File B1-24 Page 3

Example 1. Organic Dairy Budget - 16,500 lbs of milk per cow annually

Income	16,500 lbs of milk per cow annually			Your Farm
Milk @ \$33.00/cwt1	165	cwt	\$5,445.00	\$
Cull cows			135.00	
Bull calves			80.00	
Miscellaneous			100.00	
Gross income			\$5,760.00	\$
Variable Costs Feed Costs ²				
Corn grain @ \$7.40/bu	80	bu	\$592.00	\$
Protein (soymeal) @ \$0.35/lb	1,000	lbs	350.00	
Forage			800.00	
Misc. feeds			225.00_	
Total feed costs			\$1,967.00	\$
Veterinary care			\$40.00	\$
Supplies			180.00	<u> </u>
Utilities			80.00	
Repairs ³			140.00	
Taxes ³			75.00	
Fuel-oil ³			50.00	
Bedding			50.00	
Breeding			35.00	
Marketing			0.00	
Interest ⁴			226.59	
Hired labor			120.00	
Miscellaneous			85.00	
Total variable costs			\$3,048.59	\$
Fixed costs				
Land @ \$2,500/acre ⁵	3	acres/cow	\$300.00	\$
Owner's labor			360.00	
Building & machinery			125.00	
Cattle ⁶			500.00_	
Total fixed costs			\$1,285.00	\$
Total of All Costs			\$4,333.59	\$
Return to management			\$1,426.41	\$
Break-even selling price for variable costs per cwt			\$16.57	\$
Break-even selling price for all costs per cwt			\$24.36	\$

¹ 2006 Milk price

² Feed is priced at expected organic market prices.

³ Repairs, taxes and fuel and oil include costs of feed production on farm. Reduce these amounts by about \$81 per cow if feed is purchased.

⁴ Interest paid to lenders will vary by individual situation. Use expected interest cost in planning.

⁵ Land ownership charge is 4% annually for the total value of pasture and cropland owned and utilized by the dairy farm for dairy herd feed. This fee would be reduced if significant amounts of feed are purchased.

⁶ Cow ownership charge is based on 5 lactations per cow and reflects the current market cost of purchased cows.