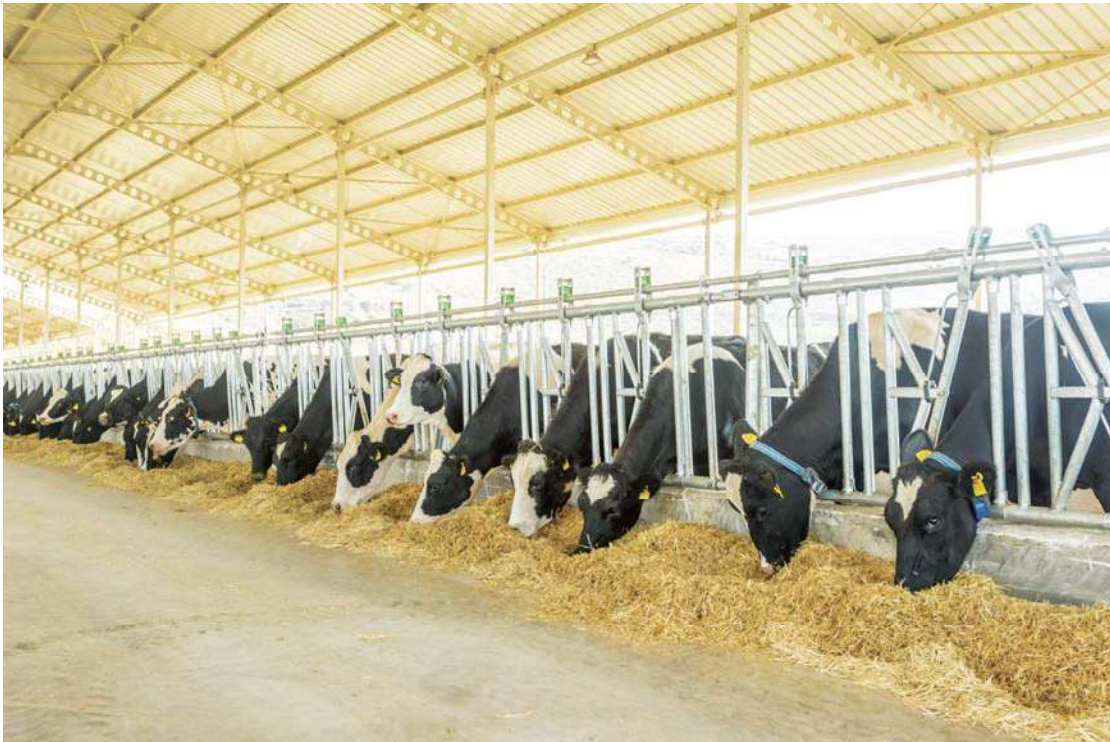


Dairy Farm Operating Trends

June 30, 2025



Services Provided to the Dairy Industry:

Assurance and Accounting

- Audits, reviews, and compilations
- Budgeting and cash flow management
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- Payroll
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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 six months ended June 30, 2025.

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 4.3 billion pounds and more than 365,000 head of mature cows for the six months ended June 30, 2025.

This report includes a comparison of the results in the regions listed above for the six months ended June 30, 2025, both on a "per hundredweight of milk" basis and on a "per head" 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 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.

Sincerely,

FRAZER, LLP
Certified Public Accountants and Consultants

November 2025

DAIRY FARM OPERATING TRENDS

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JUNE 30, 2025

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CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(BASED ON AVERAGE AMOUNTS PER HEAD)

	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	\$ 2,994	\$ 2,960	\$ 2,688
Calves and other	436	450	309
Total income	\$ 3,430	\$ 3,410	\$ 2,997
Cost of operations:			
Feed:			
Grain	\$ 1,082	\$ 1,134	\$ 1,043
Hay and forages	429	382	415
Total feed	\$ 1,511	\$ 1,516	\$ 1,458
Labor, (including fringe costs)	\$ 363	\$ 310	\$ 258
Herd replacement costs	\$ 126	\$ 56	\$ 45
Other costs:			
Milk hauling	\$ 112	\$ 76	\$ 83
State and association charges	40	30	22
Veterinary, breeding, testing, etc.	111	79	53
Supplies	25	76	57
Repairs and maintenance	100	101	99
Utilities	61	54	56
Occupancy costs	62	90	64
Depreciation - equipment	38	60	50
Interest	113	81	87
Miscellaneous	121	104	124
Total other costs	\$ 783	\$ 751	\$ 695
Total cost of operations	\$ 2,783	\$ 2,633	\$ 2,456
Income (loss) from dairy operations	\$ 647	\$ 777	\$ 541
Farming operations, net	\$ 0	\$ (2)	\$ 10
Net income (loss)	\$ 647	\$ 775	\$ 551



Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your June 30, 2025 Amounts
\$ 2,717 381	\$ 2,640 142	\$ 2,243 331	\$ 2,367 247	\$ 2,306 347	\$
\$ 3,098	\$ 2,782	\$ 2,574	\$ 2,614	\$ 2,653	\$
\$ 1,198 147	\$ 932 411	\$ 694 452	\$ 1,015 399	\$ 677 590	\$
\$ 1,345	\$ 1,343	\$ 1,146	\$ 1,414	\$ 1,267	\$
\$ 297	\$ 223	\$ 201	\$ 186	\$ 269	\$
\$ 125	\$ 122	\$ 10	\$ 127	\$ 80	\$
\$ 71 114 48 115 124 56 53 38 143 99	\$ 52 20 64 66 75 31 79 82 146 192	\$ 44 48 55 68 97 22 24 34 10 122	\$ 79 42 38 79 54 14 27 37 64 71	\$ 122 152 90 85 126 40 63 53 106 125	\$
\$ 861	\$ 807	\$ 524	\$ 505	\$ 962	\$
\$ 2,628	\$ 2,495	\$ 1,881	\$ 2,232	\$ 2,578	\$
\$ 470	\$ 287	\$ 693	\$ 382	\$ 75	\$
\$ 33	\$ 5	\$ 14	\$ 127	\$ (53)	\$
\$ 503	\$ 292	\$ 707	\$ 509	\$ 22	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	\$ 23.72	\$ 22.01	\$ 21.81
Calves and other	3.45	3.32	2.50
Total income	\$ 27.17	\$ 25.33	\$ 24.31
Cost of operations:			
Feed:			
Grain	\$ 8.57	\$ 8.43	\$ 8.47
Hay and forages	3.40	2.84	3.37
Total feed	\$ 11.97	\$ 11.27	\$ 11.84
Labor, (including fringe costs)	\$ 2.87	\$ 2.30	\$ 2.09
Herd replacement costs	\$ 1.00	\$ 0.42	\$ 0.36
Other costs:			
Milk hauling	\$ 0.89	\$ 0.57	\$ 0.67
State and association charges	0.31	0.22	0.18
Veterinary, breeding, testing, etc.	0.88	0.60	0.43
Supplies	0.20	0.57	0.46
Repairs and maintenance	0.79	0.75	0.80
Utilities	0.48	0.40	0.45
Occupancy costs	0.49	0.67	0.52
Depreciation - equipment	0.31	0.45	0.41
Interest	0.90	0.60	0.70
Miscellaneous	0.95	0.75	1.01
Total other costs	\$ 6.20	\$ 5.58	\$ 5.63
Total cost of operations	\$ 22.04	\$ 19.57	\$ 19.92
Income (loss) from dairy operations	\$ 5.13	\$ 5.76	\$ 4.39
Farming operations, net	\$ 0.00	\$ (0.02)	\$ 0.08
Net income (loss)	\$ 5.13	\$ 5.74	\$ 4.47



Your						June 30, 2025
Amounts						
Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest		
\$ 22.36 3.14	\$ 22.74 1.21	\$ 20.53 3.04	\$ 22.23 2.33	\$ 20.89 3.13	\$	
\$ 25.50	\$ 23.95	\$ 23.57	\$ 24.56	\$ 24.02	\$	
\$ 9.86 1.20	\$ 8.03 3.54	\$ 6.35 4.14	\$ 9.54 3.74	\$ 6.13 5.35	\$	
\$ 11.06	\$ 11.57	\$ 10.49	\$ 13.28	\$ 11.48	\$	
\$ 2.45	\$ 1.92	\$ 1.84	\$ 1.74	\$ 2.44	\$	
\$ 1.03	\$ 1.05	\$ 0.09	\$ 1.20	\$ 0.73	\$	
\$ 0.58 0.94 0.39 0.94 1.02 0.46 0.44 0.31 1.18 0.82	\$ 0.45 0.18 0.56 0.57 0.65 0.27 0.68 0.71 1.25 1.65	\$ 0.40 0.44 0.51 0.62 0.89 0.20 0.22 0.32 0.10 1.12	\$ 0.74 0.39 0.36 0.74 0.51 0.13 0.25 0.35 0.60 0.66	\$ 1.11 1.37 0.82 0.77 1.14 0.36 0.58 0.48 0.96 1.11	\$	
\$ 7.08	\$ 6.97	\$ 4.82	\$ 4.73	\$ 8.70	\$	
\$ 21.62	\$ 21.51	\$ 17.24	\$ 20.95	\$ 23.35	\$	
\$ 3.88	\$ 2.44	\$ 6.33	\$ 3.61	\$ 0.67	\$	
\$ 0.27	\$ 0.04	\$ 0.13	\$ 1.20	\$ (0.48)	\$	
\$ 4.15	\$ 2.48	\$ 6.46	\$ 4.81	\$ 0.19	\$	

SUMMARY OF FINANCIAL STATISTICS

COMPARISON BY AREA FOR THE SIX MONTHS ENDED JUNE 30, 2025 (RATIOS)

	Southern California	San Joaquin Valley	Kern County
1 Current Ratio	0.61 : 1	1.35 : 1	1.19 : 1
2 Herd Line Debt Per Cow	\$ 1,058	\$ 325	\$ 634
3 Total Debt Per Cow	\$ 3,851	\$ 2,379	\$ 2,714
4 Debt to Equity Ratio	1.06 : 1	0.66 : 1	0.62 : 1
5 Return on Total Assets	8.0%	9.0%	5.5%
6 Income (loss) per milking cow per month	\$ 122.02	\$ 146.99	\$ 107.13

1. The 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. The 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 six months.



Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your June 30, 2025 Results
0.51 : 1	1.15 : 1	10.82 : 1	1.41 : 1	0.87 : 1	
\$ 1,241	\$ 531	\$ -	\$ 575	\$ 984	\$
\$ 4,769	\$ 4,028	\$ 548	\$ 2,025	\$ 3,230	\$
1.86 : 1	1.52 : 1	0.12 : 1	0.59 : 1	1.44 : 1	
4.8%	2.8%	10.1%	7.5%	0.3%	
\$ 97.51	\$ 52.64	\$ 142.91	\$ 100.75	\$ 4.08	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
SOUTHERN CALIFORNIA
(BASED ON PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 23.72	\$ 23.89
Calves and other	3.45	2.08
Total income	\$ 27.17	\$ 25.97
Cost of operations:		
Feed:		
Grain	\$ 8.57	\$ 8.80
Hay and forages	3.40	4.26
Total feed	\$ 11.97	\$ 13.06
Labor, (including fringe costs)	\$ 2.87	\$ 2.94
Herd replacement costs	\$ 1.00	\$ 1.07
Other costs:		
Milk hauling	\$ 0.89	\$ 0.82
State and association charges	0.31	0.17
Veterinary, breeding, testing, etc.	0.88	0.99
Supplies	0.20	0.29
Repairs and maintenance	0.79	0.70
Utilities	0.48	0.45
Occupancy costs	0.49	0.52
Depreciation - equipment	0.31	0.26
Interest	0.90	1.09
Miscellaneous	0.95	1.03
Total other costs	\$ 6.20	\$ 6.32
Total cost of operations	\$ 22.04	\$ 23.39
Income (loss) from dairy operations	\$ 5.13	\$ 2.58
Farming operations, net	\$ -	\$ -
Net income (loss)	\$ 5.13	\$ 2.58

SUMMARY OF FINANCIAL STATISTICS

SOUTHERN CALIFORNIA

	June 30, 2025	December 31, 2024
1 Current Ratio	0.61 : 1	0.66 : 1
2 Herd Line Debt Per Cow	\$ 1,058	\$ 1,074
3 Total Debt Per Cow	\$ 3,851	\$ 5,176
4 Debt to Equity Ratio	1.06 : 1	1.72 : 1
5 Return on Total Assets	8.0%	6.7%
6 Income (loss) per milking cow per month	\$ 122.02	\$ 58.78

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

SOUTHERN CALIFORNIA

(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 23.72	\$ 23.89	\$ 22.06
Calves and other	3.45	2.08	1.38
Total income	\$ 27.17	\$ 25.97	\$ 23.44
Total cost of operations:			
Feed	\$ 11.97	\$ 13.06	\$ 16.67
Labor	2.87	2.94	2.80
Herd replacement costs	1.00	1.07	1.15
Other costs	6.20	6.32	5.98
Total costs of operations	\$ 22.04	\$ 23.39	\$ 26.60
Income (loss) from dairy operations	\$ 5.13	\$ 2.58	\$ (3.16)
Farming operations, net	\$ -	\$ -	\$ -
Net income (loss)	\$ 5.13	\$ 2.58	\$ (3.16)
Cost of operations as a percentage of income	81.12%	90.07%	113.48%
Feed costs as a percentage of milk sales	50.46%	54.67%	75.57%
Net income (loss) per milking cow per month	\$ 122.02	\$ 58.78	\$ (71.62)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	26.69	\$	19.71	\$	18.49	\$	19.50
	2.29		0.75		1.70		0.77
\$	28.98	\$	20.46	\$	20.19	\$	20.27
\$	15.94	\$	11.84	\$	10.41	\$	10.67
	2.70		2.31		2.28		2.28
	1.18		1.26		1.51		1.75
	6.10		4.36		4.39		4.25
\$	25.92	\$	19.77	\$	18.59	\$	18.95
\$	3.06	\$	0.69	\$	1.60	\$	1.32
\$	-	\$	-	\$	-	\$	-
\$	3.06	\$	0.69	\$	1.60	\$	1.32
89.44%		96.63%		92.08%		93.49%	
59.72%		60.07%		56.30%		54.72%	
\$	73.69	\$	16.23	\$	38.36	\$	29.93

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
SAN JOAQUIN VALLEY
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 22.01	\$ 23.88
Calves and other	3.32	1.59
Total income	\$ 25.33	\$ 25.47
Cost of operations:		
Feed:		
Grain	\$ 8.43	\$ 9.26
Hay and forages	2.84	3.68
Total feed	\$ 11.27	\$ 12.94
Labor, (including fringe costs)	\$ 2.30	\$ 2.28
Herd replacement costs	\$ 0.42	\$ 0.96
Other costs:		
Milk hauling	\$ 0.57	\$ 0.57
State and association charges	0.22	0.19
Veterinary, breeding, testing, etc.	0.60	0.65
Supplies	0.57	0.73
Repairs and maintenance	0.75	0.74
Utilities	0.40	0.55
Occupancy costs	0.67	0.68
Depreciation - equipment	0.45	0.40
Interest	0.60	0.76
Miscellaneous	0.75	1.12
Total other costs	\$ 5.58	\$ 6.39
Total cost of operations	\$ 19.57	\$ 22.57
Income (loss) from dairy operations	\$ 5.76	\$ 2.90
Farming operations, net	\$ (0.02)	\$ 0.08
Net income (loss)	\$ 5.74	\$ 2.98

SUMMARY OF FINANCIAL STATISTICS

SAN JOAQUIN VALLEY

	June 30, 2025	December 31, 2024
1 Current Ratio	1.35 : 1	1.36 : 1
2 Herd Line Debt Per Cow	\$ 325	\$ 738
3 Total Debt Per Cow	\$ 2,379	\$ 3,256
4 Debt to Equity Ratio	0.66 : 1	1.04 : 1
5 Return on Total Assets	9.0%	7.6%
6 Income (loss) per milking cow per month	\$ 146.99	\$ 67.76

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

SAN JOAQUIN VALLEY

(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 22.01	\$ 23.88	\$ 20.90
Calves and other	3.32	1.59	1.93
Total income	\$ 25.33	\$ 25.47	\$ 22.83
Total cost of operations:			
Feed	\$ 11.27	\$ 12.94	\$ 15.32
Labor	2.30	2.28	2.10
Herd replacement costs	0.42	0.96	1.05
Other costs	5.58	6.39	6.00
Total costs of operations	\$ 19.57	\$ 22.57	\$ 24.47
Income (loss) from dairy operations	\$ 5.76	\$ 2.90	\$ (1.64)
Farming operations, net	\$ (0.02)	\$ 0.08	\$ 0.51
Net income (loss)	\$ 5.74	\$ 2.98	\$ (1.13)
Cost of operations as a percentage of income	77.26%	88.61%	107.18%
Feed costs as a percentage of milk sales	51.20%	54.19%	73.30%
Net income (loss) per milking cow per month	\$ 146.99	\$ 67.76	\$ (23.15)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	24.53 0.51	\$	18.49 0.61	\$	17.41 0.78	\$	18.19 0.46
\$	25.04	\$	19.10	\$	18.19	\$	18.65
\$	13.72 2.11 1.28 5.08	\$	10.92 1.83 1.60 4.81	\$	9.86 1.86 1.47 4.72	\$	9.54 1.90 1.59 5.09
\$	22.19	\$	19.16	\$	17.91	\$	18.12
\$	2.85	\$	(0.06)	\$	0.28	\$	0.53
\$	1.18	\$	0.63	\$	0.65	\$	0.41
\$	4.03	\$	0.57	\$	0.93	\$	0.94
88.62%		100.31%		98.46%		97.16%	
55.93%		59.06%		56.63%		52.45%	
\$	98.62	\$	14.69	\$	17.92	\$	11.31

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
KERN COUNTY
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 21.81	\$ 22.88
Calves and other	2.50	1.48
Total income	\$ 24.31	\$ 24.36
Cost of operations:		
Feed:		
Grain	\$ 8.47	\$ 8.95
Hay and forages	3.37	4.35
Total feed	\$ 11.84	\$ 13.30
Labor, (including fringe costs)	\$ 2.09	\$ 2.17
Herd replacement costs	\$ 0.36	\$ 0.98
Other costs:		
Milk hauling	\$ 0.67	\$ 0.66
State and association charges	0.18	0.19
Veterinary, breeding, testing, etc.	0.43	0.46
Supplies	0.46	0.66
Repairs and maintenance	0.80	0.91
Utilities	0.45	0.72
Occupancy costs	0.52	0.47
Depreciation - equipment	0.41	0.37
Interest	0.70	0.96
Miscellaneous	1.01	0.91
Total other costs	\$ 5.63	\$ 6.31
Total cost of operations	\$ 19.92	\$ 22.76
Income (loss) from dairy operations	\$ 4.39	\$ 1.60
Farming operations, net	\$ 0.08	\$ (0.04)
Net income (loss)	\$ 4.47	\$ 1.56

SUMMARY OF FINANCIAL STATISTICS

KERN COUNTY

	June 30, 2025	December 31, 2024
1 Current Ratio	1.19 : 1	1.11 : 1
2 Herd Line Debt Per Cow	\$ 634	\$ 1,210
3 Total Debt Per Cow	\$ 2,714	\$ 3,547
4 Debt to Equity Ratio	0.62 : 1	0.91 : 1
5 Return on Total Assets	5.5%	3.2%
6 Income (loss) per milking cow per month	\$ 107.13	\$ 33.13

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

	KERN COUNTY		
	(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 21.81	\$ 22.88	\$ 21.08
Calves and other	2.50	1.48	1.12
Total income	\$ 24.31	\$ 24.36	\$ 22.20
Total cost of operations:			
Feed	\$ 11.84	\$ 13.30	\$ 16.24
Labor	2.09	2.17	2.07
Herd replacement costs	0.36	0.98	1.06
Other costs	5.63	6.31	5.93
Total costs of operations	\$ 19.92	\$ 22.76	\$ 25.30
Income (loss) from dairy operations	\$ 4.39	\$ 1.60	\$ (3.10)
Farming operations, net	\$ 0.08	\$ (0.04)	\$ 0.80
Net income (loss)	\$ 4.47	\$ 1.56	\$ (2.30)
Cost of operations as a percentage of income	81.94%	93.43%	113.96%
Feed costs as a percentage of milk sales	54.29%	58.13%	77.04%
Net income (loss) per milking cow per month	\$ 107.13	\$ 33.13	\$ (49.79)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	26.04 0.40	\$	18.85 0.63	\$	18.58 0.25	\$	18.86 0.29
\$	26.44	\$	19.48	\$	18.83	\$	19.15
\$	16.05 1.85 1.38 5.44	\$	11.93 1.82 1.40 4.41	\$	10.32 1.62 1.41 4.62	\$	10.03 1.55 1.42 4.50
\$	24.72	\$	19.56	\$	17.97	\$	17.50
\$	1.72	\$	(0.08)	\$	0.86	\$	1.65
\$	1.18	\$	0.42	\$	0.46	\$	0.47
\$	2.90	\$	0.34	\$	1.32	\$	2.12
93.49%		100.41%		95.43%		91.38%	
61.64%		63.29%		55.54%		53.18%	
\$	61.12	\$	8.79	\$	19.07	\$	36.38

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
ARIZONA
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 22.36	\$ 23.17
Calves and other	3.14	1.87
Total income	\$ 25.50	\$ 25.04
Cost of operations:		
Feed:		
Grain	\$ 9.86	\$ 9.96
Hay and forages	1.20	2.24
Total feed	\$ 11.06	\$ 12.20
Labor, (including fringe costs)	\$ 2.45	\$ 2.47
Herd replacement costs	\$ 1.03	\$ 1.20
Other costs:		
Milk hauling	\$ 0.58	\$ 0.55
State and association charges	0.94	0.83
Veterinary, breeding, testing, etc.	0.39	0.41
Supplies	0.94	0.95
Repairs and maintenance	1.02	1.01
Utilities	0.46	0.59
Occupancy costs	0.44	0.36
Depreciation - equipment	0.31	0.29
Interest	1.18	1.40
Miscellaneous	0.82	0.88
Total other costs	\$ 7.08	\$ 7.27
Total cost of operations	\$ 21.62	\$ 23.14
Income (loss) from dairy operations	\$ 3.88	\$ 1.90
Farming operations, net	\$ 0.27	\$ 0.11
Net income (loss)	\$ 4.15	\$ 2.01

SUMMARY OF FINANCIAL STATISTICS

ARIZONA

	June 30, 2025	December 31, 2024
1 Current Ratio	0.51 : 1	0.50 : 1
2 Herd Line Debt Per Cow	\$ 1,241	\$ 1,589
3 Total Debt Per Cow	\$ 4,769	\$ 5,368
4 Debt to Equity Ratio	1.86 : 1	2.68 : 1
5 Return on Total Assets	4.8%	4.5%
6 Income (loss) per milking cow per month	\$ 97.51	\$ 45.59

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

	ARIZONA		
	(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 22.36	\$ 23.17	\$ 21.80
Calves and other	3.14	1.87	1.78
Total income	\$ 25.50	\$ 25.04	\$ 23.58
Total cost of operations:			
Feed	\$ 11.06	\$ 12.20	\$ 14.70
Labor	2.45	2.47	2.58
Herd replacement costs	1.03	1.20	1.12
Other costs	7.08	7.27	7.44
Total costs of operations	\$ 21.62	\$ 23.14	\$ 25.84
Income (loss) from dairy operations	\$ 3.88	\$ 1.90	\$ (2.26)
Farming operations, net	\$ 0.27	\$ 0.11	\$ 0.11
Net income (loss)	\$ 4.15	\$ 2.01	\$ (2.15)
Cost of operations as a percentage of income	84.78%	92.41%	109.58%
Feed costs as a percentage of milk sales	49.46%	52.65%	67.43%
Net income (loss) per milking cow per month	\$ 97.51	\$ 45.59	\$ (93.36)

December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	25.94 3.14	\$	18.82 1.86	\$	18.58 1.05	\$	18.73 1.01
\$	29.08	\$	20.68	\$	19.63	\$	19.74
\$	14.32 2.46 1.31 6.73	\$	11.62 2.34 1.31 5.42	\$	9.71 2.48 1.67 6.74	\$	10.04 2.53 2.76 6.16
\$	24.82	\$	20.69	\$	20.60	\$	21.49
\$	4.26	\$	(0.01)	\$	(0.97)	\$	(1.75)
\$	0.33	\$	(0.02)	\$	0.03	\$	0.10
\$	4.59	\$	(0.03)	\$	(0.94)	\$	(1.65)
85.35%		100.05%		104.94%		108.87%	
55.20%		61.74%		52.26%		53.60%	
\$	88.10	\$	(0.24)	\$	(2.40)	\$	(35.57)

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
IDAHO
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 22.74	\$ 23.53
Calves and other	1.21	0.84
Total income	\$ 23.95	\$ 24.37
Cost of operations:		
Feed:		
Grain	\$ 8.03	\$ 8.49
Hay and forages	3.54	4.23
Total feed	\$ 11.57	\$ 12.72
Labor, (including fringe costs)	\$ 1.92	\$ 1.96
Herd replacement costs	\$ 1.05	\$ 0.70
Other costs:		
Milk hauling	\$ 0.45	\$ 0.43
State and association charges	0.18	0.37
Veterinary, breeding, testing, etc.	0.56	0.55
Supplies	0.57	0.59
Repairs and maintenance	0.65	0.79
Utilities	0.27	0.28
Occupancy costs	0.68	0.69
Depreciation - equipment	0.71	0.69
Interest	1.25	1.35
Miscellaneous	1.65	1.25
Total other costs	\$ 6.97	\$ 6.99
Total cost of operations	\$ 21.51	\$ 22.37
Income (loss) from dairy operations	\$ 2.44	\$ 2.00
Farming operations, net	\$ 0.04	\$ 0.37
Net income (loss)	\$ 2.48	\$ 2.37

SUMMARY OF FINANCIAL STATISTICS

	IDAHO	
	June 30, 2025	December 31, 2024
1 Current Ratio	1.15 : 1	1.08 : 1
2 Herd Line Debt Per Cow	\$ 531	\$ 671
3 Total Debt Per Cow	\$ 4,028	\$ 4,769
4 Debt to Equity Ratio	1.52 : 1	1.82 : 1
5 Return on Total Assets	2.8%	4.9%
6 Income (loss) per milking cow per month	\$ 52.64	\$ 50.70

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

	IDAHO		
	(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 22.74	\$ 23.53	\$ 21.40
Calves and other	1.21	0.84	0.67
Total income	\$ 23.95	\$ 24.37	\$ 22.07
Total cost of operations:			
Feed	\$ 11.57	\$ 12.72	\$ 13.52
Labor	1.92	1.96	2.00
Herd replacement costs	1.05	0.70	1.30
Other costs	6.97	6.99	6.27
Total costs of operations	\$ 21.51	\$ 22.37	\$ 23.09
Income (loss) from dairy operations	\$ 2.44	\$ 2.00	\$ (1.02)
Farming operations, net	\$ 0.04	\$ 0.37	\$ 0.48
Net income (loss)	\$ 2.48	\$ 2.37	\$ (0.54)
Cost of operations as a percentage of income	89.81%	91.79%	104.62%
Feed costs as a percentage of milk sales	50.88%	54.06%	63.18%
Net income (loss) per milking cow per month	\$ 52.64	\$ 50.70	\$ (22.93)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	26.57 0.45	\$	18.67 0.49	\$	19.50 0.49	\$	18.79 0.37
\$	27.02	\$	19.16	\$	19.99	\$	19.16
\$	13.16 1.83 1.73 5.86	\$	10.13 1.73 1.94 4.93	\$	9.11 1.66 2.08 5.08	\$	8.81 1.67 2.23 5.06
\$	22.58	\$	18.73	\$	17.93	\$	17.77
\$	4.44	\$	0.43	\$	2.06	\$	1.39
\$	0.44	\$	0.38	\$	0.23	\$	0.14
\$	4.88	\$	0.81	\$	2.29	\$	1.53
83.57%		97.76%		89.69%		92.75%	
49.53%		54.26%		46.72%		46.89%	
\$	101.58	\$	16.75	\$	43.35	\$	29.02

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
NEW MEXICO
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 20.53	\$ 21.11
Calves and other	3.04	1.09
Total income	\$ 23.57	\$ 22.20
Cost of operations:		
Feed:		
Grain	\$ 6.35	\$ 8.98
Hay and forages	4.14	3.89
Total feed	\$ 10.49	\$ 12.87
Labor, (including fringe costs)	\$ 1.84	\$ 2.43
Herd replacement costs	\$ 0.09	\$ 0.51
Other costs:		
Milk hauling	\$ 0.40	\$ 0.38
State and association charges	0.44	0.35
Veterinary, breeding, testing, etc.	0.51	0.35
Supplies	0.62	1.29
Repairs and maintenance	0.89	1.09
Utilities	0.20	0.41
Occupancy costs	0.22	0.30
Depreciation - equipment	0.32	0.38
Interest	0.10	0.59
Miscellaneous	1.12	0.95
Total other costs	\$ 4.82	\$ 6.09
Total cost of operations	\$ 17.24	\$ 21.90
Income (loss) from dairy operations	\$ 6.33	\$ 0.30
Farming operations, net	\$ 0.13	\$ 0.33
Net income (loss)	\$ 6.46	\$ 0.63

SUMMARY OF FINANCIAL STATISTICS

NEW MEXICO

	June 30, 2025	December 31, 2024
1 Current Ratio	10.82 : 1	1.05 : 1
2 Herd Line Debt Per Cow	\$ -	\$ 1,012
3 Total Debt Per Cow	\$ 548	\$ 2,270
4 Debt to Equity Ratio	0.12 : 1	0.77 : 1
5 Return on Total Assets	10.1%	1.8%
6 Income (loss) per milking cow per month	\$ 142.91	\$ 27.79

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

	NEW MEXICO		
	(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 20.53	\$ 21.11	\$ 21.15
Calves and other	3.04	1.09	0.40
Total income	\$ 23.57	\$ 22.20	\$ 21.55
Total cost of operations:			
Feed	\$ 10.49	\$ 12.87	\$ 13.27
Labor	1.84	2.43	2.43
Herd replacement costs	0.09	0.51	0.58
Other costs	4.82	6.09	6.84
Total costs of operations	\$ 17.24	\$ 21.90	\$ 23.12
Income (loss) from dairy operations	\$ 6.33	\$ 0.30	\$ (1.57)
Farming operations, net	\$ 0.13	\$ 0.33	\$ 0.27
Net income (loss)	\$ 6.46	\$ 0.63	\$ (1.30)
Cost of operations as a percentage of income	73.14%	98.65%	107.29%
Feed costs as a percentage of milk sales	51.10%	60.97%	62.74%
Net income (loss) per milking cow per month	\$ 142.91	\$ 27.79	\$ (26.94)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	23.88	\$	18.15	\$	17.57	\$	17.37
	0.34		0.13		0.30		0.22
\$	24.22	\$	18.28	\$	17.87	\$	17.59
\$	11.19	\$	10.05	\$	10.74	\$	11.61
	2.26		2.18		2.12		2.16
	0.54		0.63		0.97		1.35
	6.47		5.58		5.34		5.69
\$	20.46	\$	18.44	\$	19.17	\$	20.81
\$	3.76	\$	(0.16)	\$	(1.30)	\$	(3.22)
\$	(0.63)	\$	(0.08)	\$	0.72	\$	0.00
\$	3.13	\$	(0.24)	\$	(0.58)	\$	(3.22)
84.48%		100.88%		107.27%		118.31%	
46.86%		55.37%		61.13%		66.84%	
\$	63.46	\$	(4.78)	\$	(28.96)	\$	(71.24)

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
PANHANDLE
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 22.23	\$ 22.53
Calves and other	2.33	1.67
Total income	\$ 24.56	\$ 24.20
Cost of operations:		
Feed:		
Grain	\$ 9.54	\$ 9.60
Hay and forages	3.74	3.90
Total feed	\$ 13.28	\$ 13.50
Labor, (including fringe costs)	\$ 1.74	\$ 1.74
Herd replacement costs	\$ 1.20	\$ 1.10
Other costs:		
Milk hauling	\$ 0.74	\$ 0.87
State and association charges	0.39	0.29
Veterinary, breeding, testing, etc.	0.36	0.46
Supplies	0.74	0.73
Repairs and maintenance	0.51	0.54
Utilities	0.13	0.13
Occupancy costs	0.25	0.38
Depreciation - equipment	0.35	0.42
Interest	0.60	0.83
Miscellaneous	0.66	0.63
Total other costs	\$ 4.73	\$ 5.28
Total cost of operations	\$ 20.95	\$ 21.62
Income (loss) from dairy operations	\$ 3.61	\$ 2.58
Farming operations, net	\$ 1.20	\$ 0.87
Net income (loss)	\$ 4.81	\$ 3.45

SUMMARY OF FINANCIAL STATISTICS

PANHANDLE

	June 30, 2025	December 31, 2024
1 Current Ratio	1.41 : 1	1.46 : 1
2 Herd Line Debt Per Cow	\$ 575	\$ 935
3 Total Debt Per Cow	\$ 2,025	\$ 3,419
4 Debt to Equity Ratio	0.59 : 1	1.14 : 1
5 Return on Total Assets	7.5%	9.3%
6 Income (loss) per milking cow per month	\$ 100.75	\$ 74.29

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

	PANHANDLE		
	(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 22.23	\$ 22.53	\$ 19.37
Calves and other	2.33	1.67	1.04
Total income	\$ 24.56	\$ 24.20	\$ 20.41
Total cost of operations:			
Feed	\$ 13.28	\$ 13.50	\$ 13.72
Labor	1.74	1.74	1.70
Herd replacement costs	1.20	1.10	1.29
Other costs	4.73	5.28	4.80
Total costs of operations	\$ 20.95	\$ 21.62	\$ 21.51
Income (loss) from dairy operations	\$ 3.61	\$ 2.58	\$ (1.10)
Farming operations, net	\$ 1.20	\$ 0.87	\$ (1.08)
Net income (loss)	\$ 4.81	\$ 3.45	\$ (2.18)
Cost of operations as a percentage of income	85.30%	89.34%	105.39%
Feed costs as a percentage of milk sales	59.74%	59.92%	70.83%
Net income (loss) per milking cow per month	\$ 100.75	\$ 74.29	\$ (0.69)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	25.45 1.61	\$	19.12 1.55	\$	22.49 0.46	\$	18.97 (0.04)
\$	27.06	\$	20.67	\$	22.95	\$	18.93
\$	15.09 2.24 1.20 6.65	\$	12.34 2.24 1.45 5.67	\$	9.31 1.82 1.67 4.95	\$	8.52 1.80 1.74 5.05
\$	25.18	\$	21.70	\$	17.75	\$	17.11
\$	1.88	\$	(1.03)	\$	5.20	\$	1.82
\$	(0.23)	\$	0.26	\$	0.74	\$	0.32
\$	1.65	\$	(0.77)	\$	5.94	\$	2.14
93.05%		104.98%		77.34%		90.39%	
59.29%		64.54%		41.40%		44.91%	
\$	42.46	\$	(15.68)	\$	107.43	\$	37.85

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025
AND YEAR ENDED DECEMBER 31, 2024
PACIFIC NORTHWEST
(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)

	June 30, 2025	December 31, 2024
Income:		
Milk sales	\$ 20.89	\$ 22.43
Calves and other	3.13	1.51
Total income	\$ 24.02	\$ 23.94
Cost of operations:		
Feed:		
Grain	\$ 6.13	\$ 5.82
Hay and forages	5.35	5.45
Total feed	\$ 11.48	\$ 11.27
Labor, (including fringe costs)	\$ 2.44	\$ 2.86
Herd replacement costs	\$ 0.73	\$ 1.15
Other costs:		
Milk hauling	\$ 1.11	\$ 0.92
State and association charges	1.37	0.28
Veterinary, breeding, testing, etc.	0.82	0.73
Supplies	0.77	0.80
Repairs and maintenance	1.14	1.23
Utilities	0.36	0.39
Occupancy costs	0.58	0.60
Depreciation - equipment	0.48	0.61
Interest	0.96	0.88
Miscellaneous	1.11	1.17
Total other costs	\$ 8.70	\$ 7.61
Total cost of operations	\$ 23.35	\$ 22.89
Income (loss) from dairy operations	\$ 0.67	\$ 1.05
Farming operations, net	\$ (0.48)	\$ 0.91
Net income (loss)	\$ 0.19	\$ 1.96

SUMMARY OF FINANCIAL STATISTICS

PACIFIC NORTHWEST

	June 30, 2025	December 31, 2024
1 Current Ratio	0.87 : 1	1.15 : 1
2 Herd Line Debt Per Cow	\$ 984	\$ 818
3 Total Debt Per Cow	\$ 3,230	\$ 3,337
4 Debt to Equity Ratio	1.44 : 1	0.91 : 1
5 Return on Total Assets	0.3%	4.4%
6 Income (loss) per milking cow per month	\$ 4.08	\$ 41.20

1. The 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 represents the total debt divided by the total equity.
5. The return on total assets represents the net income (loss) 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 six months.

INCOME AND COST OF OPERATIONS

	PACIFIC NORTHWEST		
	(BASED ON A PER HUNDREDWEIGHT OF MILK BASIS)		
	June 30, 2025	December 31, 2024	December 31, 2023
Income:			
Milk sales	\$ 20.89	\$ 22.43	\$ 21.03
Calves and other	3.13	1.51	0.61
Total income	\$ 24.02	\$ 23.94	\$ 21.64
Total cost of operations:			
Feed	\$ 11.48	\$ 11.27	\$ 13.56
Labor	2.44	2.86	2.36
Herd replacement costs	0.73	1.15	1.14
Other costs	8.70	7.61	7.38
Total costs of operations	\$ 23.35	\$ 22.89	\$ 24.44
Income (loss) from dairy operations	\$ 0.67	\$ 1.05	\$ (2.80)
Farming operations, net	\$ (0.48)	\$ 0.91	\$ 1.00
Net income (loss)	\$ 0.19	\$ 1.96	\$ (1.80)
Cost of operations as a percentage of income	97.21%	95.61%	112.94%
Feed costs as a percentage of milk sales	54.95%	50.25%	64.48%
Net income (loss) per milking cow per month	\$ 4.08	\$ 41.20	\$ (76.12)



December 31, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
\$	26.82 0.47	\$	21.46 0.95	\$	19.71 0.59	\$	20.18 0.24
\$	27.29	\$	22.41	\$	20.30	\$	20.42
\$	13.32 2.46 1.36 7.22	\$	10.38 3.53 2.00 6.48	\$	8.95 2.95 1.78 5.89	\$	8.56 2.73 1.57 5.94
\$	24.36	\$	22.39	\$	19.57	\$	18.80
\$	2.93	\$	0.02	\$	0.73	\$	1.62
\$	0.66	\$	0.67	\$	0.44	\$	0.61
\$	3.59	\$	0.69	\$	1.17	\$	2.23
89.26%		99.91%		96.40%		92.07%	
49.66%		48.37%		45.41%		42.42%	
\$	73.17	\$	12.55	\$	13.77	\$	32.10

EXPLANATION OF INCOME AND COST FACTORS

Basis of presentation	Information is included both on a "per head" basis and a "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.
Milk sales	Includes milk income, quality and production bonuses, patronage dividends, USDA program payments, and gains and losses on milk futures.
Calves and other income	This is primarily composed of the sale of calves, heifers, other livestock and equipment, and miscellaneous other income.
Feed	Grain includes all minerals and supplements while "Hay and Other" represents alfalfa and all forage costs
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.
Herd replacement cost	Represents 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.
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.
Miscellaneous cost	Includes auto, truck and fuel expenses, insurance, professional fees, quality penalties and other dairy expenses not specifically classified in another category.
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. However, retaining quality labor remains a constant challenge. Milk pricing and feed market updates can be monitored daily by producers via the CME website and market boards. Making the correct market decisions with respect to milk and feed pricing is crucial to the successful operation of any facility. These decisions to contract for any pricing of commodities often carry substantial risk and reward to the producers' operation and need to be made with careful consideration.

As we are well into 2025, milk prices have softened across many regions, influenced in part by recent changes to the Federal Milk Marketing Orders ("FMMO") that went into effect on June 1, 2025. The most significant factor is the increase in make allowances, which creates downward pressure on the prices farmers receive for their milk by raising the recognized cost of processing raw milk into products such as cheese and butter. On the other hand, the Class I pricing formula has reverted to the "higher-of" advanced Class III or Class IV skim milk prices, a change expected to provide more favorable pricing for fluid milk handlers in many markets. Additionally, Class I differentials have been updated to reflect current transportation and servicing costs, resulting in higher base prices in certain areas. The effects of these changes have been uneven and vary by region. Higher make allowances have generally reduced producer pay prices industry-wide; however, regions with heavier Class III and IV utilization have felt a more pronounced impact. Conversely, the updated Class I differentials have improved Class I values, though regions with limited Class I utilization have experienced only modest gains compared to markets with a larger Class I footprint. Looking toward the end of 2025, an update to the skim milk composition factors used in federal pricing formulas will take effect on December 1, 2025. These factors will increase as follows: protein from 3.1% to 3.3%, other solids from 5.9% to 6.0%, and nonfat solids from 9.0% to 9.3%. All else being equal, these adjustments are expected to raise component values and support higher producer pay prices. As more changes continue to be implemented, it will be important for producers to monitor how these developments affect their milk checks and regional pool performance. Frazer, LLP stands ready to provide the guidance and support needed to navigate these changes and plan for a successful future.