



2020 Cost of Production

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What is Cost of Production?

- It is recording and measuring the dollar value of all of your inputs and expenses for growing a specific crop.

Why Do We Need to Know Our Cost of Production?

- Marketing-What do YOU need to get to breakeven on each of your crops?
- Changing production practices-What works and what doesn't?
- What crops work for you?-What crops are more profitable for YOUR farm?
- What is YOUR cost per acre?

Figuring Your Break Even Price

- Input Your Income

- Your average 3 year yield
- Value Per Bushel
- Other Crop Income (Unit retains, crop insurance, etc.)
- Your average yield, value per bushel, and other crop income will equal your Gross Net Return Per acre

Figuring Your Break Even Price

- **Input Your DIRECT Expenses**

- Seed
- Fertilizer
- Chemicals
- Crop Insurance
- Drying Expense
- Fuel/Oil
- Repairs
- Custom Hire
- Land Rent/Cost
- Machinery Leases
- Operating Interest
- Miscellaneous

Figuring Your Break Even Price

- Input Your Overhead Expenses

- Hired Labor
- Machinery Leases
- Building Lease
- Farm Insurance
- Utilities
- Dues/Prof Fees

- Principle Payments

- Misc

- All of these together are your overhead expenses

Figuring Your Break Even Price

Gross Return Per Acre

-Total Direct Expenses

-Total Overhead Expenses

Net Return Per Acre

What do the BEP look like for 2020

- Example 2020 Break Even Price Spreadsheet
- Can we make money in 2020?