

## 2011 Maine Organic Winter Wheat Enterprise Budget

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This budget calculates the variable costs and revenues of a hypothetical Maine organic wheat enterprise. However, costs, yields, and returns will vary greatly across farms and locations. Therefore, please use the budget as a template into which you can write figures specific to your own operation.

Annual Revenue	Unit	Yield Unit/Acre	Revenue/Unit	Revenue/Acre	Write your own figures in here
Wheat	bu.	45	15.00	675.00	.....
Straw	sq. bale	45	3.25	146.25	.....
<b>Total</b>				<b>821.25</b>	.....
Variable Expenses	Unit	Unit/Acre	Cost/Unit	Cost/Acre	
<b>Material Expenses</b>					
Wheat Seed	lb	120	0.50	60.00	.....
Manure	ton	5	12.50	62.50	.....
Chilean Nitrate	ton	0.05	845.00	42.25	.....
Lime	ton	0.20	20.00	4.00	.....
<i>Subtotal</i>				168.75	.....
<b>Miscellaneous Expenses</b>					
Grain Drying	bu.	45	0.33	14.85	.....
Organic Certification	N/A	N/A	N/A	2.60	.....
Leased Land	acre	0.25	50.00	12.50	.....
Extra	%	5.00%	N/A	14.58	.....
Interest	%	4.73%	N/A	8.37	.....
<i>Subtotal</i>				52.90	.....
<b>Field Operation Expenses</b>					
Primary Tillage	pass	1	6.43	6.43	.....
Secondary Tillage	pass	2	4.68	9.36	.....
Manure Spreading	pass	1	21.96	21.96	.....
Fertilizer Spreading	pass	1	3.05	3.05	.....
Lime Spreading	pass	0.2	3.05	0.61	.....
Planting Wheat	pass	1	5.39	5.39	.....
Combining	pass	1	29.80	29.80	.....
Hauling Wheat	pass	1	2.02	2.02	.....
Baling Straw	pass	1	6.01	6.01	.....
Hauling Straw	pass	1	1.99	1.99	.....
<i>Subtotal</i>				86.62	.....
<b>Total</b>				<b>308.27</b>	.....
<b>Return Over Variable Costs</b>				<b>Return/Acre</b>	
<b>TOTAL</b>				<b>512.98</b>	.....

Please see reverse side for NOTES.

## NOTES regarding the enterprise budget:

### **The budget should be customized to YOUR operation:**

This budget calculates the variable costs and revenues of a hypothetical Maine organic wheat enterprise. However, costs and returns vary greatly due to differences in local markets and other context-dependent conditions. To be most useful, the budget must be customized to each particular operation.

### **Specific assumptions and estimates used:**

Wheat yield - Estimate of historical average (Matt Williams, Aurora Mills and Farm, personal communication, 2011).

Wheat price - Price received in northern Maine in 2010. Assumes that wheat meets quality standards for milling.

Straw yield and price - Estimate of historical average yield and 2011 price (Richard Kersbergen, Extension Educator Waldo County, personal communication, 2011).

Lime - Assumes that lime is applied 1 in 5 years at rate of 1 ton per acre.

Organic certification - A flat fee for the crop estimated at \$130 divided by an assumed 50 acres.

Leased land - Assumes that 25% of crop area is leased, and 75% owned.

Extra - Represents unforeseen expenses and is calculated as 5% of total variable costs.

Interest - Represents the interest cost of a 7 month loan to cover variable costs.

Field Operating Expenses - Based upon University of Minnesota Extension Machinery Cost Estimates by William F. Lazarus, May 2011; University of Illinois Extension Machinery Cost Estimates: Field Operations by Gary Schnitkey, April 2010; and University of Maine Organic Dairy Budget, Aaron Hoshide, 2006.

Combining - Custom hire rate from Pennsylvania 2010 Machinery Custom Rates, USDA-NASS.

### **Fixed costs are excluded:**

The purpose of this enterprise budget is to provide a framework for comparing the viability of organic wheat production to alternative agricultural enterprises. Fixed costs (capital expenditures, taxes, depreciation, farm upkeep and insurance) among enterprises are assumed to be approximately equal in the short-term, and therefore only variable costs have been included. However, fixed costs are significant components of total cost and must be considered when evaluating long-term enterprise profitability.

### **Questions or Comments:**

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