

# Dairy Farm Operating Trends

December 31, 2023



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## ***To Our Valued Clients and Other Friends in the Dairy Industry***

*The following pages contain the Frazer, LLP's Dairy Farm Operating Trends for the year ended December 31, 2023.*

*The data is compiled from dairy operations in Southern California, the San Joaquin Valley, Kern County, Arizona, Idaho, New Mexico, the Texas Panhandle, and the Pacific Northwest, which consists of Washington and Oregon operating collectively, with a combined milk production of over 8.9 billion pounds and approximately 400,000 head of mature cows for the year ended December 31, 2023.*

*This report includes a comparison of the results in the regions listed above for the year ended December 31, 2023 both on a "Per head" basis and on an "Actual per hundredweight of milk" basis. Also included are selected financial ratios and other statistical analysis for the year.*

*This publication is designed as a reference tool and a management aid for dairy farm managers and advisors. Frazer, LLP believes the information to be reliable, but is not responsible for errors in reported source information.*

*Our publication continues to be recognized as the top industry source for relevant dairy statistics. This report is provided to and widely utilized by dairy farmers, lending institutions, universities, colleges and other agribusiness industries.*

*We appreciate all of your past and present support and thank you for your continued reliance on Frazer, LLP. If you have any comments or questions, please contact our Agribusiness partners, Ralph Lizardo or Tim Gulling at our Anaheim office at (714) 990-1040, and Angela Blaylock, Leland Kootstra or Mike Edwards at our Visalia office at (559) 732-4135.*

*For more information regarding our firm, our Agribusiness department and our publication, please visit our website at [www.frazerllp.com](http://www.frazerllp.com).*

*Sincerely,*

*FRAZER, LLP  
Certified Public Accountants and Consultants*

**July 2024**

# DAIRY FARM OPERATING TRENDS

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## 2023 IN REVIEW

### Comparative Net Income By Region:

Net income per head decreased across the board for all regions during 2023 due to the sharp decline in milk prices compared to the prior year. The start of 2023 saw an immediate cool down in milk prices and continued to decline month-after-month. Although there was a slight pick up in milk prices around the third quarter of 2023, prices remained flat thereafter, and never reached comparable levels received in the prior year. Additionally, feed costs continued to rise in 2023, which only compounded the effects from the decline in milk prices. Prices of milk futures had a rollercoaster ride throughout 2023; with low futures prices continuing into 2024, but has recently shown an optimistic uptick.

| Net income (loss)<br>per head: | Southern<br>California | San Joaquin<br>Valley | Kern<br>County | Arizona    | Idaho      | New<br>Mexico | Panhandle | Pacific<br>Northwest |
|--------------------------------|------------------------|-----------------------|----------------|------------|------------|---------------|-----------|----------------------|
| 2023                           | \$ (744)               | \$ (274)              | \$ (501)       | \$ (489)   | \$ (117)   | \$ (289)      | \$ (8)    | \$ (391)             |
| 2022                           | \$ 767                 | \$ 1,027              | \$ 620         | \$ 994     | \$ 1,065   | \$ 755        | \$ 436    | \$ 742               |
| Change                         | \$ (1,511)             | \$ (1,301)            | \$ (1,121)     | \$ (1,483) | \$ (1,182) | \$ (1,044)    | \$ (444)  | \$ (1,133)           |

### Comparative Feed Cost By Region:

Feed costs per head continued to rise in 2023; however, not to the extent observed in the prior year. Inflation and supply chain issues, as well as labor concerns have been ongoing issues contributing to the cost of production. High end mineral and protein costs remained high, adding to overall feed costs per head. Those same factors for the rise in grain prices also contributed to the rising prices in alfalfa and forage costs. 2024 is showing declining feed costs in most areas, as this is helping improve margins for 2024 to date.

| Feed cost<br>per head: | Southern<br>California | San Joaquin<br>Valley | Kern<br>County | Arizona  | Idaho    | New<br>Mexico | Panhandle | Pacific<br>Northwest |
|------------------------|------------------------|-----------------------|----------------|----------|----------|---------------|-----------|----------------------|
| 2023                   | \$ 3,891               | \$ 3,789              | \$ 3,552       | \$ 3,365 | \$ 3,003 | \$ 2,919      | \$ 3,146  | \$ 2,959             |
| 2022                   | \$ 3,973               | \$ 3,484              | \$ 3,440       | \$ 3,129 | \$ 2,878 | \$ 2,681      | \$ 3,124  | \$ 2,744             |
| Change                 | \$ (82)                | \$ 305                | \$ 112         | \$ 236   | \$ 125   | \$ 238        | \$ 22     | \$ 215               |

### Comparative Production By Region:

The nation's milk production remained steady in 2023 with 226 billion pounds produced; down 98 million pounds compared to 2022. The rate per cow, at 24,117 pounds, was 30 pounds above 2022. The U.S. annual average number milk cows on farms decreased to 9.39 million in 2023 from 9.40 million in 2022. Increased milking efficiencies and growing technology helped maintain a steady production per cow despite labor woes, inflation, and rising costs. Most California regions had large decreases in our study, whereas the remaining regions had fairly neutral or higher changes in overall milk production.

| Lbs. per milk cow per day: | Southern California | San Joaquin Valley | Kern County | Arizona | Idaho | New Mexico | Panhandle | Pacific Northwest |
|----------------------------|---------------------|--------------------|-------------|---------|-------|------------|-----------|-------------------|
| 2023                       | 73.9                | 78.2               | 71.4        | 71.8    | 70.7  | 67.4       | 73.0      | 70.0              |
| 2022                       | 78.8                | 80.2               | 69.5        | 63.6    | 68.6  | 66.2       | 66.2      | 66.9              |
| Change                     | (4.9)               | (2.0)              | 1.9         | 8.2     | 2.1   | 1.2        | 6.8       | 3.1               |

### Herd Turnover Rate By Region:

Herd turnover rates increased for the Pacific Northwest, Panhandle, Arizona, and parts of California. Rising beef prices helped offset the losses from declining milk prices. Additionally, cow care is always an issue and the scarcity of quality labor continues to affect turnover.

| Herd turnover rate by region: | Southern California | San Joaquin Valley | Kern County | Arizona | Idaho | New Mexico | Panhandle | Pacific Northwest |
|-------------------------------|---------------------|--------------------|-------------|---------|-------|------------|-----------|-------------------|
| 2023                          | 34.3%               | 43.1%              | 41.9%       | 38.7%   | 41.5% | 30.1%      | 35.2%     | 50.0%             |
| 2022                          | 29.6%               | 44.6%              | 41.7%       | 35.3%   | 47.1% | 35.3%      | 32.5%     | 38.7%             |
| Change                        | 4.7%                | -1.5%              | 0.2%        | 3.4%    | -5.6% | -5.2%      | 2.7%      | 11.3%             |

### Average Cost of Replacement Per Head By Region:

Costs of replacements had mixed reviews during 2023. More dairy operations continue to be liquidated, bringing in larger numbers of cows to the market. Additionally, increased breeding efficiencies have reduced the need to purchase replacements, and also contributed to the lower costs of replacements; however, increasing beef prices and decline in milk prices have caused a shift in operations.

| Average cost of replacement per head by region: | Southern California | San Joaquin Valley | Kern County | Arizona  | Idaho    | New Mexico | Panhandle | Pacific Northwest |
|---|---------------------|--------------------|-------------|----------|----------|------------|-----------|-------------------|
| 2023  | \$ 2,471            | \$ 1,443           | \$ 1,690    | \$ 2,064 | \$ 1,522 | N/A        | \$ 2,089  | \$ 1,531          |
| 2022  | \$ 2,237            | \$ 1,659           | \$ 1,829    | \$ 1,723 | \$ 1,171 | N/A        | N/A       | \$ 1,794          |
| Change  | \$ 234              | \$ (216)           | \$ (139)    | \$ 341   | \$ 351   | N/A        | N/A       | \$ (263)          |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023  
(BASED ON AVERAGE AMOUNTS PER HEAD)

|                                     | Southern<br>California | San Joaquin<br>Valley | Kern<br>County |
|-------------------------------------|------------------------|-----------------------|----------------|
| Income:                             |                        |                       |                |
| Milk sales                          | \$ 5,149               | \$ 5,171              | \$ 4,610       |
| Calves and other                    | 321                    | 484                   | 247            |
| Total income                        | \$ 5,470               | \$ 5,655              | \$ 4,857       |
| Cost of operations:                 |                        |                       |                |
| Feed:                               |                        |                       |                |
| Grain                               | \$ 2,521               | \$ 2,602              | \$ 2,315       |
| Hay and other                       | 1,370                  | 1,187                 | 1,237          |
| Total feed                          | \$ 3,891               | \$ 3,789              | \$ 3,552       |
| Labor, (including fringe costs)     | \$ 652                 | \$ 521                | \$ 453         |
| Herd replacement costs              | \$ 269                 | \$ 260                | \$ 233         |
| Other costs:                        |                        |                       |                |
| Milk hauling                        | \$ 144                 | \$ 133                | \$ 144         |
| State and association charges       | 17                     | 77                    | 73             |
| Veterinary, breeding, testing, etc. | 235                    | 144                   | 91             |
| Supplies                            | 45                     | 144                   | 140            |
| Repairs and maintenance             | 151                    | 179                   | 204            |
| Utilities                           | 73                     | 123                   | 117            |
| Occupancy costs                     | 133                    | 186                   | 98             |
| Depreciation - equipment            | 65                     | 83                    | 76             |
| Interest                            | 273                    | 153                   | 168            |
| Miscellaneous                       | 266                    | 262                   | 183            |
| Total other costs                   | \$ 1,402               | \$ 1,484              | \$ 1,294       |
| Total cost of operations            | \$ 6,214               | \$ 6,054              | \$ 5,532       |
| Loss from dairy operations          | \$ (744)               | \$ (399)              | \$ (675)       |
| Farming operations, net             | \$ -                   | \$ 125                | \$ 174         |
| Net loss                            | \$ (744)               | \$ (274)              | \$ (501)       |

| Arizona  | Idaho    | New Mexico | Panhandle | Pacific Northwest | Your December 31, 2023 Amounts |
|----------|----------|------------|-----------|-------------------|--------------------------------|
| \$ 4,994 | \$ 4,756 | \$ 4,651   | \$ 4,447  | \$ 4,591          | \$                             |
| 412      | 150      | 86         | 239       | 133               |                                |
| \$ 5,406 | \$ 4,906 | \$ 4,737   | \$ 4,686  | \$ 4,724          | \$                             |
| \$ 2,530 | \$ 2,157 | \$ 2,098   | \$ 2,490  | \$ 1,790          | \$                             |
| 835      | 846      | 821        | 656       | 1,169             |                                |
| \$ 3,365 | \$ 3,003 | \$ 2,919   | \$ 3,146  | \$ 2,959          | \$                             |
| \$ 591   | \$ 443   | \$ 535     | \$ 394    | \$ 513            | \$                             |
| \$ 257   | \$ 289   | \$ 128     | \$ 296    | \$ 249            | \$                             |
| \$ 127   | \$ 74    | \$ 169     | \$ 200    | \$ 205            | \$                             |
| 78       | 33       | 70         | 54        | 53                |                                |
| 86       | 117      | 69         | 84        | 191               |                                |
| 220      | 120      | 263        | 163       | 156               |                                |
| 176      | 142      | 240        | 117       | 250               |                                |
| 134      | 54       | 90         | 26        | 70                |                                |
| 118      | 142      | 73         | 82        | 118               |                                |
| 71       | 128      | 86         | 82        | 89                |                                |
| 340      | 253      | 187        | 128       | 190               |                                |
| 358      | 331      | 257        | 170       | 291               |                                |
| \$ 1,708 | \$ 1,394 | \$ 1,504   | \$ 1,106  | \$ 1,613          | \$                             |
| \$ 5,921 | \$ 5,129 | \$ 5,086   | \$ 4,942  | \$ 5,334          | \$                             |
| \$ (515) | \$ (223) | \$ (349)   | \$ (256)  | \$ (610)          | \$                             |
| \$ 26    | \$ 106   | \$ 60      | \$ 248    | \$ 219            | \$                             |
| \$ (489) | \$ (117) | \$ (289)   | \$ (8)    | \$ (391)          | \$                             |



## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(BASED ON ACTUAL PER HUNDREDWEIGHT  
OF MILK BASIS)

|                                     | Southern<br>California | San Joaquin<br>Valley | Kern<br>County |
|-------------------------------------|------------------------|-----------------------|----------------|
| Income:                             |                        |                       |                |
| Milk sales                          | \$ 22.06               | \$ 20.90              | \$ 21.08       |
| Calves and other                    | 1.38                   | 1.93                  | 1.12           |
| Total income                        | \$ 23.44               | \$ 22.83              | \$ 22.20       |
| Cost of operations:                 |                        |                       |                |
| Feed:                               |                        |                       |                |
| Grain                               | \$ 10.80               | \$ 10.52              | \$ 10.58       |
| Hay and other                       | 5.87                   | 4.80                  | 5.66           |
| Total feed                          | \$ 16.67               | \$ 15.32              | \$ 16.24       |
| Labor, (including fringe costs)     | \$ 2.80                | \$ 2.10               | \$ 2.07        |
| Herd replacement costs              | \$ 1.15                | \$ 1.05               | \$ 1.06        |
| Other costs:                        |                        |                       |                |
| Milk hauling                        | \$ 0.62                | \$ 0.54               | \$ 0.66        |
| State and association charges       | 0.07                   | 0.31                  | 0.34           |
| Veterinary, breeding, testing, etc. | 1.01                   | 0.58                  | 0.42           |
| Supplies                            | 0.19                   | 0.58                  | 0.64           |
| Repairs and maintenance             | 0.64                   | 0.72                  | 0.93           |
| Utilities                           | 0.31                   | 0.50                  | 0.54           |
| Occupancy costs                     | 0.57                   | 0.75                  | 0.45           |
| Depreciation - equipment            | 0.28                   | 0.34                  | 0.35           |
| Interest                            | 1.17                   | 0.62                  | 0.77           |
| Miscellaneous                       | 1.12                   | 1.06                  | 0.83           |
| Total other costs                   | \$ 5.98                | \$ 6.00               | \$ 5.93        |
| Total cost of operations            | \$ 26.60               | \$ 24.47              | \$ 25.30       |
| Loss from dairy operations          | \$ (3.16)              | \$ (1.64)             | \$ (3.10)      |
| Farming operations, net             | \$ -                   | \$ 0.51               | \$ 0.80        |
| Net loss                            | \$ (3.16)              | \$ (1.13)             | \$ (2.30)      |



| Arizona   | Idaho     | New Mexico | Panhandle | Pacific Northwest | Your December 31, 2023 Amounts |
|-----------|-----------|------------|-----------|-------------------|--------------------------------|
| \$ 21.80  | \$ 21.40  | \$ 21.15   | \$ 19.37  | \$ 21.03          | \$                             |
| 1.78      | 0.67      | 0.40       | 1.04      | 0.61              |                                |
| \$ 23.58  | \$ 22.07  | \$ 21.55   | \$ 20.41  | \$ 21.64          | \$                             |
| \$ 11.05  | \$ 9.71   | \$ 9.54    | \$ 10.85  | \$ 8.20           | \$                             |
| 3.65      | 3.81      | 3.73       | 2.87      | 5.36              |                                |
| \$ 14.70  | \$ 13.52  | \$ 13.27   | \$ 13.72  | \$ 13.56          | \$                             |
| \$ 2.58   | \$ 2.00   | \$ 2.43    | \$ 1.70   | \$ 2.36           | \$                             |
| \$ 1.12   | \$ 1.30   | \$ 0.58    | \$ 1.29   | \$ 1.14           | \$                             |
| \$ 0.55   | \$ 0.33   | \$ 0.77    | \$ 0.87   | \$ 0.94           | \$                             |
| 0.34      | 0.15      | 0.32       | 0.23      | 0.24              |                                |
| 0.38      | 0.53      | 0.31       | 0.36      | 0.87              |                                |
| 0.96      | 0.54      | 1.20       | 0.71      | 0.72              |                                |
| 0.77      | 0.64      | 1.10       | 0.51      | 1.14              |                                |
| 0.59      | 0.24      | 0.41       | 0.11      | 0.32              |                                |
| 0.51      | 0.64      | 0.33       | 0.36      | 0.54              |                                |
| 0.31      | 0.58      | 0.39       | 0.36      | 0.41              |                                |
| 1.48      | 1.14      | 0.85       | 0.56      | 0.87              |                                |
| 1.55      | 1.48      | 1.16       | 0.73      | 1.33              |                                |
| \$ 7.44   | \$ 6.27   | \$ 6.84    | \$ 4.80   | \$ 7.38           | \$                             |
| \$ 25.84  | \$ 23.09  | \$ 23.12   | \$ 21.51  | \$ 24.44          | \$                             |
| \$ (2.26) | \$ (1.02) | \$ (1.57)  | \$ (1.10) | \$ (2.80)         | \$                             |
| \$ 0.11   | \$ 0.48   | \$ 0.27    | \$ 1.08   | \$ 1.00           | \$                             |
| \$ (2.15) | \$ (0.54) | \$ (1.30)  | \$ (0.02) | \$ (1.80)         | \$                             |

## SUMMARY OF FINANCIAL STATISTICS

### COMPARISON BY AREA FOR THE YEAR ENDED DECEMBER 31, 2023

|                                     | <b>Southern<br/>California</b> | <b>San Joaquin<br/>Valley</b> | <b>Kern<br/>County</b> |
|-------------------------------------|--------------------------------|-------------------------------|------------------------|
| 1 Current Ratio                     | 0.63 : 1                       | 1.08 : 1                      | 0.96 : 1               |
| 2 Herd Line Debt Per Cow            | \$ 1,797                       | \$ 800                        | \$ 910                 |
| 3 Total Debt Per Cow                | \$ 5,880                       | \$ 3,270                      | \$ 3,502               |
| 4 Debt to Equity Ratio              | 1.96 : 1                       | 1.22 : 1                      | 0.89 : 1               |
| 5 Return on Total Assets            | -7.5%                          | -3.2%                         | -4.8%                  |
| 6 Loss per milking cow<br>per month | \$ (71.62)                     | \$ (26.18)                    | \$ (49.79)             |

1. Current ratio represents current assets divided by current liabilities.

2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.

3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.

4. Debt to equity ratio represents total debt divided by total equity.

5. Return on total assets represents the net income divided by the total assets, stated at cost.

6. Loss per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

| <b>Arizona</b> | <b>Idaho</b> | <b>New Mexico</b> | <b>Panhandle</b> | <b>Pacific Northwest</b> | <b>Your<br/>December 31, 2023<br/>Results</b> |
|----------------|--------------|-------------------|------------------|--------------------------|---|
| 0.50 : 1       | 0.88 : 1     | 0.73 : 1          | 1.49 : 1         | 0.77 : 1                 |   |
| \$ 1,866       | \$ 752       | \$ 1,408          | \$ 627           | \$ 1,136                 | \$  |
| \$ 5,834       | \$ 4,408     | \$ 2,738          | \$ 3,104         | \$ 3,489                 | \$  |
| 4.09 : 1       | 1.88 : 1     | 1.11 : 1          | 1.11 : 1         | 2.12 : 1                 |   |
| -4.8%          | -1.2%        | -3.7%             | -0.1%            | -5.3%                    |   |
| \$ (46.68)     | \$ (11.47)   | \$ (26.94)        | \$ (0.69)        | \$ (38.06)               | \$  |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
SOUTHERN CALIFORNIA  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD        |                 |                 |
|-------------------------------------|-----------------|-----------------|-----------------|
|                                     | 2023            | 2022            | 2021            |
| Income:                             |                 |                 |                 |
| Milk sales                          | \$ 5,149        | \$ 6,651        | \$ 4,604        |
| Calves and other                    | 321             | 573             | 176             |
| <b>Total income</b>                 | <b>\$ 5,470</b> | <b>\$ 7,224</b> | <b>\$ 4,780</b> |
| Cost of operations:                 |                 |                 |                 |
| Feed:                               |                 |                 |                 |
| Grain                               | \$ 2,521        | \$ 2,516        | \$ 1,749        |
| Hay and other                       | 1,370           | 1,457           | 1,017           |
| <b>Total feed</b>                   | <b>\$ 3,891</b> | <b>\$ 3,973</b> | <b>\$ 2,766</b> |
| Labor, (including fringe costs)     | \$ 652          | \$ 673          | \$ 541          |
| Herd replacement costs              | \$ 269          | \$ 294          | \$ 293          |
| Other costs:                        |                 |                 |                 |
| Milk hauling                        | \$ 144          | \$ 158          | \$ 106          |
| State and association charges       | 17              | 14              | 20              |
| Veterinary, breeding, testing, etc. | 235             | 280             | 213             |
| Supplies                            | 45              | 27              | 42              |
| Repairs and maintenance             | 151             | 298             | 121             |
| Utilities                           | 73              | 82              | 55              |
| Occupancy costs                     | 133             | 70              | 125             |
| Depreciation - equipment            | 65              | 81              | 60              |
| Interest                            | 273             | 186             | 93              |
| Miscellaneous                       | 266             | 321             | 185             |
| <b>Total other costs</b>            | <b>\$ 1,402</b> | <b>\$ 1,517</b> | <b>\$ 1,020</b> |
| <b>Total cost of operations</b>     | <b>\$ 6,214</b> | <b>\$ 6,457</b> | <b>\$ 4,620</b> |
| Income (loss) from dairy operations | \$ (744)        | \$ 767          | \$ 160          |
| Farming operations, net             | \$ -            | \$ -            | \$ -            |
| <b>Net income (loss)</b>            | <b>\$ (744)</b> | <b>\$ 767</b>   | <b>\$ 160</b>   |

| ACTUAL PER CWT. OF MILK   |   |   | YOUR 2023 RESULTS |                  |
|---|---|---|-------------------|------------------|
| 2023  | 2022  | 2021  | PER HEAD          | PER CWT. OF MILK |
| \$ 22.06<br>1.38  | \$ 26.69<br>2.29  | \$ 19.71<br>0.75  | \$                | \$               |
| \$ 23.44  | \$ 28.98  | \$ 20.46  | \$                | \$               |
| \$ 10.80<br>5.87  | \$ 10.10<br>5.84  | \$ 7.49<br>4.35   | \$                | \$               |
| \$ 16.67  | \$ 15.94  | \$ 11.84  | \$                | \$               |
| \$ 2.80   | \$ 2.70   | \$ 2.31   | \$                | \$               |
| \$ 1.15   | \$ 1.18   | \$ 1.26   | \$                | \$               |
| \$ 0.62<br>0.07<br>1.01<br>0.19<br>0.64<br>0.31<br>0.57<br>0.28<br>1.17<br>1.12 | \$ 0.63<br>0.06<br>1.13<br>0.11<br>1.20<br>0.33<br>0.28<br>0.32<br>0.75<br>1.29 | \$ 0.45<br>0.09<br>0.91<br>0.18<br>0.52<br>0.24<br>0.53<br>0.26<br>0.40<br>0.78 | \$                | \$               |
| \$ 5.98   | \$ 6.10   | \$ 4.36   | \$                | \$               |
| \$ 26.60  | \$ 25.92  | \$ 19.77  | \$                | \$               |
| \$ (3.16)   | \$ 3.06   | \$ 0.69   | \$                | \$               |
| \$ -  | \$ -  | \$ -  | \$                | \$               |
| \$ (3.16)   | \$ 3.06   | \$ 0.69   | \$                | \$               |

## SUMMARY OF FINANCIAL STATISTICS

### SOUTHERN CALIFORNIA

|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|
| 1. Current Ratio                              | 0.63 : 1             | 2.27 : 1             | 0.88 : 1             |
| 2. Herd Line Debt Per Cow                     | \$ 1,797             | \$ 1,707             | \$ 1,192             |
| 3. Total Debt Per Cow                         | \$ 5,880             | \$ 7,091             | \$ 3,959             |
| 4. Debt to Equity Ratio                       | 1.96 : 1             | 1.32 : 1             | 1.19 : 1             |
| 5. Return on Total Assets                     | -7.5%                | 6.1%                 | 2.0%                 |
| 6. Income (loss) per milking<br>cow per month | \$ (71.62)           | \$ 73.69             | \$ 16.23             |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
SOUTHERN CALIFORNIA  
(BASED ON AVERAGE AMOUNTS)

|  | 2023     | 2022     | 2021     |
|--|----------|----------|----------|
| <b>PRODUCTION AND PRICE INFORMATION:</b>               |          |          |          |
| Annual pounds of milk, per cow<br>(including dry cows) | 23,338   | 24,921   | 23,352   |
| Daily pounds of milk, per milking cow                  | 73.9     | 78.8     | 78.1     |
| Butterfat test   | 4.04 %   | 4.03 %   | 3.95 %   |
| Blend price per hundredweight                          | \$ 21.21 | \$ 26.45 | \$ 19.71 |
| Milk receipts, per milking cow                         | \$ 5,718 | \$ 7,607 | \$ 5,391 |
| <b>HERD INFORMATION:</b>                               |          |          |          |
| Herd size - total                                      | 5,213    | 5,462    | 3,777    |
| Percent of dry cows                                    | 15.5 %   | 15.4 %   | 22.1 %   |
| Herd turnover rate                                     | 34.3 %   | 29.6 %   | 30.8 %   |
| Composition of herd:                                   |          |          |          |
| Purchased cows   | 61 %     | 100 %    | 77 %     |
| Self-raised cows                                       | 39 %     | 0 %      | 23 %     |
| Cost of purchased cows                                 | \$ 2,471 | \$ 2,237 | \$ 1,565 |
| Beef price received                                    | \$ 1,078 | \$ 949   | \$ 748   |
| <b>FEED INFORMATION:</b>                               |          |          |          |
| Cost of feed as a percent of milk<br>income:           |          |          |          |
| Grain  | 49.0 %   | 37.8 %   | 38.0 %   |
| Hay and other  | 26.6 %   | 21.9 %   | 22.1 %   |
| Totals   | 75.6 %   | 59.7 %   | 60.1 %   |



## INCOME AND COST OF OPERATIONS

### SOUTHERN CALIFORNIA

(BASED ON ACTUAL PER HUNDREDWEIGHT  
OF MILK BASIS)

**December 31,  
2023**      **December 31,  
2022**      **December 31,  
2021**

|   |    |         |    |        |    |        |
|---|----|---------|----|--------|----|--------|
| Income:   |    |         |    |        |    |        |
| Milk sales  | \$ | 22.06   | \$ | 26.69  | \$ | 19.71  |
| Calves and other                                    |    | 1.38    |    | 2.29   |    | 0.75   |
| Total income  | \$ | 23.44   | \$ | 28.98  | \$ | 20.46  |
| Cost of operations:                                 |    |         |    |        |    |        |
| Feed  | \$ | 16.67   | \$ | 15.94  | \$ | 11.84  |
| Labor   |    | 2.80    |    | 2.70   |    | 2.31   |
| Herd replacement costs                              |    | 1.15    |    | 1.18   |    | 1.26   |
| Other costs   |    | 5.98    |    | 6.10   |    | 4.36   |
| Total cost of operations                            | \$ | 26.60   | \$ | 25.92  | \$ | 19.77  |
| Income (loss) from<br>dairy operations              | \$ | (3.16)  | \$ | 3.06   | \$ | 0.69   |
| Farming operations, net                             | \$ | -       | \$ | -      | \$ | -      |
| Net income (loss)                                   | \$ | (3.16)  | \$ | 3.06   | \$ | 0.69   |
| Cost of operations as<br>a percentage of income     |    | 113.48% |    | 89.44% |    | 96.63% |
| Feed costs as a percentage<br>of milk sales         |    | 75.57%  |    | 59.72% |    | 60.07% |
| Income (loss) per milking<br>cow per month          | \$ | (71.62) | \$ | 73.69  | \$ | 16.23  |
| Cumulative net income<br>per cwt. from 2017 to 2023 | \$ | 2.91    |    |        |    |        |

|  | December 31,<br>2020 |    | December 31,<br>2019 |    | December 31,<br>2018 |    | December 31,<br>2017 |
|--|----------------------|----|----------------------|----|----------------------|----|----------------------|
|  | \$ 18.49             | \$ | 19.50                | \$ | 16.51                | \$ | 17.57                |
|  | 1.70                 |    | 0.77                 |    | 0.47                 |    | 0.46                 |
|  | \$ 20.19             | \$ | 20.27                | \$ | 16.98                | \$ | 18.03                |
|  | \$ 10.41             | \$ | 10.67                | \$ | 9.99                 | \$ | 9.37                 |
|  | 2.28                 |    | 2.28                 |    | 2.04                 |    | 2.28                 |
|  | 1.51                 |    | 1.75                 |    | 1.72                 |    | 2.04                 |
|  | 4.39                 |    | 4.25                 |    | 4.06                 |    | 4.11                 |
|  | \$ 18.59             | \$ | 18.95                | \$ | 17.81                | \$ | 17.80                |
|  | \$ 1.60              | \$ | 1.32                 | \$ | (0.83)               | \$ | 0.23                 |
|  | \$ -                 | \$ | -                    | \$ | -                    | \$ | -                    |
|  | \$ 1.60              | \$ | 1.32                 | \$ | (0.83)               | \$ | 0.23                 |
|  | 92.08%               |    | 93.49%               |    | 104.89%              |    | 98.72%               |
|  | 56.30%               |    | 54.72%               |    | 60.51%               |    | 53.33%               |
|  | \$ 38.36             | \$ | 29.93                | \$ | (18.68)              | \$ | 5.18                 |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
SAN JOAQUIN VALLEY  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD |          |          |
|-------------------------------------|----------|----------|----------|
|                                     | 2023     | 2022     | 2021     |
| Income:                             |          |          |          |
| Milk sales                          | \$ 5,171 | \$ 6,232 | \$ 4,456 |
| Calves and other                    | 484      | 133      | 152      |
| Total income                        | \$ 5,655 | \$ 6,365 | \$ 4,608 |
| Cost of operations:                 |          |          |          |
| Feed:                               |          |          |          |
| Grain                               | \$ 2,602 | \$ 2,535 | \$ 1,968 |
| Hay and other                       | 1,187    | 949      | 666      |
| Total feed                          | \$ 3,789 | \$ 3,484 | \$ 2,634 |
| Labor, (including fringe costs)     | \$ 521   | \$ 535   | \$ 443   |
| Herd replacement costs              | \$ 260   | \$ 326   | \$ 387   |
| Other costs:                        |          |          |          |
| Milk hauling                        | \$ 133   | \$ 131   | \$ 100   |
| State and association charges       | 77       | 47       | 44       |
| Veterinary, breeding, testing, etc. | 144      | 134      | 128      |
| Supplies                            | 144      | 107      | 119      |
| Repairs and maintenance             | 179      | 163      | 144      |
| Utilities                           | 123      | 114      | 86       |
| Occupancy costs                     | 186      | 162      | 135      |
| Depreciation - equipment            | 83       | 87       | 83       |
| Interest                            | 153      | 107      | 94       |
| Miscellaneous                       | 262      | 241      | 226      |
| Total other costs                   | \$ 1,484 | \$ 1,293 | \$ 1,159 |
| Total cost of operations            | \$ 6,054 | \$ 5,638 | \$ 4,623 |
| Income (loss) from dairy operations | \$ (399) | \$ 727   | \$ (15)  |
| Farming operations, net             | \$ 125   | \$ 300   | \$ 153   |
| Net income (loss)                   | \$ (274) | \$ 1,027 | \$ 138   |

| ACTUAL PER CWT. OF MILK   |   |   | YOUR 2023 RESULTS |                  |
|---|---|---|-------------------|------------------|
| 2023  | 2022  | 2021  | PER HEAD          | PER CWT. OF MILK |
| \$ 20.90<br>1.93  | \$ 24.53<br>0.51  | \$ 18.49<br>0.61  | \$                | \$               |
| \$ 22.83  | \$ 25.04  | \$ 19.10  | \$                | \$               |
| \$ 10.52<br>4.80  | \$ 9.98<br>3.74   | \$ 8.16<br>2.76   | \$                | \$               |
| \$ 15.32  | \$ 13.72  | \$ 10.92  | \$                | \$               |
| \$ 2.10   | \$ 2.11   | \$ 1.83   | \$                | \$               |
| \$ 1.05   | \$ 1.28   | \$ 1.60   | \$                | \$               |
| \$ 0.54<br>0.31<br>0.58<br>0.58<br>0.72<br>0.50<br>0.75<br>0.34<br>0.62<br>1.06 | \$ 0.51<br>0.19<br>0.53<br>0.42<br>0.64<br>0.45<br>0.63<br>0.34<br>0.42<br>0.95 | \$ 0.42<br>0.19<br>0.53<br>0.49<br>0.60<br>0.36<br>0.56<br>0.34<br>0.39<br>0.93 | \$                | \$               |
| \$ 6.00   | \$ 5.08   | \$ 4.81   | \$                | \$               |
| \$ 24.47  | \$ 22.19  | \$ 19.16  | \$                | \$               |
| \$ (1.64)   | \$ 2.85   | \$ (0.06)   | \$                | \$               |
| \$ 0.51   | \$ 1.18   | \$ 0.63   | \$                | \$               |
| \$ (1.13)   | \$ 4.03   | \$ 0.57   | \$                | \$               |

## SUMMARY OF FINANCIAL STATISTICS

### SAN JOAQUIN VALLEY

|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|
| 1. Current Ratio                              | 1.08 : 1             | 1.64 : 1             | 1.23 : 1             |
| 2. Herd Line Debt Per Cow                     | \$ 800               | \$ 662               | \$ 818               |
| 3. Total Debt Per Cow                         | \$ 3,270             | \$ 3,357             | \$ 3,216             |
| 4. Debt to Equity Ratio                       | 1.22 : 1             | 1.07 : 1             | 1.23 : 1             |
| 5. Return on Total Assets                     | -3.2%                | 10.7%                | 1.6%                 |
| 6. Income (loss) per milking<br>cow per month | \$ (26.18)           | \$ 98.62             | \$ 14.69             |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
SAN JOAQUIN VALLEY  
(BASED ON AVERAGE AMOUNTS)

|  | 2023     | 2022     | 2021     |
|--|----------|----------|----------|
| <b>PRODUCTION AND PRICE INFORMATION:</b>               |          |          |          |
| Annual pounds of milk, per cow<br>(including dry cows) | 24,744   | 25,410   | 24,105   |
| Daily pounds of milk, per milking cow                  | 78.2     | 80.2     | 83.8     |
| Butterfat test   | 4.14 %   | 3.93 %   | 3.96 %   |
| Solids-non-fat test                                    | 17.81 %  | 6.55 %   | 5.76 %   |
| Blend price per hundredweight                          | \$ 20.37 | \$ 24.14 | \$ 18.49 |
| Milk receipts, per milking cow                         | \$ 5,812 | \$ 7,064 | \$ 5,463 |
| <b>HERD INFORMATION:</b>                               |          |          |          |
| Herd size - total                                      | 3,401    | 4,029    | 3,936    |
| Percent of dry cows                                    | 15.3 %   | 15.2 %   | 26.9 %   |
| Herd turnover rate                                     | 43.1 %   | 44.6 %   | 45.6 %   |
| Composition of herd:                                   |          |          |          |
| Purchased cows   | 4 %      | 3 %      | 3 %      |
| Self-raised cows                                       | 96 %     | 97 %     | 97 %     |
| Cost of purchased cows                                 | \$ 1,443 | \$ 1,659 | \$ 1,423 |
| Beef price received                                    | \$ 1,077 | \$ 925   | \$ 690   |
| <b>FEED INFORMATION:</b>                               |          |          |          |
| Cost of feed as a percent of milk<br>income:           |          |          |          |
| Grain  | 50.3 %   | 40.7 %   | 44.1 %   |
| Hay and other  | 23.0 %   | 15.2 %   | 14.9 %   |
| Totals   | 73.3 %   | 55.9 %   | 59.0 %   |

## INCOME AND COST OF OPERATIONS

### SAN JOAQUIN VALLEY

(BASED ON ACTUAL PER HUNDREDWEIGHT  
OF MILK BASIS)

December 31, 2023      December 31, 2022      December 31, 2021

|  |            |          |           |
|--|------------|----------|-----------|
| Income:  |            |          |           |
| Milk sales                                       | \$ 20.90   | \$ 24.53 | \$ 18.49  |
| Calves and other                                 | 1.93       | 0.51     | 0.61      |
| Total income                                     | \$ 22.83   | \$ 25.04 | \$ 19.10  |
| Cost of operations:                              |            |          |           |
| Feed   | \$ 15.32   | \$ 13.72 | \$ 10.92  |
| Labor  | 2.10       | 2.11     | 1.83      |
| Herd replacement costs                           | 1.05       | 1.28     | 1.60      |
| Other costs                                      | 6.00       | 5.08     | 4.81      |
| Total cost of operations                         | \$ 24.47   | \$ 22.19 | \$ 19.16  |
| Income (loss) from dairy operations              | \$ (1.64)  | \$ 2.85  | \$ (0.06) |
| Farming operations, net                          | \$ 0.51    | \$ 1.18  | \$ 0.63   |
| Net income (loss)                                | \$ (1.13)  | \$ 4.03  | \$ 0.57   |
| Cost of operations as a percentage of income     | 107.18%    | 88.62%   | 100.31%   |
| Feed costs as a percentage of milk sales         | 73.30%     | 55.93%   | 59.06%    |
| Income (loss) per milking cow per month          | \$ (23.15) | \$ 98.62 | \$ 14.69  |
| Cumulative net income per cwt. from 2017 to 2023 | \$ 5.61    |          |           |

|  | December 31,<br>2020 |    | December 31,<br>2019 |    | December 31,<br>2018 |    | December 31,<br>2017 |
|--|----------------------|----|----------------------|----|----------------------|----|----------------------|
|  | \$ 17.41             | \$ | 18.19                | \$ | 15.52                | \$ | 16.88                |
|  | 0.78                 |    | 0.46                 |    | 0.40                 |    | 0.45                 |
|  | \$ 18.19             | \$ | 18.65                | \$ | 15.92                | \$ | 17.33                |
|  | \$ 9.86              | \$ | 9.54                 | \$ | 8.97                 | \$ | 8.88                 |
|  | 1.86                 |    | 1.90                 |    | 1.66                 |    | 1.82                 |
|  | 1.47                 |    | 1.59                 |    | 1.49                 |    | 1.63                 |
|  | 4.72                 |    | 5.09                 |    | 4.65                 |    | 4.75                 |
|  | \$ 17.91             | \$ | 18.12                | \$ | 16.77                | \$ | 17.08                |
|  | \$ 0.28              | \$ | 0.53                 | \$ | (0.85)               | \$ | 0.25                 |
|  | \$ 0.65              | \$ | 0.41                 | \$ | 0.55                 | \$ | 0.32                 |
|  | \$ 0.93              | \$ | 0.94                 | \$ | (0.30)               | \$ | 0.57                 |
|  | 98.46%               |    | 97.16%               |    | 105.34%              |    | 98.56%               |
|  | 56.63%               |    | 52.45%               |    | 57.80%               |    | 52.61%               |
|  | \$ 17.92             | \$ | 11.31                | \$ | (19.36)              | \$ | 5.59                 |



## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
KERN COUNTY  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD        |                 |                 |
|-------------------------------------|-----------------|-----------------|-----------------|
|                                     | 2023            | 2022            | 2021            |
| Income:                             |                 |                 |                 |
| Milk sales                          | \$ 4,610        | \$ 5,583        | \$ 4,386        |
| Calves and other                    | 247             | 87              | 148             |
| <b>Total income</b>                 | <b>\$ 4,857</b> | <b>\$ 5,670</b> | <b>\$ 4,534</b> |
| Cost of operations:                 |                 |                 |                 |
| Feed:                               |                 |                 |                 |
| Grain                               | \$ 2,315        | \$ 2,262        | \$ 2,057        |
| Hay and other                       | 1,237           | 1,178           | 713             |
| <b>Total feed</b>                   | <b>\$ 3,552</b> | <b>\$ 3,440</b> | <b>\$ 2,770</b> |
| Labor, (including fringe costs)     | \$ 453          | \$ 398          | \$ 422          |
| Herd replacement costs              | \$ 233          | \$ 296          | \$ 324          |
| Other costs:                        |                 |                 |                 |
| Milk hauling                        | \$ 144          | \$ 140          | \$ 132          |
| State and association charges       | 73              | 42              | 44              |
| Veterinary, breeding, testing, etc. | 91              | 84              | 86              |
| Supplies                            | 140             | 138             | 128             |
| Repairs and maintenance             | 204             | 172             | 165             |
| Utilities                           | 117             | 130             | 74              |
| Occupancy costs                     | 98              | 92              | 64              |
| Depreciation - equipment            | 76              | 66              | 60              |
| Interest                            | 168             | 102             | 82              |
| Miscellaneous                       | 183             | 203             | 190             |
| <b>Total other costs</b>            | <b>\$ 1,294</b> | <b>\$ 1,169</b> | <b>\$ 1,025</b> |
| <b>Total cost of operations</b>     | <b>\$ 5,532</b> | <b>\$ 5,303</b> | <b>\$ 4,541</b> |
| Income (loss) from dairy operations | \$ (675)        | \$ 367          | \$ (7)          |
| Farming operations, net             | \$ 174          | \$ 253          | \$ 98           |
| Net income (loss)                   | \$ (501)        | \$ 620          | \$ 91           |

| ACTUAL PER CWT. OF MILK   |   |   | YOUR 2023 RESULTS |                  |
|---|---|---|-------------------|------------------|
| 2023  | 2022  | 2021  | PER HEAD          | PER CWT. OF MILK |
| \$ 21.08<br>1.12  | \$ 26.04<br>0.40  | \$ 18.85<br>0.63  | \$                | \$               |
| \$ 22.20  | \$ 26.44  | \$ 19.48  | \$                | \$               |
| \$ 10.58<br>5.66  | \$ 10.55<br>5.50  | \$ 8.85<br>3.08   | \$                | \$               |
| \$ 16.24  | \$ 16.05  | \$ 11.93  | \$                | \$               |
| \$ 2.07   | \$ 1.85   | \$ 1.82   | \$                | \$               |
| \$ 1.06   | \$ 1.38   | \$ 1.40   | \$                | \$               |
| \$ 0.66<br>0.34<br>0.42<br>0.64<br>0.93<br>0.54<br>0.45<br>0.35<br>0.77<br>0.83 | \$ 0.65<br>0.19<br>0.39<br>0.64<br>0.80<br>0.61<br>0.43<br>0.31<br>0.48<br>0.94 | \$ 0.57<br>0.19<br>0.37<br>0.55<br>0.71<br>0.32<br>0.27<br>0.26<br>0.35<br>0.82 | \$                | \$               |
| \$ 5.93   | \$ 5.44   | \$ 4.41   | \$                | \$               |
| \$ 25.30  | \$ 24.72  | \$ 19.56  | \$                | \$               |
| \$ (3.10)   | \$ 1.72   | \$ (0.08)   | \$                | \$               |
| \$ 0.80   | \$ 1.18   | \$ 0.42   | \$                | \$               |
| \$ (2.30)   | \$ 2.90   | \$ 0.34   | \$                | \$               |

## SUMMARY OF FINANCIAL STATISTICS

### KERN COUNTY

|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|
| 1. Current Ratio                              | 0.96 : 1             | 1.16 : 1             | 0.84 : 1             |
| 2. Herd Line Debt Per Cow                     | \$ 910               | \$ 1,082             | \$ 1,005             |
| 3. Total Debt Per Cow                         | \$ 3,502             | \$ 3,539             | \$ 3,279             |
| 4. Debt to Equity Ratio                       | 0.89 : 1             | 0.85 : 1             | 1.12 : 1             |
| 5. Return on Total Assets                     | -4.8%                | 5.6%                 | 1.0%                 |
| 6. Income (loss) per milking<br>cow per month | \$ (49.79)           | \$ 61.12             | \$ 8.79              |

1. Current ratio represents current assets divided by current liabilities.

2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.

3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.

4. Debt to equity ratio represents the total debt divided by the total equity.

5. Return on total assets represents the net income divided by the total assets, stated at cost.

6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
KERN COUNTY  
(BASED ON AVERAGE AMOUNTS)

|  | 2023     | 2022     | 2021     |
|--|----------|----------|----------|
| <b>PRODUCTION AND PRICE INFORMATION:</b>               |          |          |          |
| Annual pounds of milk, per cow<br>(including dry cows) | 21,877   | 21,439   | 23,248   |
| Daily pounds of milk, per milking cow                  | 71.4     | 69.5     | 74.5     |
| Butterfat test   | 3.88 %   | 3.77 %   | 3.89 %   |
| Blend price per hundredweight                          | \$ 20.48 | \$ 25.48 | \$ 18.85 |
| Milk receipts, per milking cow                         | \$ 5,337 | \$ 6,464 | \$ 4,161 |
| <b>HERD INFORMATION:</b>                               |          |          |          |
| Herd size - total                                      | 3,970    | 3,728    | 3,688    |
| Percent of dry cows                                    | 19.1 %   | 18.4 %   | 14.5 %   |
| Herd turnover rate                                     | 41.9 %   | 41.7 %   | 42.2 %   |
| Composition of herd:                                   |          |          |          |
| Purchased cows   | 5 %      | 1 %      | 1 %      |
| Self-raised cows                                       | 95 %     | 99 %     | 99 %     |
| Cost of purchased cows                                 | \$ 1,690 | \$ 1,829 | \$ 1,523 |
| Beef price received                                    | \$ 960   | \$ 761   | \$ 649   |
| <b>FEED INFORMATION:</b>                               |          |          |          |
| Cost of feed as a percent of milk<br>income:           |          |          |          |
| Grain  | 50.2 %   | 40.5 %   | 46.9 %   |
| Hay and other  | 26.8 %   | 21.1 %   | 16.3 %   |
| Totals   | 77.0 %   | 61.6 %   | 63.2 %   |

## INCOME AND COST OF OPERATIONS

|  | KERN COUNTY                                       |                      |                      |
|--|---|----------------------|----------------------|
|  | (BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS) |                      |                      |
|  | December 31,<br>2023                              | December 31,<br>2022 | December 31,<br>2021 |
| Income:  |   |                      |                      |
| Milk sales                                       | \$ 21.08  | \$ 26.04             | \$ 18.85             |
| Calves and other                                 | 1.12  | 0.40                 | 0.63                 |
| Total income                                     | \$ 22.20  | \$ 26.44             | \$ 19.48             |
| Cost of operations:                              |   |                      |                      |
| Feed   | \$ 16.24  | \$ 16.05             | \$ 11.93             |
| Labor  | 2.07  | 1.85                 | 1.82                 |
| Herd replacement costs                           | 1.06  | 1.38                 | 1.40                 |
| Other costs                                      | 5.93  | 5.44                 | 4.41                 |
| Total cost of operations                         | \$ 25.30  | \$ 24.72             | \$ 19.56             |
| Income (loss) from dairy operations              | \$ (3.10)   | \$ 1.72              | \$ (0.08)            |
| Farming operations, net                          | \$ 0.80   | \$ 1.18              | \$ 0.42              |
| Net income (loss)                                | \$ (2.30)   | \$ 2.90              | \$ 0.34              |
| Cost of operations as a percentage of income     | 113.96%   | 93.49%               | 100.41%              |
| Feed costs as a percentage of milk sales         | 77.04%  | 61.64%               | 63.29%               |
| Income (loss) per milking cow per month          | \$ (49.79)  | \$ 61.12             | \$ 8.79              |
| Cumulative net income per cwt. from 2017 to 2023 | \$ 6.06   |                      |                      |

|  | December 31,<br>2020 |  | December 31,<br>2019 |  | December 31,<br>2018 |  | December 31,<br>2017 |
|--|----------------------|--|----------------------|--|----------------------|--|----------------------|
|  | \$ 18.58             |  | \$ 18.86             |  | \$ 16.14             |  | \$ 17.04             |
|  | 0.25                 |  | 0.29                 |  | 0.75                 |  | 0.24                 |
|  | \$ 18.83             |  | \$ 19.15             |  | \$ 16.89             |  | \$ 17.28             |
|  | \$ 10.32             |  | \$ 10.03             |  | \$ 9.58              |  | \$ 9.03              |
|  | 1.62                 |  | 1.55                 |  | 1.53                 |  | 1.54                 |
|  | 1.41                 |  | 1.42                 |  | 1.39                 |  | 1.36                 |
|  | 4.62                 |  | 4.50                 |  | 4.42                 |  | 4.28                 |
|  | \$ 17.97             |  | \$ 17.50             |  | \$ 16.92             |  | \$ 16.21             |
|  | \$ 0.86              |  | \$ 1.65              |  | \$ (0.03)            |  | \$ 1.07              |
|  | \$ 0.46              |  | \$ 0.47              |  | \$ 0.56              |  | \$ 0.08              |
|  | \$ 1.32              |  | \$ 2.12              |  | \$ 0.53              |  | \$ 1.15              |
|  | 95.43%               |  | 91.38%               |  | 100.18%              |  | 93.81%               |
|  | 55.54%               |  | 53.18%               |  | 59.36%               |  | 52.99%               |
|  | \$ 19.07             |  | \$ 36.38             |  | \$ (0.61)            |  | \$ 21.95             |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
ARIZONA  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD |          |          |
|-------------------------------------|----------|----------|----------|
|                                     | 2023     | 2022     | 2021     |
| Income:                             |          |          |          |
| Milk sales                          | \$ 4,994 | \$ 5,661 | \$ 4,421 |
| Calves and other                    | 412      | 686      | 439      |
| Total income                        | \$ 5,406 | \$ 6,347 | \$ 4,860 |
| Cost of operations:                 |          |          |          |
| Feed:                               |          |          |          |
| Grain                               | \$ 2,530 | \$ 2,302 | \$ 2,078 |
| Hay and other                       | 835      | 827      | 652      |
| Total feed                          | \$ 3,365 | \$ 3,129 | \$ 2,730 |
| Labor, (including fringe costs)     | \$ 591   | \$ 539   | \$ 548   |
| Herd replacement costs              | \$ 257   | \$ 286   | \$ 307   |
| Other costs:                        |          |          |          |
| Milk hauling                        | \$ 127   | \$ 114   | \$ 109   |
| State and association charges       | 78       | 87       | 78       |
| Veterinary, breeding, testing, etc. | 86       | 80       | 95       |
| Supplies                            | 220      | 191      | 191      |
| Repairs and maintenance             | 176      | 166      | 138      |
| Utilities                           | 134      | 122      | 103      |
| Occupancy costs                     | 118      | 106      | 100      |
| Depreciation - equipment            | 71       | 61       | 58       |
| Interest                            | 340      | 239      | 148      |
| Miscellaneous                       | 358      | 305      | 251      |
| Total other costs                   | \$ 1,708 | \$ 1,471 | \$ 1,271 |
| Total cost of operations            | \$ 5,921 | \$ 5,425 | \$ 4,856 |
| Income (loss) from dairy operations | \$ (515) | \$ 922   | \$ 4     |
| Farming operations, net             | \$ 26    | \$ 72    | \$ (5)   |
| Net income (loss)                   | \$ (489) | \$ 994   | \$ (1)   |

| ACTUAL PER CWT. OF MILK |          |           | YOUR 2023 RESULTS |                  |
|-------------------------|----------|-----------|-------------------|------------------|
| 2023                    | 2022     | 2021      | PER HEAD          | PER CWT. OF MILK |
| \$ 21.80                | \$ 25.94 | \$ 18.82  | \$                | \$               |
| 1.78                    | 3.14     | 1.86      |                   |                  |
| \$ 23.58                | \$ 29.08 | \$ 20.68  | \$                | \$               |
| \$ 11.05                | \$ 10.54 | \$ 8.84   | \$                | \$               |
| 3.65                    | 3.78     | 2.78      |                   |                  |
| \$ 14.70                | \$ 14.32 | \$ 11.62  | \$                | \$               |
| \$ 2.58                 | \$ 2.46  | \$ 2.34   | \$                | \$               |
| \$ 1.12                 | \$ 1.31  | \$ 1.31   | \$                | \$               |
| \$ 0.55                 | \$ 0.52  | \$ 0.46   | \$                | \$               |
| 0.34                    | 0.40     | 0.33      |                   |                  |
| 0.38                    | 0.37     | 0.41      |                   |                  |
| 0.96                    | 0.87     | 0.81      |                   |                  |
| 0.77                    | 0.76     | 0.59      |                   |                  |
| 0.59                    | 0.56     | 0.44      |                   |                  |
| 0.51                    | 0.48     | 0.42      |                   |                  |
| 0.31                    | 0.28     | 0.25      |                   |                  |
| 1.48                    | 1.09     | 0.63      |                   |                  |
| 1.55                    | 1.40     | 1.08      |                   |                  |
| \$ 7.44                 | \$ 6.73  | \$ 5.42   | \$                | \$               |
| \$ 25.84                | \$ 24.82 | \$ 20.69  | \$                | \$               |
| \$ (2.26)               | \$ 4.26  | \$ (0.01) | \$                | \$               |
| \$ 0.11                 | \$ 0.33  | \$ (0.02) | \$                | \$               |
| \$ (2.15)               | \$ 4.59  | \$ (0.03) | \$                | \$               |



## SUMMARY OF FINANCIAL STATISTICS

### ARIZONA

|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|
| 1. Current Ratio                              | 0.50 : 1             | 0.57 : 1             | 0.52 : 1             |
| 2. Herd Line Debt Per Cow                     | \$ 1,866             | \$ 1,320             | \$ 1,334             |
| 3. Total Debt Per Cow                         | \$ 5,834             | \$ 4,686             | \$ 4,808             |
| 4. Debt to Equity Ratio                       | 4.09 : 1             | 2.70 : 1             | 3.92 : 1             |
| 5. Return on Total Assets                     | -4.8%                | 10.3%                | -0.03%               |
| 6. Income (loss) per milking<br>cow per month | \$ (46.68)           | \$ 88.10             | \$ (0.24)            |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
ARIZONA  
(BASED ON AVERAGE AMOUNTS)

2023 2022 2021

### PRODUCTION AND PRICE INFORMATION:

Annual pounds of milk, per cow  
(including dry cows)

22,916 21,830 23,499

Daily pounds of milk, per milking cow

71.8 63.6 72.9

Butterfat test

3.69 % 3.86 % 3.78 %

Blend price per hundredweight

\$ 20.25 \$ 24.69 \$ 18.82

Milk receipts, per milking cow

\$ 5,305 \$ 5,729 \$ 4,126

### HERD INFORMATION:

Herd size - total

8,830 9,451 8,289

Percent of dry cows

14.3 % 5.9 % 11.6 %

Herd turnover rate

38.7 % 35.3 % 40.7 %

Composition of herd:

Purchased cows

40 % 46 % 35 %

Self-raised cows

60 % 54 % 65 %

Cost of purchased cows

\$ 2,064 \$ 1,723 \$ 1,455

Beef price received

\$ 1,103 \$ 825 \$ 776

### FEED INFORMATION:

Cost of feed as a percent of milk  
income:

Grain

50.7 % 40.6 % 47.0 %

Hay and other

16.7 % 14.6 % 14.8 %

Totals

67.4 % 55.2 % 61.8 %

## INCOME AND COST OF OPERATIONS

|  | ARIZONA   |                      |                      |
|--|---|----------------------|----------------------|
|  | (BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS) |                      |                      |
|  | December 31,<br>2023                              | December 31,<br>2022 | December 31,<br>2021 |
| Income:  |   |                      |                      |
| Milk sales                                     | \$ 21.80  | \$ 25.94             | \$ 18.82             |
| Calves and other                               | 1.78  | 3.14                 | 1.86                 |
| Total income                                   | \$ 23.58  | \$ 29.08             | \$ 20.68             |
| Cost of operations:                            |   |                      |                      |
| Feed   | \$ 14.70  | \$ 14.32             | \$ 11.62             |
| Labor  | 2.58  | 2.46                 | 2.34                 |
| Herd replacement costs                         | 1.12  | 1.31                 | 1.31                 |
| Other costs                                    | 7.44  | 6.73                 | 5.42                 |
| Total cost of operations                       | \$ 25.84  | \$ 24.82             | \$ 20.69             |
| Income (loss) from dairy operations            | \$ (2.26)   | \$ 4.26              | \$ (0.01)            |
| Farming operations, net                        | \$ 0.11   | \$ 0.33              | \$ (0.02)            |
| Net income (loss)                              | \$ (2.15)   | \$ 4.59              | \$ (0.03)            |
| Cost of operations as a percentage of income   | 109.58%   | 85.35%               | 100.05%              |
| Feed costs as a percentage of milk sales       | 67.43%  | 55.20%               | 61.74%               |
| Income (loss) per milking cow per month        | \$ (93.36)  | \$ 88.10             | \$ (0.24)            |
| Cumulative net loss per cwt. from 2017 to 2023 | \$ (2.98)   |                      |                      |

|    | December 31,<br>2020 | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2017 |
|----|----------------------|----------------------|----------------------|----------------------|
| \$ | 18.58                | \$ 18.73             | \$ 16.31             | \$ 17.20             |
|    | 1.05                 | 1.01                 | 0.34                 | 0.77                 |
| \$ | 19.63                | \$ 19.74             | \$ 16.65             | \$ 17.97             |
| \$ | 9.71                 | \$ 10.04             | \$ 9.40              | \$ 9.03              |
|    | 2.48                 | 2.53                 | 2.41                 | 2.21                 |
|    | 1.67                 | 2.76                 | 1.95                 | 1.62                 |
|    | 6.74                 | 6.16                 | 5.88                 | 5.50                 |
| \$ | 20.60                | \$ 21.49             | \$ 19.64             | \$ 18.36             |
| \$ | (0.97)               | \$ (1.75)            | \$ (2.99)            | \$ (0.39)            |
| \$ | 0.03                 | \$ 0.10              | \$ 0.44              | \$ 0.14              |
| \$ | (0.94)               | \$ (1.65)            | \$ (2.55)            | \$ (0.25)            |
|    | 104.94%              | 108.87%              | 117.96%              | 102.17%              |
|    | 52.26%               | 53.60%               | 57.63%               | 52.50%               |
| \$ | (2.40)               | \$ (35.57)           | \$ (60.15)           | \$ (9.45)            |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
IDAHO  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD        |                 |                 |
|-------------------------------------|-----------------|-----------------|-----------------|
|                                     | 2023            | 2022            | 2021            |
| Income:                             |                 |                 |                 |
| Milk sales                          | \$ 4,756        | \$ 5,813        | \$ 4,148        |
| Calves and other                    | 150             | 98              | 110             |
| <b>Total income</b>                 | <b>\$ 4,906</b> | <b>\$ 5,911</b> | <b>\$ 4,258</b> |
| Cost of operations:                 |                 |                 |                 |
| Feed:                               |                 |                 |                 |
| Grain                               | \$ 2,157        | \$ 2,030        | \$ 1,533        |
| Hay and other                       | 846             | 848             | 719             |
| <b>Total feed</b>                   | <b>\$ 3,003</b> | <b>\$ 2,878</b> | <b>\$ 2,252</b> |
| Labor, (including fringe costs)     | \$ 443          | \$ 401          | \$ 385          |
| Herd replacement costs              | \$ 289          | \$ 378          | \$ 432          |
| Other costs:                        |                 |                 |                 |
| Milk hauling                        | \$ 74           | \$ 89           | \$ 77           |
| State and association charges       | 33              | 39              | 40              |
| Veterinary, breeding, testing, etc. | 117             | 107             | 102             |
| Supplies                            | 120             | 135             | 120             |
| Repairs and maintenance             | 142             | 149             | 116             |
| Utilities                           | 54              | 49              | 44              |
| Occupancy costs                     | 142             | 130             | 133             |
| Depreciation - equipment            | 128             | 110             | 91              |
| Interest                            | 253             | 159             | 114             |
| Miscellaneous                       | 331             | 318             | 258             |
| <b>Total other costs</b>            | <b>\$ 1,394</b> | <b>\$ 1,285</b> | <b>\$ 1,095</b> |
| <b>Total cost of operations</b>     | <b>\$ 5,129</b> | <b>\$ 4,942</b> | <b>\$ 4,164</b> |
| Income (loss) from dairy operations | \$ (223)        | \$ 969          | \$ 94           |
| Farming operations, net             | \$ 106          | \$ 96           | \$ 85           |
| <b>Net income (loss)</b>            | <b>\$ (117)</b> | <b>\$ 1,065</b> | <b>\$ 179</b>   |

| ACTUAL PER CWT. OF MILK   |   |   | YOUR 2023 RESULTS |                  |
|---|---|---|-------------------|------------------|
| 2023  | 2022  | 2021  | PER HEAD          | PER CWT. OF MILK |
| \$ 21.40<br>0.67  | \$ 26.57<br>0.45  | \$ 18.67<br>0.49  | \$                | \$               |
| \$ 22.07  | \$ 27.02  | \$ 19.16  | \$                | \$               |
| \$ 9.71<br>3.81   | \$ 9.28<br>3.88   | \$ 6.90<br>3.23   | \$                | \$               |
| \$ 13.52  | \$ 13.16  | \$ 10.13  | \$                | \$               |
| \$ 2.00   | \$ 1.83   | \$ 1.73   | \$                | \$               |
| \$ 1.30   | \$ 1.73   | \$ 1.94   | \$                | \$               |
| \$ 0.33<br>0.15<br>0.53<br>0.54<br>0.64<br>0.24<br>0.64<br>0.58<br>1.14<br>1.48 | \$ 0.41<br>0.18<br>0.49<br>0.62<br>0.68<br>0.22<br>0.58<br>0.50<br>0.73<br>1.45 | \$ 0.34<br>0.18<br>0.46<br>0.54<br>0.53<br>0.20<br>0.60<br>0.41<br>0.51<br>1.16 | \$                | \$               |
| \$ 6.27   | \$ 5.86   | \$ 4.93   | \$                | \$               |
| \$ 23.09  | \$ 22.58  | \$ 18.73  | \$                | \$               |
| \$ (1.02)   | \$ 4.44   | \$ 0.43   | \$                | \$               |
| \$ 0.48   | \$ 0.44   | \$ 0.38   | \$                | \$               |
| \$ (0.54)   | \$ 4.88   | \$ 0.81   | \$                | \$               |

## SUMMARY OF FINANCIAL STATISTICS

### IDAHO

|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|
| 1. Current Ratio                              | 0.88 : 1             | 1.28 : 1             | 0.99 : 1             |
| 2. Herd Line Debt Per Cow                     | \$ 752               | \$ 498               | \$ 829               |
| 3. Total Debt Per Cow                         | \$ 4,408             | \$ 3,701             | \$ 3,299             |
| 4. Debt to Equity Ratio                       | 1.88 : 1             | 1.34 : 1             | 1.55 : 1             |
| 5. Return on Total Assets                     | -1.2%                | 11.2%                | 2.1%                 |
| 6. Income (loss) per milking<br>cow per month | \$ (11.47)           | \$ 101.58            | \$ 16.75             |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
IDAHO  
(BASED ON AVERAGE AMOUNTS)

2023 2022 2021

### PRODUCTION AND PRICE INFORMATION:

Annual pounds of milk, per cow  
(including dry cows)

22,214 21,880 22,225

Daily pounds of milk, per milking cow

70.7 68.6 68.5

Butterfat test

4.49 % 4.46 % 4.40 %

Blend price per hundredweight

\$ 20.92 \$ 26.30 \$ 18.67

Milk receipts, per milking cow

\$ 5,402 \$ 6,583 \$ 4,597

### HERD INFORMATION:

Herd size - total

11,259 12,585 10,807

Percent of dry cows

16.2 % 14.4 % 12.6 %

Herd turnover rate

41.5 % 47.1 % 50.1 %

Composition of herd:

Purchased cows

0 % 6 % 5 %

Self-raised cows

100 % 94 % 95 %

Cost of purchased cows

\$ 1,522 \$ 1,171 \$ 1,496

Beef price received

\$ 929 \$ 750 \$ 624

### FEED INFORMATION:

Cost of feed as a percent of milk  
income:

Grain

45.4 % 34.9 % 37.0 %

Hay and other

17.8 % 14.6 % 17.3 %

Totals

63.2 % 49.5 % 54.3 %



## INCOME AND COST OF OPERATIONS

|  | IDAHO   |                      |                      |
|--|---|----------------------|----------------------|
|  | (BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS) |                      |                      |
|  | December 31,<br>2023                              | December 31,<br>2022 | December 31,<br>2021 |
| Income:  |   |                      |                      |
| Milk sales                                       | \$ 21.40  | \$ 26.57             | \$ 18.67             |
| Calves and other                                 | 0.67  | 0.45                 | 0.49                 |
| Total income                                     | \$ 22.07  | \$ 27.02             | \$ 19.16             |
| Cost of operations:                              |   |                      |                      |
| Feed   | \$ 13.52  | \$ 13.16             | \$ 10.13             |
| Labor  | 2.00  | 1.83                 | 1.73                 |
| Herd replacement costs                           | 1.30  | 1.73                 | 1.94                 |
| Other costs                                      | 6.27  | 5.86                 | 4.93                 |
| Total cost of operations                         | \$ 23.09  | \$ 22.58             | \$ 18.73             |
| Income (loss) from dairy operations              | \$ (1.02)   | \$ 4.44              | \$ 0.43              |
| Farming operations, net                          | \$ 0.48   | \$ 0.44              | \$ 0.38              |
| Net income (loss)                                | \$ (0.54)   | \$ 4.88              | \$ 0.81              |
| Cost of operations as a percentage of income     | 104.62%   | 83.57%               | 97.76%               |
| Feed costs as a percentage of milk sales         | 63.18%  | 49.53%               | 54.26%               |
| Income (loss) per milking cow per month          | \$ (22.93)  | \$ 101.58            | \$ 16.75             |
| Cumulative net income per cwt. from 2017 to 2023 | \$ 9.96   |                      |                      |

|  | December 31,<br>2020 |    | December 31,<br>2019 |    | December 31,<br>2018 |    | December 31,<br>2017 |
|--|----------------------|----|----------------------|----|----------------------|----|----------------------|
|  | \$ 19.50             | \$ | 18.79                | \$ | 16.71                | \$ | 17.35                |
|  | 0.49                 |    | 0.37                 |    | 0.26                 |    | 0.26                 |
|  | \$ 19.99             | \$ | 19.16                | \$ | 16.97                | \$ | 17.61                |
|  | \$ 9.11              | \$ | 8.81                 | \$ | 8.41                 | \$ | 8.43                 |
|  | 1.66                 |    | 1.67                 |    | 1.77                 |    | 1.85                 |
|  | 2.08                 |    | 2.23                 |    | 2.29                 |    | 1.83                 |
|  | 5.08                 |    | 5.06                 |    | 5.01                 |    | 4.65                 |
|  | \$ 17.93             | \$ | 17.77                | \$ | 17.48                | \$ | 16.76                |
|  | \$ 2.06              | \$ | 1.39                 | \$ | (0.51)               | \$ | 0.85                 |
|  | \$ 0.23              | \$ | 0.14                 | \$ | 0.24                 | \$ | 0.41                 |
|  | \$ 2.29              | \$ | 1.53                 | \$ | (0.27)               | \$ | 1.26                 |
|  | 89.69%               |    | 92.75%               |    | 103.01%              |    | 95.17%               |
|  | 46.72%               |    | 46.89%               |    | 50.33%               |    | 48.59%               |
|  | \$ 43.35             | \$ | 29.02                | \$ | (10.40)              | \$ | 18.80                |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
NEW MEXICO  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD        |                 |                 |
|-------------------------------------|-----------------|-----------------|-----------------|
|                                     | 2023            | 2022            | 2021            |
| Income:                             |                 |                 |                 |
| Milk sales                          | \$ 4,651        | \$ 5,719        | \$ 3,662        |
| Calves and other                    | 86              | 82              | 27              |
| <b>Total income</b>                 | <b>\$ 4,737</b> | <b>\$ 5,801</b> | <b>\$ 3,689</b> |
| Cost of operations:                 |                 |                 |                 |
| Feed:                               |                 |                 |                 |
| Grain                               | \$ 2,098        | \$ 2,373        | \$ 1,723        |
| Hay and other                       | 821             | 308             | 304             |
| <b>Total feed</b>                   | <b>\$ 2,919</b> | <b>\$ 2,681</b> | <b>\$ 2,027</b> |
| Labor, (including fringe costs)     | \$ 535          | \$ 540          | \$ 440          |
| Herd replacement costs              | \$ 128          | \$ 130          | \$ 127          |
| Other costs:                        |                 |                 |                 |
| Milk hauling                        | \$ 169          | \$ 186          | \$ 125          |
| State and association charges       | 70              | 77              | 82              |
| Veterinary, breeding, testing, etc. | 69              | 70              | 66              |
| Supplies                            | 263             | 246             | 205             |
| Repairs and maintenance             | 240             | 281             | 163             |
| Utilities                           | 90              | 158             | 83              |
| Occupancy costs                     | 73              | 85              | 70              |
| Depreciation - equipment            | 86              | 106             | 89              |
| Interest                            | 187             | 64              | 46              |
| Miscellaneous                       | 257             | 272             | 196             |
| <b>Total other costs</b>            | <b>\$ 1,504</b> | <b>\$ 1,545</b> | <b>\$ 1,125</b> |
| <b>Total cost of operations</b>     | <b>\$ 5,086</b> | <b>\$ 4,896</b> | <b>\$ 3,719</b> |
| Income (loss) from dairy operations | \$ (349)        | \$ 905          | \$ (30)         |
| Farming operations, net             | \$ 60           | \$ (150)        | \$ (17)         |
| Net income (loss)                   | \$ (289)        | \$ 755          | \$ (47)         |

| ACTUAL PER CWT. OF MILK |           |           | YOUR 2023 RESULTS |                  |
|-------------------------|-----------|-----------|-------------------|------------------|
| 2023                    | 2022      | 2021      | PER HEAD          | PER CWT. OF MILK |
| \$ 21.15                | \$ 23.88  | \$ 18.15  | \$                | \$               |
| 0.40                    | 0.34      | 0.13      |                   |                  |
| \$ 21.55                | \$ 24.22  | \$ 18.28  | \$                | \$               |
| \$ 9.54                 | \$ 9.91   | \$ 8.54   | \$                | \$               |
| 3.73                    | 1.28      | 1.51      |                   |                  |
| \$ 13.27                | \$ 11.19  | \$ 10.05  | \$                | \$               |
| \$ 2.43                 | \$ 2.26   | \$ 2.18   | \$                | \$               |
| \$ 0.58                 | \$ 0.54   | \$ 0.63   | \$                | \$               |
| \$ 0.77                 | \$ 0.78   | \$ 0.62   | \$                | \$               |
| 0.32                    | 0.32      | 0.41      |                   |                  |
| 0.31                    | 0.29      | 0.33      |                   |                  |
| 1.20                    | 1.03      | 1.02      |                   |                  |
| 1.10                    | 1.17      | 0.81      |                   |                  |
| 0.41                    | 0.66      | 0.41      |                   |                  |
| 0.33                    | 0.36      | 0.34      |                   |                  |
| 0.39                    | 0.44      | 0.44      |                   |                  |
| 0.85                    | 0.27      | 0.23      |                   |                  |
| 1.16                    | 1.15      | 0.97      |                   |                  |
| \$ 6.84                 | \$ 6.47   | \$ 5.58   | \$                | \$               |
| \$ 23.12                | \$ 20.46  | \$ 18.44  | \$                | \$               |
| \$ (1.57)               | \$ 3.76   | \$ (0.16) | \$                | \$               |
| \$ 0.27                 | \$ (0.63) | \$ (0.08) | \$                | \$               |
| \$ (1.30)               | \$ 3.13   | \$ (0.24) | \$                | \$               |

## SUMMARY OF FINANCIAL STATISTICS

### NEW MEXICO

|  | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|--|----------------------|----------------------|----------------------|
| 1. Current Ratio                           | 0.73 : 1             | 3.33 : 1             | 2.15 : 1             |
| 2. Herd Line Debt Per Cow                  | \$ 1,408             | \$ 605               | \$ 646               |
| 3. Total Debt Per Cow                      | \$ 2,738             | \$ 1,423             | \$ 1,311             |
| 4. Debt to Equity Ratio                    | 1.11 : 1             | 0.28 : 1             | 0.26 : 1             |
| 5. Return on Total Assets                  | -3.7%                | 11.8%                | -0.5%                |
| 6. Income (loss) per milking cow per month | \$ (26.94)           | \$ 63.46             | \$ (4.78)            |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
NEW MEXICO  
(BASED ON AVERAGE AMOUNTS)

|  | 2023     | 2022     | 2021     |
|--|----------|----------|----------|
| <b>PRODUCTION AND PRICE INFORMATION:</b>               |          |          |          |
| Annual pounds of milk, per cow<br>(including dry cows) | 21,992   | 23,944   | 20,177   |
| Daily pounds of milk, per milking cow                  | 67.4     | 66.2     | 67.4     |
| Butterfat test   | 3.68 %   | 3.68 %   | 3.76 %   |
| Blend price per hundredweight                          | \$ 20.35 | \$ 23.40 | \$ 18.15 |
| Milk receipts, per milking cow                         | \$ 5,006 | \$ 5,655 | \$ 4,288 |
| <b>HERD INFORMATION:</b>                               |          |          |          |
| Herd size - total                                      | 4,374    | 3,542    | 3,795    |
| Percent of dry cows                                    | 11.9 %   | 0.9 %    | 22.0 %   |
| Herd turnover rate                                     | 30.1 %   | 35.3 %   | 35.8 %   |
| Composition of herd:                                   |          |          |          |
| Purchased cows   | 0 %      | 0 %      | 0 %      |
| Self-raised cows                                       | 100 %    | 100 %    | 100 %    |
| Cost of purchased cows                                 | \$ -     | \$ -     | \$ -     |
| Beef price received                                    | \$ 1,207 | \$ 971   | \$ 802   |
| <b>FEED INFORMATION:</b>                               |          |          |          |
| Cost of feed as a percent of milk<br>income:           |          |          |          |
| Grain  | 45.1 %   | 41.5 %   | 47.1 %   |
| Hay and other  | 17.7 %   | 5.3 %    | 8.3 %    |
| Totals   | 62.8 %   | 46.8 %   | 55.4 %   |

## INCOME AND COST OF OPERATIONS

|  | NEW MEXICO  |                      |                      |
|--|---|----------------------|----------------------|
|  | (BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS) |                      |                      |
|  | December 31,<br>2023                              | December 31,<br>2022 | December 31,<br>2021 |
| Income:  |   |                      |                      |
| Milk sales                                     | \$ 21.15  | \$ 23.88             | \$ 18.15             |
| Calves and other                               | 0.40  | 0.34                 | 0.13                 |
| Total income                                   | \$ 21.55  | \$ 24.22             | \$ 18.28             |
| Cost of operations:                            |   |                      |                      |
| Feed   | \$ 13.27  | \$ 11.19             | \$ 10.05             |
| Labor  | 2.43  | 2.26                 | 2.18                 |
| Herd replacement costs                         | 0.58  | 0.54                 | 0.63                 |
| Other costs                                    | 6.84  | 6.47                 | 5.58                 |
| Total cost of operations                       | \$ 23.12  | \$ 20.46             | \$ 18.44             |
| Income (loss) from dairy operations            | \$ (1.57)   | \$ 3.76              | \$ (0.16)            |
| Farming operations, net                        | \$ 0.27   | \$ (0.63)            | \$ (0.08)            |
| Net income (loss)                              | \$ (1.30)   | \$ 3.13              | \$ (0.24)            |
| Cost of operations as a percentage of income   | 107.29%   | 84.48%               | 100.88%              |
| Feed costs as a percentage of milk sales       | 62.74%  | 46.86%               | 55.37%               |
| Income (loss) per milking cow per month        | \$ (26.94)  | \$ 63.46             | \$ (4.78)            |
| Cumulative net loss per cwt. from 2017 to 2023 | \$ (3.79)   |                      |                      |

| December 31,<br>2020 |         | December 31,<br>2019 |         | December 31,<br>2018 |         | December 31,<br>2017 |         |
|----------------------|---------|----------------------|---------|----------------------|---------|----------------------|---------|
| \$                   | 17.57   | \$                   | 17.37   | \$                   | 15.61   | \$                   | 16.75   |
|                      | 0.30    |                      | 0.22    |                      | 0.46    |                      | 0.51    |
| \$                   | 17.87   | \$                   | 17.59   | \$                   | 16.07   | \$                   | 17.26   |
| \$                   | 10.74   | \$                   | 11.61   | \$                   | 10.65   | \$                   | 9.25    |
|                      | 2.12    |                      | 2.16    |                      | 1.91    |                      | 2.09    |
|                      | 0.97    |                      | 1.35    |                      | 1.41    |                      | 1.37    |
|                      | 5.34    |                      | 5.69    |                      | 5.69    |                      | 5.73    |
| \$                   | 19.17   | \$                   | 20.81   | \$                   | 19.66   | \$                   | 18.44   |
| \$                   | (1.30)  | \$                   | (3.22)  | \$                   | (3.59)  | \$                   | (1.18)  |
| \$                   | 0.72    | \$                   | -       | \$                   | 1.31    | \$                   | 1.88    |
| \$                   | (0.58)  | \$                   | (3.22)  | \$                   | (2.28)  | \$                   | 0.70    |
|                      | 107.27% |                      | 118.31% |                      | 122.34% |                      | 106.84% |
|                      | 61.13%  |                      | 66.84%  |                      | 68.23%  |                      | 55.22%  |
| \$                   | (28.96) | \$                   | (71.24) | \$                   | (81.14) | \$                   | (24.33) |



## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
PANHANDLE  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD |          |          |
|-------------------------------------|----------|----------|----------|
|                                     | 2023     | 2022     | 2021     |
| Income:                             |          |          |          |
| Milk sales                          | \$ 4,447 | \$ 5,268 | \$ 4,017 |
| Calves and other                    | 239      | 332      | 326      |
| Total income                        | \$ 4,686 | \$ 5,600 | \$ 4,343 |
| Cost of operations:                 |          |          |          |
| Feed:                               |          |          |          |
| Grain                               | \$ 2,490 | \$ 2,364 | \$ 2,002 |
| Hay and other                       | 656      | 760      | 590      |
| Total feed                          | \$ 3,146 | \$ 3,124 | \$ 2,592 |
| Labor, (including fringe costs)     | \$ 394   | \$ 465   | \$ 471   |
| Herd replacement costs              | \$ 296   | \$ 248   | \$ 305   |
| Other costs:                        |          |          |          |
| Milk hauling                        | \$ 200   | \$ 250   | \$ 210   |
| State and association charges       | 54       | 49       | 50       |
| Veterinary, breeding, testing, etc. | 84       | 148      | 155      |
| Supplies                            | 163      | 164      | 159      |
| Repairs and maintenance             | 117      | 169      | 149      |
| Utilities                           | 26       | 49       | 35       |
| Occupancy costs                     | 82       | 75       | 122      |
| Depreciation - equipment            | 82       | 97       | 83       |
| Interest                            | 128      | 68       | 35       |
| Miscellaneous                       | 170      | 305      | 192      |
| Total other costs                   | \$ 1,106 | \$ 1,374 | \$ 1,190 |
| Total cost of operations            | \$ 4,942 | \$ 5,211 | \$ 4,558 |
| Income (loss) from dairy operations | \$ (256) | \$ 389   | \$ (215) |
| Farming operations, net             | \$ 248   | \$ 47    | \$ 55    |
| Net income (loss)                   | \$ (8)   | \$ 436   | \$ (160) |

| ACTUAL PER CWT. OF MILK |           |           | YOUR 2023 RESULTS |                  |
|-------------------------|-----------|-----------|-------------------|------------------|
| 2023                    | 2022      | 2021      | PER HEAD          | PER CWT. OF MILK |
| \$ 19.37                | \$ 25.45  | \$ 19.12  | \$                | \$               |
| 1.04                    | 1.61      | 1.55      |                   |                  |
| \$ 20.41                | \$ 27.06  | \$ 20.67  | \$                | \$               |
| \$ 10.85                | \$ 11.42  | \$ 9.53   | \$                | \$               |
| 2.87                    | 3.67      | 2.81      |                   |                  |
| \$ 13.72                | \$ 15.09  | \$ 12.34  | \$                | \$               |
| \$ 1.70                 | \$ 2.24   | \$ 2.24   | \$                | \$               |
| \$ 1.29                 | \$ 1.20   | \$ 1.45   | \$                | \$               |
| \$ 0.87                 | \$ 1.21   | \$ 1.00   | \$                | \$               |
| 0.23                    | 0.24      | 0.24      |                   |                  |
| 0.36                    | 0.71      | 0.73      |                   |                  |
| 0.71                    | 0.79      | 0.76      |                   |                  |
| 0.51                    | 0.82      | 0.71      |                   |                  |
| 0.11                    | 0.24      | 0.17      |                   |                  |
| 0.36                    | 0.36      | 0.58      |                   |                  |
| 0.36                    | 0.47      | 0.39      |                   |                  |
| 0.56                    | 0.33      | 0.17      |                   |                  |
| 0.73                    | 1.48      | 0.92      |                   |                  |
| \$ 4.80                 | \$ 6.65   | \$ 5.67   | \$                | \$               |
| \$ 21.51                | \$ 25.18  | \$ 21.70  | \$                | \$               |
| \$ (1.10)               | \$ 1.88   | \$ (1.03) | \$                | \$               |
| \$ 1.08                 | \$ (0.23) | \$ 0.26   | \$                | \$               |
| \$ (0.02)               | \$ 1.65   | \$ (0.77) | \$                | \$               |

## SUMMARY OF FINANCIAL STATISTICS

### PANHANDLE

|   | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|
| 1. Current Ratio                              | 1.49 : 1             | 1.02 : 1             | 1.08 : 1             |
| 2. Herd Line Debt Per Cow                     | \$ 627               | \$ 575               | \$ 717               |
| 3. Total Debt Per Cow                         | \$ 3,104             | \$ 2,740             | \$ 1,765             |
| 4. Debt to Equity Ratio                       | 1.11 : 1             | 0.86 : 1             | 0.62 : 1             |
| 5. Return on Total Assets                     | -0.1%                | 5.4%                 | -2.5%                |
| 6. Income (loss) per milking<br>cow per month | \$ (0.69)            | \$ 42.46             | \$ (15.68)           |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
PANHANDLE  
(BASED ON AVERAGE AMOUNTS)

|  | 2023     | 2022     | 2021     |
|--|----------|----------|----------|
| <b>PRODUCTION AND PRICE INFORMATION:</b>               |          |          |          |
| Annual pounds of milk, per cow<br>(including dry cows) | 22,950   | 20,701   | 21,003   |
| Daily pounds of milk, per milking cow                  | 73.0     | 66.2     | 67.2     |
| Butterfat test   | 4.20 %   | 4.08 %   | 4.14 %   |
| Blend price per hundredweight                          | \$ 18.57 | \$ 26.26 | \$ 19.12 |
| Milk receipts, per milking cow                         | \$ 4,948 | \$ 6,100 | \$ 4,398 |
| <b>HERD INFORMATION:</b>                               |          |          |          |
| Herd size - total                                      | 7,072    | 3,255    | 2,228    |
| Percent of dry cows                                    | 16.9 %   | 16.6 %   | 16.8 %   |
| Herd turnover rate                                     | 35.2 %   | 32.5 %   | 48.1 %   |
| Composition of herd:                                   |          |          |          |
| Purchased cows   | 36 %     | 7 %      | 0 %      |
| Self-raised cows                                       | 64 %     | 93 %     | 100 %    |
| Cost of purchased cows                                 | \$ 2,089 | \$ 1,756 | \$ -     |
| Beef price received                                    | \$ 830   | \$ 759   | \$ 705   |
| <b>FEED INFORMATION:</b>                               |          |          |          |
| Cost of feed as a percent of milk<br>income:           |          |          |          |
| Grain  | 56.0 %   | 44.9 %   | 49.8 %   |
| Hay and other  | 14.8 %   | 14.4 %   | 14.7 %   |
| Totals   | 70.8 %   | 59.3 %   | 64.5 %   |

## INCOME AND COST OF OPERATIONS

|  | PANHANDLE   |                      |                      |
|--|---|----------------------|----------------------|
|  | (BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS) |                      |                      |
|  | December 31,<br>2023                              | December 31,<br>2022 | December 31,<br>2021 |
| Income:  |   |                      |                      |
| Milk sales                                       | \$ 19.37  | \$ 25.45             | \$ 19.12             |
| Calves and other                                 | 1.04  | 1.61                 | 1.55                 |
| Total income                                     | \$ 20.41  | \$ 27.06             | \$ 20.67             |
| Cost of operations:                              |   |                      |                      |
| Feed   | \$ 13.72  | \$ 15.09             | \$ 12.34             |
| Labor  | 1.70  | 2.24                 | 2.24                 |
| Herd replacement costs                           | 1.29  | 1.20                 | 1.45                 |
| Other costs                                      | 4.80  | 6.65                 | 5.67                 |
| Total cost of operations                         | \$ 21.51  | \$ 25.18             | \$ 21.70             |
| Income (loss) from dairy operations              | \$ (1.10)   | \$ 1.88              | \$ (1.03)            |
| Farming operations, net                          | \$ (1.08)   | \$ (0.23)            | \$ 0.26              |
| Net income (loss)                                | \$ (2.18)   | \$ 1.65              | \$ (0.77)            |
| Cost of operations as a percentage of income     | 105.39%   | 93.05%               | 104.98%              |
| Feed costs as a percentage of milk sales         | 70.83%  | 59.29%               | 64.54%               |
| Income (loss) per milking cow per month          | \$ (0.69)   | \$ 42.46             | \$ (15.68)           |
| Cumulative net income per cwt. from 2017 to 2023 | \$ 7.83   |                      |                      |

|  | December 31,<br>2020 | December 31,<br>2019 | December 31,<br>2018 | December 31,<br>2017 |
|--|----------------------|----------------------|----------------------|----------------------|
|  | \$ 22.49             | \$ 18.97             | \$ 15.92             | \$ 17.77             |
|  | 0.46                 | (0.04)               | 0.24                 | 0.40                 |
|  | \$ 22.95             | \$ 18.93             | \$ 16.16             | \$ 18.17             |
|  | \$ 9.31              | \$ 8.52              | \$ 8.12              | \$ 7.80              |
|  | 1.82                 | 1.80                 | 1.87                 | 1.84                 |
|  | 1.67                 | 1.74                 | 1.93                 | 2.08                 |
|  | 4.95                 | 5.05                 | 5.22                 | 4.97                 |
|  | \$ 17.75             | \$ 17.11             | \$ 17.14             | \$ 16.69             |
|  | \$ 5.20              | \$ 1.82              | \$ (0.98)            | \$ 1.48              |
|  | \$ 0.74              | \$ 0.32              | \$ 0.40              | \$ 0.15              |
|  | \$ 5.94              | \$ 2.14              | \$ (0.58)            | \$ 1.63              |
|  | 77.34%               | 90.39%               | 106.06%              | 91.85%               |
|  | 41.40%               | 44.91%               | 51.01%               | 43.89%               |
|  | \$ 107.43            | \$ 37.85             | \$ (20.40)           | \$ 31.40             |

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
PACIFIC NORTHWEST  
(BASED ON AVERAGE AMOUNTS)

|                                     | PER HEAD |          |          |
|-------------------------------------|----------|----------|----------|
|                                     | 2023     | 2022     | 2021     |
| Income:                             |          |          |          |
| Milk sales                          | \$ 4,591 | \$ 5,527 | \$ 4,136 |
| Calves and other                    | 133      | 100      | 183      |
| Total income                        | \$ 4,724 | \$ 5,627 | \$ 4,319 |
| Cost of operations:                 |          |          |          |
| Feed:                               |          |          |          |
| Grain                               | \$ 1,790 | \$ 1,901 | \$ 1,632 |
| Hay and other                       | 1,169    | 843      | 369      |
| Total feed                          | \$ 2,959 | \$ 2,744 | \$ 2,001 |
| Labor, (including fringe costs)     | \$ 513   | \$ 508   | \$ 680   |
| Herd replacement costs              | \$ 249   | \$ 280   | \$ 385   |
| Other costs:                        |          |          |          |
| Milk hauling                        | \$ 205   | \$ 186   | \$ 145   |
| State and association charges       | 53       | 53       | 48       |
| Veterinary, breeding, testing, etc. | 191      | 139      | 128      |
| Supplies                            | 156      | 158      | 119      |
| Repairs and maintenance             | 250      | 233      | 187      |
| Utilities                           | 70       | 64       | 39       |
| Occupancy costs                     | 118      | 113      | 105      |
| Depreciation - equipment            | 89       | 86       | 111      |
| Interest                            | 190      | 112      | 125      |
| Miscellaneous                       | 291      | 345      | 240      |
| Total other costs                   | \$ 1,613 | \$ 1,489 | \$ 1,247 |
| Total cost of operations            | \$ 5,334 | \$ 5,021 | \$ 4,313 |
| Income (loss) from dairy operations | \$ (610) | \$ 606   | \$ 6     |
| Farming operations, net             | \$ 219   | \$ 136   | \$ 129   |
| Net income (loss)                   | \$ (391) | \$ 742   | \$ 135   |

| ACTUAL PER CWT. OF MILK   |   |   | YOUR 2023 RESULTS |                  |
|---|---|---|-------------------|------------------|
| 2023  | 2022  | 2021  | PER HEAD          | PER CWT. OF MILK |
| \$ 21.03<br>0.61  | \$ 26.82<br>0.47  | \$ 21.46<br>0.95  | \$                | \$               |
| \$ 21.64  | \$ 27.29  | \$ 22.41  | \$                | \$               |
| \$ 8.20<br>5.36   | \$ 9.23<br>4.09   | \$ 8.47<br>1.91   | \$                | \$               |
| \$ 13.56  | \$ 13.32  | \$ 10.38  | \$                | \$               |
| \$ 2.36   | \$ 2.46   | \$ 3.53   | \$                | \$               |
| \$ 1.14   | \$ 1.36   | \$ 2.00   | \$                | \$               |
| \$ 0.94<br>0.24<br>0.87<br>0.72<br>1.14<br>0.32<br>0.54<br>0.41<br>0.87<br>1.33 | \$ 0.90<br>0.26<br>0.67<br>0.77<br>1.13<br>0.31<br>0.55<br>0.42<br>0.54<br>1.67 | \$ 0.75<br>0.25<br>0.66<br>0.62<br>0.97<br>0.20<br>0.55<br>0.58<br>0.65<br>1.25 | \$                | \$               |
| \$ 7.38   | \$ 7.22   | \$ 6.48   | \$                | \$               |
| \$ 24.44  | \$ 24.36  | \$ 22.39  | \$                | \$               |
| \$ (2.80)   | \$ 2.93   | \$ 0.02   | \$                | \$               |
| \$ 1.00   | \$ 0.66   | \$ 0.67   | \$                | \$               |
| \$ (1.80)   | \$ 3.59   | \$ 0.69   | \$                | \$               |



## SUMMARY OF FINANCIAL STATISTICS

### PACIFIC NORTHWEST

|  | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 |
|--|----------------------|----------------------|----------------------|
| 1. Current Ratio                           | 0.77 : 1             | 1.04 : 1             | 0.69 : 1             |
| 2. Herd Line Debt Per Cow                  | \$ 1,136             | \$ 791               | \$ 833               |
| 3. Total Debt Per Cow                      | \$ 3,489             | \$ 3,045             | \$ 3,141             |
| 4. Debt to Equity Ratio                    | 2.12 : 1             | 1.34 : 1             | 1.63 : 1             |
| 5. Return on Total Assets                  | -5.3%                | 9.7%                 | 1.8%                 |
| 6. Income (loss) per milking cow per month | \$ (38.06)           | \$ 73.17             | \$ 12.55             |

1. Current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents the total debt divided by the total equity.
5. Return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2023, 2022, AND 2021  
PACIFIC NORTHWEST  
(BASED ON AVERAGE AMOUNTS)

|  | 2023     | 2022     | 2021     |
|--|----------|----------|----------|
| <b>PRODUCTION AND PRICE INFORMATION:</b>               |          |          |          |
| Annual pounds of milk, per cow<br>(including dry cows) | 21,826   | 20,612   | 19,266   |
| Daily pounds of milk, per milking cow                  | 70.0     | 66.9     | 59.0     |
| Butterfat test   | 4.18 %   | 4.21 %   | 4.57 %   |
| Blend price per hundredweight                          | \$ 20.61 | \$ 26.36 | \$ 21.46 |
| Milk receipts, per milking cow                         | \$ 5,264 | \$ 6,441 | \$ 4,317 |
| <b>HERD INFORMATION:</b>                               |          |          |          |
| Herd size - total                                      | 2,747    | 2,882    | 3,415    |
| Percent of dry cows                                    | 17.0 %   | 18.6 %   | 11.9 %   |
| Herd turnover rate                                     | 50.0 %   | 38.7 %   | 37.0 %   |
| Composition of herd:                                   |          |          |          |
| Purchased cows   | 16 %     | 8 %      | 4 %      |
| Self-raised cows                                       | 84 %     | 92 %     | 96 %     |
| Cost of purchased cows                                 | \$ 1,531 | \$ 1,794 | \$ 2,232 |
| Beef price received                                    | \$ 1,112 | \$ 864   | \$ 502   |
| <b>FEED INFORMATION:</b>                               |          |          |          |
| Cost of feed as a percent of milk<br>income:           |          |          |          |
| Grain  | 39.0 %   | 34.4 %   | 39.5 %   |
| Hay and other  | 25.5 %   | 15.2 %   | 8.9 %    |
| Totals   | 64.5 %   | 49.6 %   | 48.4 %   |

## INCOME AND COST OF OPERATIONS

### PACIFIC NORTHWEST

(BASED ON ACTUAL PER HUNDREDWEIGHT  
OF MILK BASIS)

December 31,  
2023                      December 31,  
2022                      December 31,  
2021

|   |    |         |    |        |    |        |
|---|----|---------|----|--------|----|--------|
| Income:   |    |         |    |        |    |        |
| Milk sales  | \$ | 21.03   | \$ | 26.82  | \$ | 21.46  |
| Calves and other                                    |    | 0.61    |    | 0.47   |    | 0.95   |
| Total income  | \$ | 21.64   | \$ | 27.29  | \$ | 22.41  |
| Cost of operations:                                 |    |         |    |        |    |        |
| Feed  | \$ | 13.56   | \$ | 13.32  | \$ | 10.38  |
| Labor   |    | 2.36    |    | 2.46   |    | 3.53   |
| Herd replacement costs                              |    | 1.14    |    | 1.36   |    | 2.00   |
| Other costs   |    | 7.38    |    | 7.22   |    | 6.48   |
| Total cost of operations                            | \$ | 24.44   | \$ | 24.36  | \$ | 22.39  |
| Income (loss) from<br>dairy operations              | \$ | (2.80)  | \$ | 2.93   | \$ | 0.02   |
| Farming operations, net                             | \$ | 1.00    | \$ | 0.66   | \$ | 0.67   |
| Net income (loss)                                   | \$ | (1.80)  | \$ | 3.59   | \$ | 0.69   |
| Cost of operations as<br>a percentage of income     |    | 112.94% |    | 89.26% |    | 99.91% |
| Feed costs as a percentage<br>of milk sales         |    | 64.48%  |    | 49.66% |    | 48.37% |
| Income (loss) per milking<br>cow per month          | \$ | (76.12) | \$ | 73.17  | \$ | 12.55  |
| Cumulative net income<br>per cwt. from 2017 to 2023 | \$ | 8.70    |    |        |    |        |

|    | December 31,<br>2020         | December 31,<br>2019            | December 31,<br>2018            | December 31,<br>2017            |
|----|------------------------------|---------------------------------|---------------------------------|---------------------------------|
| \$ | 19.71<br>0.59                | \$ 20.18<br>0.24                | \$ 17.65<br>0.23                | \$ 19.05<br>0.28                |
| \$ | 20.30                        | \$ 20.42                        | \$ 17.88                        | \$ 19.33                        |
| \$ | 8.95<br>2.95<br>1.78<br>5.89 | \$ 8.56<br>2.73<br>1.57<br>5.94 | \$ 8.00<br>2.40<br>1.43<br>5.63 | \$ 8.69<br>2.29<br>1.44<br>5.52 |
| \$ | 19.57                        | \$ 18.80                        | \$ 17.46                        | \$ 17.94                        |
| \$ | 0.73                         | \$ 1.62                         | \$ 0.42                         | \$ 1.39                         |
| \$ | 0.44                         | \$ 0.61                         | \$ 0.47                         | \$ 0.54                         |
| \$ | 1.17                         | \$ 2.23                         | \$ 0.89                         | \$ 1.93                         |
|    | 96.40%                       | 92.07%                          | 97.65%                          | 92.81%                          |
|    | 45.41%                       | 42.42%                          | 45.33%                          | 45.62%                          |
| \$ | 13.77                        | \$ 32.10                        | \$ 8.49                         | \$ 27.37                        |

## EXPLANATION OF INCOME AND COST FACTORS

|                                |  |
|--------------------------------|--|
| <b>Basis of presentation</b>   | Information is included both on a "per head" basis and an "actual per hundredweight of milk" basis. The "per head" statistics are based on the total average number of milking and dry cows in a herd for the period. The Panhandle region includes the triangle from Clovis, New Mexico, up to Amarillo, Texas and down to Lubbock, Texas. The Pacific Northwest region includes the states of Washington and Oregon. |
| <b>Milk sales</b>              | Milk sales include milk income, quality and production bonuses, patronage dividends, USDA program payments, and gains and losses on milk futures.  |
| <b>Calves and other income</b> | This is primarily composed of the sale of calves, heifers, other livestock and equipment, and miscellaneous other income.  |
| <b>Feed</b>                    | Grain includes all minerals and supplements while "Hay and other" represents alfalfa and all forage costs.   |
| <b>Labor</b>                   | Labor includes wages and fringe costs such as payroll taxes, workers' compensation insurance, medical insurance, union benefits, etc. Compensation to owner-employees or partners is not included.   |
| <b>Herd replacement cost</b>   | Herd replacement costs represent the difference between the actual price paid for purchased cows (or estimated cost of self-raised cows) at the time the cows were added to the milking herd less the sales price received for cows disposed of. This difference is amortized over the productive life of the cows.  |
| <b>Occupancy cost</b>          | Occupancy cost Includes property taxes and depreciation of buildings on owner occupied facilities, rent paid and depreciation of improvements on leased facilities. It does not include interest paid on real property.  |
| <b>Miscellaneous cost</b>      | Miscellaneous costs include auto, truck and fuel expenses, insurance, professional fees, quality penalties and other dairy expenses not specifically classified in another category.   |
| <b>Net income</b>              | Net income is stated before a provision for income taxes or a return on the dairy owner's investment.  |

## OUR FIRM AND THE DAIRY INDUSTRY

Frazer, LLP has been associated with the dairy industry since the early 1950's. At that time, many immigrants from Europe were arriving in California's "Dairy Valley" and establishing their farming operations. These early dairies averaged 50 cows and the families provided most of the labor. Frazer, LLP's partners, situated in "Dairy Valley," were instrumental in the creation of federal and state laws to help dairymen. We have consistently supported pro-agricultural organizations in their efforts to help shape policy and better the living and working environments for dairy families.

As development expanded in the dairy farming area, our firm helped many dairies relocate throughout California, and other states throughout the West and Mid-West. Many families we are servicing now have their third generation stepping into the operation's management. We have grown with these families into their multiple operations, often totaling 10,000 cows or more. Today, Frazer, LLP has clients in California, Arizona, Texas, New Mexico, Colorado, Idaho, Utah, Nevada, Oregon, Washington, Nebraska, Kansas, Wisconsin, Iowa, and South Dakota. Also, we actively consult with many dairies throughout the United States.

As we look to the future, the trend towards efficiently operated dairies will continue. Along with this trend, the dairy industry is facing continued challenges in its operations, efficiency building efforts which are continuous, expansion and relocation activities including the ability to construct new dairies. The dairy industry brings many jobs to an area and allows associated businesses to grow and flourish. Milk pricing and feed market updates can be monitored daily by producers via the CME website boards. Making the correct market decision with respect to milk and feed pricing are crucial to the successful operations of any facility. These decisions to contract any pricing of commodities often carry substantial risk/reward to the producers' operation. And finding and keeping quality labor remains a constant challenge.

As we are well into 2024, milk prices have begun to recover from their 2023 lows; although still no where close to the historic prices seen in 2022. All operating costs continue to rise during 2024 and interest rates still remain high; with the Federal Reserve deciding to hold interest rates steady after its meeting on June 11 and 12, 2024. All of these are dramatically raising the costs of operations. However, feed prices are projected to fall slightly in 2024 and with the recent up-tick in milk prices, profit margins should be higher in 2024 compared to 2023. Major issues looming for producers in the nation are domestic and global demand, and worldwide competition. With a possible recession on the horizon, the demand will be affected based on location and demand of certain milk product. Sources of quality labor is getting more competitive while there are increased demand on higher wages and benefits that are putting additional strains on producers. Milk and feed futures continue to react with volatility, and obtaining future credit has become increasingly difficult as lending regulations remain strenuous at best. All of these factors require that producers do as much as they can to conserve resources, improve efficiencies, and make the right decisions day-to-day for their operations, in order to insure a viable future. Frazer, LLP will be instrumental in providing the assistance needed to make these decisions.