when facing any of these changes.

In recent months, I have received a flood of questions about changes to the price and cost structure of QuickBooks Desktop accounting software. In the past, a thrifty business owner could pay once to download QuickBooks Desktop and use it for years without additional fees by forgoing the annual upgrades. However, 2021 was the final year that Intuit made QuickBooks Desktop available for a one-time fee. Beginning in 2022, new QuickBooks Desktop releases are only available with an annual subscription. Additional fees apply for payroll and other add-on services. Business owners accustomed to getting years of accounting software use for a one-time fee are concerned about the higher annual cost, and some are exploring alternatives.

This article addresses the most common questions I have received from current QuickBooks Desktop users and presents a framework for accounting software decisions that can be applied more broadly.

How long can I continue using an older version of QuickBooks Desktop?

The answer to this question depends on which version you own, and which features you use. If you only use basic recordkeeping and accounting features, you may not need to upgrade. You can continue entering transactions and generating reports without issue. However, if you use an older version, you may have trouble sharing your company file with other QuickBooks users, like your accountant, who have the latest version.

QuickBooks Desktop 2020 users should be aware that Intuit plans to discontinue support for add-on services including Payroll Services, Live Support, Online Backup, Online Banking, and security updates after May 31, 2023.¹ If you rely on any of these services, you should be

prepared to upgrade to the current version of QuickBooks Desktop or switch to another program.

Alternative accounting systems

If you are seeking an alternative to QuickBooks Desktop, QuickBooks Online is a natural option to consider. QuickBooks Online can automatically import transactions from bank accounts and credit cards, reducing time spent on manual data entry. You can use the following link to test drive a hypothetical company in QuickBooks Online for free without entering any personal information: <https://qbo.intuit.com/redir/testdrive>

If you are considering accounting systems beyond QuickBooks, many options exist. While not comprehensive, here is a list that may be useful in guiding your research. The first six programs, listed alphabetically, are specifically designed for farm businesses.

- AgSquared Farm Management Software
- CenterPoint Farm Accounting Software
- EasyFarm Accounting and Management Software
- Farm Biz or Ultra Farm Accounting Software
- FBS Systems Agricultural Software
- PcMars Farm Accounting Software

These three additional accounting programs are not farm-specific, yet they may be adequate for the accounting needs of some small farm businesses.

- GnuCash
- Quicken
- Wave

If your farm uses an accounting program that is not on this list, I would love to hear about it!

Considerations when selecting an accounting system

Each farm has a unique set of goals and resources that inform management decisions. Before selecting a new accounting system, take time to write down your goals and identify the resources (time, money, skill) you can devote to it. Then, consider the following questions:

1. Who on the farm will manage the accounting system? For what tasks will they be responsible, and how much time will those tasks require?
2. What is the total cost of the accounting system, including initial cost, annual subscriptions, and labor?
3. Are there adequate resources for education and support? How much training is needed and how much will it add to the total cost?
4. How easy is it to transfer financial data from the existing accounting system into the new one? Will the farm lose access to records that cannot be transferred?
5. Does the accounting system meet the needs of external entities? Can the farm file tax returns on time and generate information that lenders require?
6. Does the accounting system provide value for internal decision makers? Does it generate reports that help farm managers improve business performance? Does it

support analysis and planning to strengthen farm viability? How much is this worth to the farm?

There is no such thing as a free lunch

It is important to remember that a “free” accounting system is not actually free. Recordkeeping and accounting work takes time, and that labor has a cost. If an owner does this work rather than an employee or an accounting firm, it can be easy to overlook the cost of their labor. However, farm owners have an infinite number of things they could do with their time if they were not sitting in front of a computer entering transactions. For this reason, it is critical to include the opportunity cost of owner labor when evaluating the true cost of an accounting system.

To illustrate this point, consider a small business owner who decides to use a free Excel spreadsheet instead of paying \$360 per year for a QuickBooks Online subscription. Assume the Excel spreadsheet requires four hours a week of bookkeeping labor. With the automated features available in QuickBooks Online, the same accounting tasks can be completed in two hours per week. If we value the owner’s labor at \$20 an hour, the annual cost of the Excel accounting system is \$4,160 compared to \$2,440 for QuickBooks Online. Given the many financial reports that QuickBooks Online can generate at the click of a button, it also has the potential to produce far greater value.

To make the best possible decision for your farm, be sure to consider the true cost of each accounting system and its potential benefits when comparing alternatives.

¹ For more information about changes to the 2020 version of QuickBooks Desktop, find Intuit’s QuickBooks Desktop 2020 Service Discontinuation Policy here:

https://quickbooks.intuit.com/learn-support/en-us/help-article/feature-preferences/quickbooks-desktop-service-discontinuation-policy/L17cXxlie_US_en_US?uid=lb7hvedx.