

Farm Name: _____

Date _____

Manual Dairy Cash Flow Cost of Production Estimator

PURPOSE:

The purpose of the *Manual Dairy Cash Flow Cost of Production Estimator* is to provide producers with a tool that can be completed, without the assistance of accountants or consultants, using information that is readily available. The tool is meant to **estimate the milk price needed to cash flow the business**. This tool does not estimate the Net Profit Cost of Production. Further, this tool assumes the dairy farmer files income taxes on the cash method of accounting, since the Federal Schedule F is the source of most information.

Because this is a manual tool, it has been simplified to the bare essentials. This eliminated most calculations. A more complete tool is available that is an Excel spreadsheet.

What is needed to complete this manual tool:

- Copies of the 2009, 2008 & 2007 Federal Income Tax Schedule F.
- Record of all personal living expenses for 2009, 2008 & 2007.
- Record of all loan payments for 2009, 2008 & 2007.
- Record of all Machinery/Livestock purchased for cash & any cash down payments for 2009, 2008 & 2007.
- A calculator to help with the totals, averages and per hundred weight (CWT) calculations.

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	2009	2008	2007	Total	Average
Key Dairy Information:					
Total CWT Milk Sold	_____ (I)	_____ (I)	_____ (I)	_____ (I)	_____ (I)
Avg # Cows Milked	_____	_____	_____	_____	_____
Avg Milk per Cow	_____	_____	_____	_____	_____
Dairy Income:					
Milk	_____	_____	_____	_____	_____
Cull Cows	_____	_____	_____	_____	_____
Calves	_____	_____	_____	_____	_____
Gov't Payments	_____	_____	_____	_____	_____
Crop Insurance	_____	_____	_____	_____	_____
Custom Work	_____	_____	_____	_____	_____
Crops	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total Dairy Income	_____ (II)	_____ (II)	_____ (II)	_____ (II)	_____ (II)
Dairy Income/CWT (II Divided by I)	-- _____	_____	_____	_____	_____

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Cash Expenses :	2009	2008	2007	Total	Average
From Sch F:					
Car & Truck	_____	_____	_____	_____	_____
Chemicals	_____	_____	_____	_____	_____
Conservation	_____	_____	_____	_____	_____
Custom Work	_____	_____	_____	_____	_____
Employee Benefits	_____	_____	_____	_____	_____
Feed	_____	_____	_____	_____	_____
Fert. & Lime	_____	_____	_____	_____	_____
Freight/Trucking	_____	_____	_____	_____	_____
Gas/Fuel/Oil	_____	_____	_____	_____	_____
Insurance	_____	_____	_____	_____	_____
Labor Hired	_____	_____	_____	_____	_____
Rent – Mach/Equip	_____	_____	_____	_____	_____
Rent – Land	_____	_____	_____	_____	_____
Repairs	_____	_____	_____	_____	_____
Seed/Plants	_____	_____	_____	_____	_____
Taxes – Real Estate	_____	_____	_____	_____	_____
Utilities	_____	_____	_____	_____	_____
Vet/Breed/Meds	_____	_____	_____	_____	_____
Milk Check Deduct	_____	_____	_____	_____	_____
Other Sch F Exp	_____	_____	_____	_____	_____
Other Sch F Exp	_____	_____	_____	_____	_____
Total Sch F:	_____ (A)	_____ (A)	_____ (A)	_____ (A)	_____ (A)

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Other Cash Expenses:	2009	2008	2007	Total	Average
Owner Living Expenses _____(B)	_____ (B)	_____ (B)	_____ (B)	_____ (B)	_____ (B)
Payments made on Loans _____(C) (Include Interest & Princ.)	_____ (C)	_____ (C)	_____ (C)	_____ (C)	_____ (C)
Equip/Lvst Pur. For Cash _____(D) (include Down Payments)	_____ (D)	_____ (D)	_____ (D)	_____ (D)	_____ (D)
Total (A+B+C+D) _____(E)	_____ (E)	_____ (E)	_____ (E)	_____ (E)	_____ (E)
Cash Flow Cost of Production (COP)					
Estimated Cash Flow					
Cost of Production/CWT _____ (E divided by I)	_____	_____	_____	_____	_____ *

*The average of 2009 (a very bad year), 2008 (a good year) & 2007 (an average year) have a strong probability of generating a Cash Flow Cost of Production that estimates reality. With this in mind, much can happen to distort the outcome and make the results misleading. The leading possible distorters of an accurate result are Inaccurate Data Entry and math errors, Production Problems in one or more of the years, Feed or Crop Production Problems in one or more of the years, Large Death Losses in one or more of the years and more. Also, most dairy operators have an accurate record of Expenses and Loan Payments but not Living Expenses. This manual estimator tool is therefore only as accurate as the data used and calculations made.

MSC Business Services, as the author of this tool, makes no promise or warrantee relating to the accuracy of any of the results of using this tool. Further, MSC Business Services makes no guarantee on any decision made based on this tool. For more accurate computations, the guidance of an experienced accountant or consultant is needed. To learn more about how MSC Business Services can help, call 717-731-3517.