



July 6, 2023

Scott & Stacy Reed  
13305 NW Cornell Road, Suite C  
Portland, OR 97229

Re: 2022 Schedule F – Profit or Loss From Farming

Dear Mr. Reed,

We understand that the Multnomah County Planning Department has requested a copy of your 2022 Schedule F for the purpose of land use approval for a new home to be constructed.

The 2022 Schedule F is not ready to submit to the IRS because the rest of the 2022 federal return is not complete. However, you have provided us with a chart showing \$42,478 in egg sales for 2022, as well as \$2,015 in goat sales for that same year. We have used these figures to arrive at the \$44,493 number found on Line 2 of the Schedule F draft. In addition, you provided us with various expenses totaling \$285,512, found at line 33 of the Schedule F draft.

Based on this income and expense information you provided, attached is a draft of what we expect the 2022 Schedule F to be once your returns are filed.

Please note that we have not audited, reviewed or otherwise verified the information you have provided. As a result, we are not in a position to make any conclusions or assurances regarding the accuracy or completeness of the information.

If you have any questions, feel free to email me at [tbethell@rfacpas.com](mailto:tbethell@rfacpas.com).

Thank you,

Taylor Bethell, CPA  
RF Associates LLC  
15350 SW Sequoia Pkwy., Suite 280  
Portland, OR 97224  
(503) 244-7016

Attachment – DRAFT 2022 Schedule F



**SCHEDULE F  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Profit or Loss From Farming**

Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.  
Go to [www.irs.gov/ScheduleF](http://www.irs.gov/ScheduleF) for instructions and the latest information.

OMB No. 1545-0074

**2022**

Attachment  
Sequence No. **14**

Name of proprietor Scott L Reed		Social security number (SSN) [REDACTED]	
<b>A</b> Principal crop or activity Chicken Eggs & Goats	<b>B</b> Enter code from Part IV 1   1   2   1   3   0	<b>C</b> Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	<b>D</b> Employer ID number (EIN) (see instr.) [REDACTED]
<b>E</b> Did you "materially participate" in the operation of this business during 2022? If "No," see instructions for limit on passive losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<b>F</b> Did you make any payments in 2022 that would require you to file Form(s) 1099? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>G</b> If "Yes," did you or will you file required Form(s) 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No			

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

<b>1a</b> Sales of purchased livestock and other resale items (see instructions)	<b>1a</b>		
<b>b</b> Cost or other basis of purchased livestock or other items reported on line 1a	<b>1b</b>		
<b>c</b> Subtract line 1b from line 1a		<b>1c</b>	
<b>2</b> Sales of livestock, produce, grains, and other products you raised		<b>2</b>	44,493.
<b>3a</b> Cooperative distributions (Form(s) 1099-PATR)	<b>3a</b>	<b>3b</b> Taxable amount	<b>3b</b>
<b>4a</b> Agricultural program payments (see instructions)	<b>4a</b>	<b>4b</b> Taxable amount	<b>4b</b>
<b>5a</b> Commodity Credit Corporation (CCC) loans reported under election		<b>5c</b> Taxable amount	<b>5c</b>
<b>b</b> CCC loans forfeited	<b>5b</b>	<b>5c</b> Taxable amount	<b>5c</b>
<b>6</b> Crop insurance proceeds and federal crop disaster payments (see instructions):			
<b>a</b> Amount received in 2022	<b>6a</b>	<b>6b</b> Taxable amount	<b>6b</b>
<b>c</b> If election to defer to 2023 is attached, check here <input type="checkbox"/>		<b>6d</b> Amount deferred from 2021	<b>6d</b>
<b>7</b> Custom hire (machine work) income		<b>7</b>	
<b>8</b> Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		<b>8</b>	
<b>9</b> <b>Gross income.</b> 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 III, line 50. See instructions		<b>9</b>	44,493.

**Part II Farm Expenses – Cash Method.** Do not include expenses for depreciation. See instructions.

<b>10</b> Car and truck expenses (see instructions). Also attach Form 4562	<b>10</b>	<b>23</b> Pension and profit-sharing plans	<b>23</b>
<b>11</b> Chemicals	<b>11</b>	<b>24</b> Rent (see instructions):	
<b>12</b> Conservation expenses (see instructions)	<b>12</b>	<b>24a</b> Vehicles, machinery, equipment	18,984.
<b>13</b> Custom hire (machine work)	<b>13</b> 11,421.	<b>24b</b> Other land, animals, etc.	<b>24b</b>
<b>14</b> Depreciation and section 179 expense (see instructions)	<b>14</b> 133,864.	<b>25</b> Repairs and maintenance	38,144.
<b>15</b> Employee benefit programs other than on line 23	<b>15</b>	<b>26</b> Seeds and plants	<b>26</b>
<b>16</b> Feed	<b>16</b> 9,529.	<b>27</b> Storage and warehousing	<b>27</b>
<b>17</b> Fertilizers and lime	<b>17</b>	<b>28</b> Supplies	5,370.
<b>18</b> Freight and trucking	<b>18</b>	<b>29</b> Taxes	1,021.
<b>19</b> Gasoline, fuel, and oil	<b>19</b> 4,587.	<b>30</b> Utilities	11,428.
<b>20</b> Insurance (other than health)	<b>20</b> 128.	<b>31</b> Veterinary, breeding, and medicine	<b>31</b>
<b>21</b> Interest (see instructions):		<b>32</b> Other expenses (specify):	
<b>a</b> Mortgage (paid to banks, etc.)	<b>21a</b>	<b>a</b> Travel	<b>32a</b> 2,223.
<b>b</b> Other	<b>21b</b>	<b>b</b> Advertisement	<b>32b</b> 700.
<b>22</b> Labor hired (less employment credits)	<b>22</b>	<b>c</b> Professional services	<b>32c</b> 43,701.
		<b>d</b> Bank fees	<b>32d</b> 624.
		<b>e</b> Administration expense	<b>32e</b> 489.
		<b>f</b> Dues & subscriptions	<b>32f</b> 287.
<b>33</b> <b>Total expenses.</b> Add lines 10 through 32f. If line 32f is negative, see instructions		<b>33</b>	285,512.
<b>34</b> <b>Net farm profit or (loss).</b> Subtract line 33 from line 9		<b>34</b>	241,019.
If a profit, stop here and see instructions for where to report. If a loss, complete line 36.			
<b>35</b> Reserved for future use.			
<b>36</b> Check the box that describes your investment in this activity and see instructions for where to report your loss:			
<b>a</b> <input checked="" type="checkbox"/> All investment is at risk.	<b>b</b> <input type="checkbox"/> Some investment is not at risk.		

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2022

**Part III Farm Income – Accrual Method** (see instructions)

<b>37</b>	Sales of livestock, produce, grains, and other products (see instructions)		<b>37</b>
<b>38a</b>	Cooperative distributions (Form(s) 1099-PATR)	<b>38a</b> <input type="text"/>	<b>38b</b> Taxable amount
<b>39a</b>	Agricultural program payments	<b>39a</b> <input type="text"/>	<b>39b</b> Taxable amount
<b>40</b>	Commodity Credit Corporation (CCC) loans:		
<b>a</b>	CCC loans reported under election		<b>40a</b>
<b>b</b>	CCC loans forfeited	<b>40b</b> <input type="text"/>	<b>40c</b> Taxable amount
<b>41</b>	Crop insurance proceeds		<b>41</b>
<b>42</b>	Custom hire (machine work) income		<b>42</b>
<b>43</b>	Other income (see instructions)		<b>43</b>
<b>44</b>	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)		<b>44</b>
<b>45</b>	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	<b>45</b> <input type="text"/>	
<b>46</b>	Cost of livestock, produce, grains, and other products purchased during the year	<b>46</b> <input type="text"/>	
<b>47</b>	Add lines 45 and 46	<b>47</b> <input type="text"/>	
<b>48</b>	Inventory of livestock, produce, grains, and other products at end of year	<b>48</b> <input type="text"/>	
<b>49</b>	Cost of livestock, produce, grains, and other products sold. Subtract from line 47*		<b>49</b>
<b>50</b>	<b>Gross income.</b> Subtract line 49 from line 44. Enter the result here and on Part I, line 9		<b>50</b>

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\*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

**Part IV Principal Agricultural Activity Codes**



Do not file Schedule F (Form 1040) to report the following.

- Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural services if your principal source of income is from providing such services. Instead, see instructions for Schedule C (Form 1040).
- Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead, see instructions for Schedule C (Form 1040).
- Income from managing a farm for a fee or on a contract basis. Instead, see instructions for Schedule C (Form 1040).
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead, see instructions for Form 4797.

- 111300 Fruit and tree nut farming
- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

**Animal Production**

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Aquaculture
- 112900 Other animal production

**Forestry and Logging**

- 113000 Forestry and logging (including forest nurseries and timber tracts)
- 113110 Timber tract operations
- 113210 Forest nurseries and gathering of forest products
- 113310 Logging

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six-digit number on line B.

**Crop Production**

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming