



ANNUAL REPORT 2024

A CO-OPERATIVE PROJECT OF:
Canadian Dairy Commission
Dairy Farmers of Ontario

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ACKNOWLEDGEMENT

This report is indebted to the 81 dairy producers who willingly participated in the Project during 2024. These people went to considerable effort and inconvenience to help the Project representatives collect and verify information. Without this excellent co-operation, this report would not be possible.

The Project representatives, whose job it was to collect, record, and verify all information, were vital to the Project. Their initiative, perseverance and positive attitude has provided the Project with high quality dairy farm data.

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FOREWORD

The Ontario Dairy Farm Accounting Project (ODFAP) is a co-operative project of Dairy Farmers of Ontario, and the Canadian Dairy Commission (CDC). The Project was initiated in 1976.

The objective of the Project is to develop and maintain a system of obtaining regular, representative and consistent farm production and management data which meets the farm database requirements of the Ontario dairy industry in the three areas of policy, research and extension. This is being achieved (1) by maintaining a sample of farms which represents typical Ontario dairy farm situations and which reflects different levels of technology, regional differences and other significant factors and, (2) through the development and maintenance of a data collection and information reporting system which will provide the participating agencies with the information which they require.

The ODFAP Annual Report is just one aspect of this Project. The Annual Report provides a summary of the information collected, but, by no means, portrays the wealth of information available for policy, research and extension uses. The project data, along with similar data from other provinces, is incorporated into the National Cost of Production formula, which is managed by the Canadian Dairy Commission. Likewise, project data is incorporated in the cost of production component of the National Pricing Formula for fluid and industrial milk classes. Cost of production has a 50% weighting in the formula, while the other 50% is from the change in Consumer Price Index (CPI).

PROJECT STAFF

Project Staff, responsible for collecting and verifying the study information for 2024 were:

Jessica Farlinger	Technician, East Region
John Ecclestone	Technician, South-West and Western Regions
Andrew Ryzebol	Technician, North-West and Niagara Regions

Individuals responsible for the final editing of the 2024 data and for the preparation of this report, include:

Kristin Benke	Director, Economics & Policy Development, Dairy Farmers of Ontario
Andrew Ryzebol	Project Manager, ODFAP

ONTARIO DAIRY FARM ACCOUNTING PROJECT RESULT 2024

The 2024 results for the 81 farms on the project are presented in the following tables.

Farm revenue and expenses are summarized in Table 1. Balance sheet information is summarized in Table 2. Physical characteristics are summarized in Table 3.

It should be noted that livestock and crop inventories are valued at an average of market values or prices at the beginning and end of the year for purposes of accruing the revenue value of inventory changes in the Farm Revenue and Expense Statement in Table 1. As such, the reported revenue items for inventory changes only reflect income changes associated with changes in the quantities of the related inventories held. They do not capture any change in value associated with market price changes during the year.

Revenue and expense information for the dairy enterprise is broken out in Tables 4 and 5. For purposes of these tables, the dairy enterprise is defined to consist of dairy cows, the raising of replacements and/or any related livestock borne of the dairy cow herd, and the supporting crop production associated with both.

Averages are presented in each table for all farms and for 3 sample groupings ranked on the basis of cost of production (COP): the 15 farms with the highest cost per hectolitre (bottom); the 15 farms with the lowest cost per hectolitre (top), and the remaining 51 farms (middle). The COP ranking is based on the assumptions and calculational procedures established for the national Cost of Production pricing formula.

TABLE 1 FARM REVENUE AND EXPENSES; 2024

	Bottom 15	Middle 51	Top 15	All 81
REVENUE	\$	\$	\$	\$
Milk Sales	523,618	914,542	1,574,896	964,436
Cow & Bull Sales	44,927	64,672	140,121	74,988
Calf & Heifer Sales	13,664	22,619	38,071	23,822
Crop Sales	59,811	134,732	123,134	118,710
Other Farm Income	76,914	156,532	123,730	135,714
Total Cash Revenue	718,934	1,293,097	1,999,952	1,317,670
Inventory Change				
Dairy Enterprise	-1,863	-1,285	21,058	2,746
Replacement Enterprise	-3,380	2,713	5,862	2,168
Other Livestock	307	5,429	67	3,488
Feeds, Crops, Supplies	-7,108	-10,158	6,153	-6,573
Total Farm Revenue	706,890	1,289,796	2,033,092	1,319,499
EXPENSES				
Dairy Cow Enterprise				
Cow & Bull Purchases	4,274	4,225	14,538	6,144
Commercial Feed Purchases	84,479	155,756	228,491	156,026
Milk & Livestock Marketing	31,198	56,845	100,446	60,170
Breeding Fees	9,430	9,947	16,192	11,008
Stable & Milkhouse Supplies	18,877	20,528	30,062	21,988
Vet. and Drugs	15,229	20,563	29,364	21,205
Other Dairy Expenses ¹	18,844	28,122	35,903	27,845
Replacement Enterprise				
Cattle Purchases	11	1,074	8,350	2,225
Feed Purchases	11,643	20,227	32,201	20,855
Other Direct Heifer Expenses	1,689	2,654	4,418	2,802
Crop Enterprise				
Grains and Forages Purchases	22,893	19,836	47,586	25,541
Seed	17,997	31,904	40,384	30,899
Fertilizer	21,756	41,365	50,401	39,407
Sprays	5,762	11,475	13,837	10,855
Custom Work	29,041	46,008	83,478	49,805
Gas & Diesel Fuel	27,330	32,739	36,071	32,354
Machinery Repairs	46,088	53,174	69,683	54,919
Other Crop Expenses ²	3,824	7,328	3,491	5,969
Other Farm Expenses				
Direct Expenses Non-Dairy Livestock	4,533	10,982	-920	7,584
Direct Expenses Other Crops	19,954	41,393	36,830	36,578
Wages & Salaries	35,816	74,028	132,375	77,757
Land Rent	11,675	13,292	32,649	16,577
Interest Paid	116,669	134,017	254,512	153,118
Real Estate Taxes	9,930	16,372	19,417	15,743
Telephone & Hydro	19,256	21,361	26,977	22,011
Insurance	16,781	19,760	26,804	20,513
Equipment & Building Repairs	27,885	40,799	59,914	41,947
Other General Cash Expenses ³	12,493	13,068	19,043	14,068
Total Cash Expenses	645,357	948,842	1,452,497	985,913
Building Depreciation	57,738	51,769	69,991	56,249
Machinery Depreciation	62,824	82,604	116,838	85,281
Total Farm Expenses	765,919	1,083,215	1,639,326	1,127,443
Net Farm Income	-59,029	206,581	393,766	192,056

¹ Other Dairy Expense include registration/testing fees, building rent, straw & bedding, & livestock insurance for the dairy herd.

² Other Crop Expenses include crop insurance, seed cleaning, twine, propane for corn drying & miscellaneous crop expenses.

³ Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

TABLE 2
FARM BALANCE SHEET;
DECEMBER 31, 2024

NUMBER OF FARMS	Bottom 15	Middle 51	Top 15	All 81
A. WITH ASSETS AT MARKET VALUE	\$	\$	\$	\$
Machinery and Equipment	811,909	1,130,167	1,451,215	1,130,684
Personal Equipment	108,552	12,471	648	28,074
Land and Farm Buildings	4,730,253	7,338,853	8,673,883	7,103,006
Farm House & Personal Structures	469,611	212,011	456,952	305,074
Dairy Cows	131,587	215,000	363,375	227,030
Dairy Heifers	61,750	109,823	200,318	117,679
Other Livestock	920	14,318	1,133	9,395
Feed, Crops, Supplies, Inventory	105,765	184,580	259,327	183,827
Milk Quota	1,545,392	2,698,221	4,676,912	2,851,159
Total Assets	<u>7,965,739</u>	<u>11,915,444</u>	<u>16,083,763</u>	<u>11,955,928</u>
B. WITH ASSETS AT COST LESS DEPRECIATION¹				
Machinery and Equipment	547,147	738,281	1,054,726	761,487
Personal Equipment	136,959	13,315	1,261	33,980
Land and Farm Buildings	2,175,257	2,702,203	4,075,886	2,859,006
Farm House & Personal Structures	279,395	146,654	274,690	194,946
Dairy Cows	131,587	215,000	363,375	227,030
Dairy Heifers	61,750	109,823	200,318	117,679
Other Livestock	920	14,318	1,133	9,395
Feed, Crops, Supplies, Inventory	105,765	184,580	259,327	183,827
Milk Quota	909,892	1,434,097	3,036,844	1,633,827
Total Assets	<u>4,348,672</u>	<u>5,558,271</u>	<u>9,267,560</u>	<u>6,021,177</u>
C. LIABILITIES				
Operating & Short-Term Trade Credit	101,433	136,140	80,595	119,427
Intermediate & Long Term Loans	1,553,480	2,273,644	3,984,339	2,457,076
F.C.C. Loans	937,712	773,630	906,657	828,650
Total Liabilities	<u>2,592,625</u>	<u>3,183,414</u>	<u>4,971,591</u>	<u>3,405,153</u>
D. OWNER'S EQUITY				
(A) Assets At Market Value	<u>5,373,114</u>	<u>8,732,030</u>	<u>11,112,172</u>	<u>8,550,775</u>
(B) Fixed Assets at Cost	<u>1,756,047</u>	<u>2,374,857</u>	<u>4,295,969</u>	<u>2,616,024</u>

¹ Depreciation was not subtracted from the cost of the farm house, land, milk quota, or personal equipment.

TABLE 3 **BASIC FARM PRODUCTION PARAMETERS; 2024**

NUMBER OF FARMS	Bottom 15	Middle 51	Top 15	All 81
Dairy Cows (hd)	63.3	93.6	148.6	98.2
Open Dairy Heifers, 6 months & older (hd)	18.0	26.8	44.7	28.5
Bred Dairy Heifers (hd)	18.0	28.1	49.8	30.3
Milk Sold/Farm (litres) ¹	509,605	933,843	1,648,025	987,536
Milk Sold/Cow (litres) ¹	8,127	10,017	10,937	9,837
Butterfat Test (kg/hl)	4.36	4.40	4.23	4.36
Person-Equivalents of Labour	2.4	2.7	2.8	2.7
Workable Land Farmed (hectares) ²	106	173	183	162
Average Age of Principal Operator	45.3	48.5	47.0	47.7

¹ Milk is expressed in terms of milk actually sold.

² One hectare = 2.47 acres.

TABLE 4 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2024
- PER COW -

	Bottom 15	Middle 51	Top 15	All 81
REVENUE	\$	\$	\$	\$
Milk Sales	8,404.43	9,810.78	10,453.71	9,669.41
Quality Penalties & Levies	-5.36	-0.35	-14.97	-3.99
Cows & Bulls Sold	696.07	689.42	858.35	721.94
Other Dairy Livestock Sold	208.34	259.97	287.26	255.46
Dairy Livestock Inventory Change	-88.10	5.19	287.93	40.27
Net Revenue	9,215.38	10,765.01	11,872.28	10,683.09
DIRECT DAIRY EXPENSES				
Dairy Ration	405.21	713.08	498.89	616.40
Protein Supplements	791.22	833.81	994.79	855.73
Salt & Minerals	28.68	41.35	10.00	33.20
Milk Replacer & Calf Ration	150.38	207.49	187.08	193.14
Other Purchased Feeds	25.36	32.83	25.99	30.18
Vet & Drugs	264.50	243.58	226.74	244.34
A.I. Fees	161.92	116.01	127.69	126.68
Stable & Milk House Supplies	295.22	233.74	224.18	243.36
Milk Transport & Licence Fees	459.82	594.47	646.38	579.15
Livestock Marketing	33.44	15.93	12.88	18.61
Other Dairy Expense ¹	320.42	346.84	290.40	331.49
Total Direct Expense	2,936.17	3,379.13	3,245.02	3,272.28
DAIRY SHARE OF CROP EXPENSES				
Bulk Grain & Forage Purchases	313.91	203.98	380.71	257.06
Seed	200.81	167.13	158.13	171.70
Fertilizers	230.31	215.29	181.35	211.79
Herbicides & Pesticides	46.52	52.10	57.17	52.00
Custom Work	356.28	287.08	384.83	318.00
Fuel & Lubricants	248.30	175.96	118.80	178.77
Field Machinery Repairs	372.32	272.61	215.27	280.46
Land Rent	133.47	76.87	147.18	100.37
Other Crop Expense ²	67.17	49.87	30.69	49.52
Total Crop Expense	1,969.09	1,500.89	1,674.13	1,619.67
Returns Over Direct & Crop Expenses	4,310.12	5,884.99	6,953.13	5,791.14
ALLOCATED INDIRECT & OVERHEAD EXPENSES				
Barn Equipment & Building Repairs	395.86	286.47	230.55	296.37
Hired Labour Expenses	398.33	525.65	670.63	528.92
Interest Expense	1,504.00	1,077.06	1,277.69	1,193.28
Insurance	243.94	152.36	143.47	167.67
Telephone & Hydro	232.24	171.20	137.32	176.23
Taxes	116.65	115.36	83.49	109.70
Other Overhead Expenses ³	148.48	104.10	79.05	107.68
Total Indirect & Overhead Expenses	3,039.50	2,432.20	2,622.20	2,579.85
Returns Over Expenses	1,270.62	3,452.79	4,330.93	3,211.29
DAIRY LIVESTOCK PURCHASES				
Cows & Bulls Purchased	51.19	50.42	171.96	73.07
Other Dairy Livestock Purchases	0.23	16.21	86.53	26.28
Total Dairy Livestock Purchases	51.42	66.63	258.49	99.35
Net Returns	1,219.20	3,386.16	4,072.44	3,111.94
TOTAL LABOUR REQUIRED (Hrs)⁴	112.97	84.94	51.75	83.98

¹ Other Dairy Expense includes bedding materials, feed processing, expense, livestock testing and registration, livestock insurance, livestock promotion expense and building rent.

² Other Crop Expense includes twine, seed cleaning, crop insurance and machine rentals.

³ Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

⁴ Labour estimated based on the recorded hours from daily time sheets (see section B.4)

TABLE 5 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2024
- PER HL OF MILK SOLD -

	Bottom 15	Middle 51	Top 15	All 81
REVENUE	\$	\$	\$	\$
Milk Sales	104.28	99.02	95.49	99.34
Quality Penalties & Levies	-0.08	0.00	-0.16	-0.05
Cows & Bulls Sold	8.92	6.95	7.92	7.50
Other Dairy Livestock Sold	2.65	2.57	2.62	2.59
Dairy Livestock Inventory Change	-1.14	0.12	2.73	0.37
Net Revenue	114.63	108.66	108.60	109.75
DIRECT DAIRY EXPENSES				
Dairy Ration	4.67	7.33	4.58	6.33
Protein Supplements	9.77	8.06	9.06	8.56
Salt & Minerals	0.35	0.48	0.09	0.38
Milk Replacer & Calf Ration	1.97	2.07	1.76	2.00
Other Purchased Feeds	0.26	0.31	0.25	0.29
Vet & Drugs	3.25	2.49	2.05	2.55
A.I. Fees	2.06	1.15	1.19	1.33
Stable & Milk House Supplies	3.60	2.37	2.06	2.54
Milk Transport & Licence Fees	5.59	5.93	5.91	5.86
Livestock Marketing	0.44	0.16	0.12	0.20
Other Dairy Expense ¹	4.01	3.39	2.69	3.37
Total Direct Expense	35.97	33.74	29.76	33.41
DAIRY SHARE OF CROP EXPENSES				
Bulk Grain & Forage Purchases	4.16	1.96	3.66	2.68
Seed	2.56	1.71	1.43	1.81
Fertilizers	2.92	2.21	1.64	2.24
Herbicides & Pesticides	0.55	0.53	0.52	0.53
Custom Work	4.46	2.84	3.39	3.25
Fuel & Lubricants	3.16	1.81	1.08	1.92
Field Machinery Repairs	4.83	2.77	1.95	3.00
Land Rent	1.75	0.82	1.42	1.10
Other Crop Expense ²	0.86	0.53	0.28	0.55
Total Crop Expense	25.25	15.18	15.37	17.08
Returns Over Direct & Crop Expenses	53.41	59.74	63.47	59.26
ALLOCATED INDIRECT & OVERHEAD EXPENSES				
Barn Equipment & Building Repairs	4.86	2.87	2.09	3.09
Hired Labour Expenses	5.03	5.11	6.00	5.26
Interest Expense	18.13	10.50	11.74	12.14
Insurance	2.98	1.57	1.30	1.78
Telephone & Hydro	2.81	1.74	1.25	1.85
Taxes	1.49	1.16	0.75	1.15
Other Overhead Expenses ³	1.86	1.08	0.72	1.16
Total Indirect & Overhead Expenses	37.16	24.03	23.85	26.43
Returns Over Expenses	16.25	35.71	39.62	32.83
DAIRY LIVESTOCK PURCHASES				
Cows & Bulls Purchased	0.58	0.58	1.66	0.78
Other Dairy Livestock Purchases	0.00	0.14	0.83	0.24
Total Dairy Livestock Purchases	0.58	0.72	2.49	1.02
Net Returns	15.67	34.99	37.13	31.81
TOTAL LABOUR REQUIRED (Hrs)⁴	1.43	0.88	0.47	0.90

¹ Other Dairy Expense includes bedding materials, feed processing, expense, livestock testing and registration, livestock insurance, livestock promotion expense and building rent.

² Other Crop Expense includes twine, seed cleaning, crop insurance and machine rentals.

³ Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

⁴ Labour estimated based on the recorded hours from daily time sheets (see section B.4)

APPENDIX A

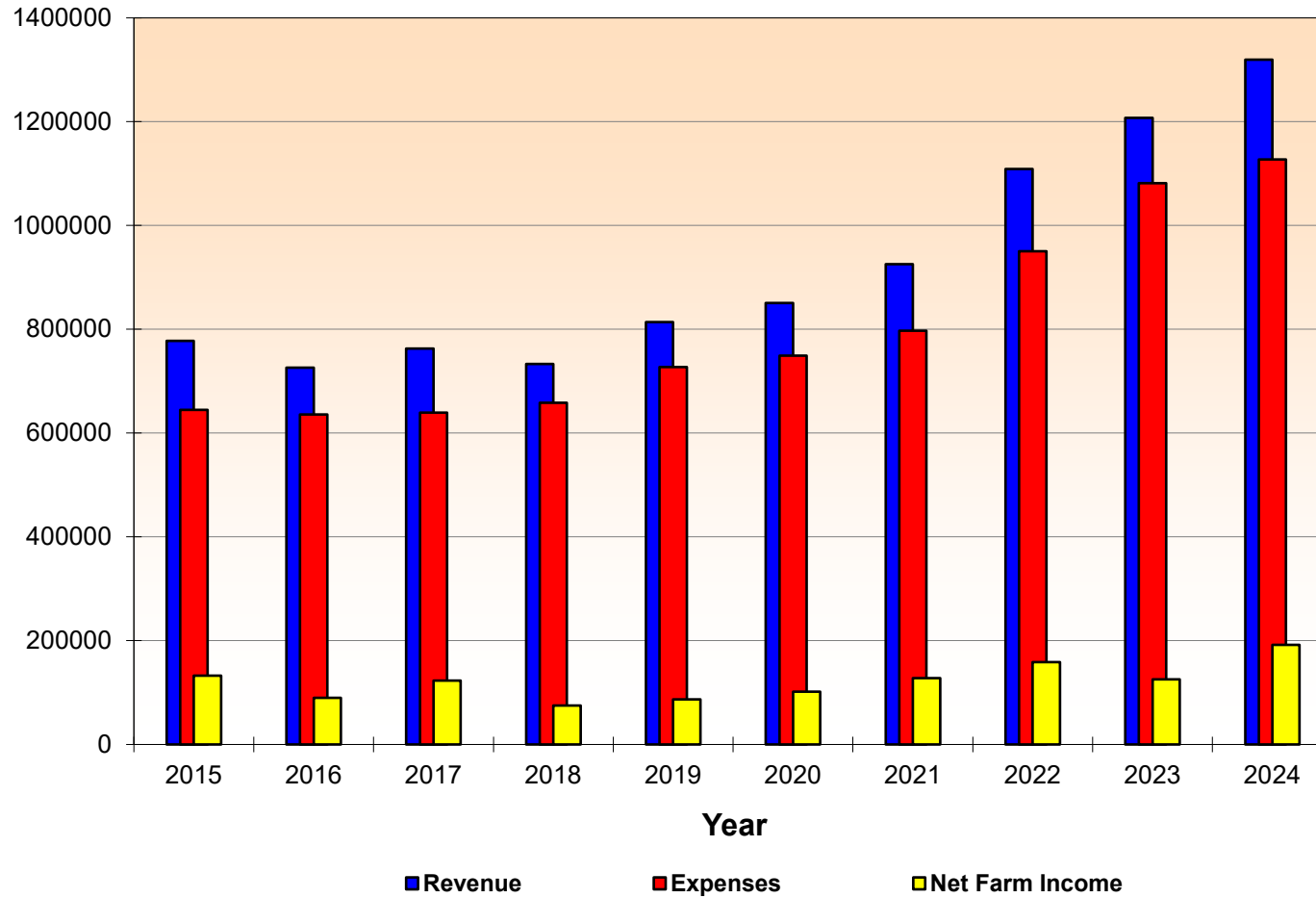
TABLE A.1 FARM REVENUE, EXPENSES AND NET INCOME; 2015 to 2024

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Farms	71	65	70	70	68	61	69	64	81	81
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Milk Sales	612,963	582,158	611,897	577,595	659,678	676,123	705,065	826,396	919,563	964,436
Livestock Sales	60,371	43,632	38,685	34,593	32,467	41,073	15,899	22,726	37,537	98,810
Crop Sales	49,702	46,191	39,360	52,327	54,827	56,321	86,698	106,836	99,439	118,710
Other Farm Income	46,307	54,309	51,704	62,539	64,740	77,896	92,720	128,758	135,228	135,714
Total Cash Revenue	769,343	726,290	741,646	727,054	811,712	851,413	900,382	1,084,716	1,191,767	1,317,670
Inventory Change All Enterprises	8,515	-435	22,325	6,336	2,202	-999	24,951	24,343	15,511	1,829
Total Farm Revenue	777,858	725,855	763,971	733,390	813,914	850,414	925,333	1,109,059	1,207,278	1,319,499
EXPENSES										
Dairy Cow Enterprise	194,336	190,817	205,044	201,331	212,015	215,722	230,253	275,462	303,899	304,386
Replacement Enterprise	21,060	19,977	20,475	20,456	22,477	22,151	23,448	23,686	26,972	25,882
Crops Enterprises	138,877	143,412	132,215	143,943	161,999	163,991	179,691	235,937	241,889	249,749
Other Farm Expenses	227,223	214,133	218,122	220,414	247,733	256,791	271,181	303,072	383,197	405,896
Total Cash Expenses	581,496	568,339	575,856	586,144	644,224	658,655	704,573	838,157	955,957	985,913
Building & Machinery Depreciation	63,483	67,402	64,781	72,077	82,942	90,719	92,894	112,248	125,713	141,530
Total Farm Expenses	644,979	635,741	640,637	658,221	727,166	749,374	797,467	950,405	1,081,670	1,127,443
NET FARM INCOME	132,879	90,114	123,334	75,169	86,748	101,040	127,866	158,654	125,608	192,056

TABLE A.2 SAMPLE CHARACTERISTICS; 2015 to 2024

Data Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Farms	71	65	70	70	68	61	69	64	81	81
Herd Size (head)	85.6	82.7	82.2	84	90	89.6	90	96.1	98.1	98.2
Milk Sales (litres)	784,547	769,113	787,315	773,580	829,257	843,988	879,256	922,526	980,640	987,536
Milk Sales Per Cow (litres)	8,583	8,890	9,093	8,942	9,016	9,181	9,416	9,477	9,804	9,837
Tillable Hectares	151	135	128	132	135	146	154	168	162	162
Total Person Equivalents	2.3	2.4	2.5	2.5	2.6	2.5	2.5	2.6	2.7	2.7
Age of Principal Operator	51.9	52.2	51.7	50.7	50.6	50.1	49.6	49.0	47.8	47.7

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**AVERAGE REVENUE, EXPENSES
AND NET FARM INCOME;
2015 TO 2024.**



APPENDIX B

SAMPLE DESIGN AND CHARACTERISTICS

B.1 Project Methodology

To provide uniformity of data collection, Project representatives are assigned to do on-farm recording of financial transactions. Farms are visited, on average, three to four times a year, to record financial transactions and collect relevant production information. Various techniques are used to solicit data due to the many differences in farm types and the level of organization.

B.2 Sample Selection

The project sample is based on a regionally stratified random sample of farms. The sample was selected from the files of Dairy Farmers of Ontario (DFO).

The 2024 sample is composed of five sub-samples of dairy farms. The first sub-sample consists of 9 farms which was recruited in late 2019 and enrolled in the Project for 2020. The second sub-sample consists of 16 farms recruited in late 2020 for enrolment in 2021. The third sub-sample of 11 farms was recruited in late 2021 for enrolment in 2022. The fourth sub-sample of 33 farms was recruited in late 2022 for enrolment in 2023. The fifth and final sub-sample of 12 farms was recruited in late 2023 for enrolment in 2024.

All five sub-samples were randomly selected on the basis of region. That is, the number of farms selected within a region for each sub-sample reflected the proportion of the farms present in the population for that region at the time the sub-sample was drawn. The 14 ODFAP regions match the DFO Field Supervisor Representative zones, allowing for a more streamlined recruiting process.

The counties¹ included in each region of the sampling grid area are:

- Region 1 Glengarry, Prescott
- Region 2 Russell, Stormont, Dundas, Carleton
- Region 3 Grenville, Leeds, Carleton, Dundas
- Region 4 Lennox & Addington, Frontenac, Lanark, Renfrew, Carleton
- Region 5 Hastings, Northumberland, Peterborough, Prince Edward
- Region 6 York, Peel, Durham, Simcoe, City of Kawartha Lakes
- Region 7 Brant, Haldimand, Niagara, Norfolk, Halton, Waterloo, Wentworth, Oxford, Wellington
- Region 8 Oxford
- Region 9 Middlesex, Elgin, Lambton, Essex-Kent
- Region 10 Perth, Huron
- Region 11 Perth, Wellington
- Region 12 Waterloo, Wellington
- Region 13 Bruce, Huron
- Region 14 Dufferin, Grey, Wellington

¹ Counties are as they were defined prior to amalgamation under regional government.

The sample is based on a five year rotation. Each year the new sample is based on the existing population within each of 14 regions. Any producer that had participated in the project within the past 3 years was excluded from the sample selection process.

The sample composition and structure for the 81 farms on which this report is based are summarized in Table B.1.

TABLE B.1 SAMPLE COMPOSITION AND STRUCTURE; 2024.

Participation by Year of Initial Enrolment

REGION	2020	2021	2022	2023	2024	TOTAL
01				4		4
02			1	2	1	4
03	1	1				2
04		2		3		5
05	1	1		2		4
06	1	1	1	1	2	6
07	1		1	5		7
08	2	1	1	3	1	8
09	1	2		3	1	7
10	1		1	2	1	5
11		3		3	3	9
12			2	4	2	8
13	1	3	1	1	1	7
14		2	3			5
TOTAL	9	16	11	33	12	81

B.3 Enrolment Procedure

Farms selected for enrolment were initially contacted and recruited by a DFO Field Services Representative. A serious attempt was made to handle all contacts in the same manner and to give essentially the same message in all cases. In discussions with the farmers, and in seeking their co-operation, it was emphasized that the confidentiality of individual records would be respected, that there were benefits to the industry and to the individual and that we were seeking their co-operation. It was also stressed that the data collection visits would occur at the convenience of the producer.

B.4 Labour Data Collection

Labour data for the project is collected using daily time sheets. Producers are asked to complete the time sheets for their first year on the project. Sheets are completed for all individuals contributing labour to the farm. Completion of the time sheets in the second and subsequent years on the project is encouraged, but not mandatory, unless changes have occurred which would significantly alter the labour requirements for the operation.

[illegible]

APPENDIX C

ACCOUNTING PROCEDURES

C.1 Account Structure

A computerized accounting program is used as the data collection vehicle for the Project. The computer program permits separating information into enterprises or profit centres and accounts or cost centres. Six basic enterprises are being registered:

- (i) general farm
- (ii) dairy herd
- (iii) replacement
- (iv) small grain
- (v) corn/corn silage
- (vi) hay/haylage/pasture

The general farm account includes any other crop or type of livestock. Specialized enterprises are not registered. One overhead cost account is registered.

The number of farms which had other livestock or crops activity in the general farm account in 2024 is as follows:

(i) Beef & Veal	29
(ii) Sheep	2
(iii) Swine	1
(iv) Poultry	1
(v) Other Crops	47

C.2 On-Farm Recording

Project representatives work within very specific guidelines in order to get as much uniformity as possible. As a general rule, the recording methods required for filing tax returns are used. All income and expense items are recorded on an accrual basis. A complete list of items recorded and the recording procedure can be obtained from the Project Manager.

C.3 Valuation of Fixed Assets

All fixed assets (land, buildings, houses, machinery, and intangibles) are recorded at both original cost and estimated current market value.

Depreciation is recorded using a diminishing balance rate: 5% for buildings and structures, 10% for farm machinery and 15% motorized equipment and machinery. The assumption is made that the equipment will reach its salvage value when it is worth 20 percent of its original cost.

C.4 Valuation of Livestock

Dairy livestock is valued according to three different quality categories. Beginning and ending inventory values, used for 2024, are as indicated in Table C.1.

TABLE C.1 LIVESTOCK INVENTORY VALUES; 2024.

Description	Under 7,750 Litres/Cow/Year		Over 7,750 Litres/Cow/Year	
	Beginning (\$)	Ending (\$)	Beginning (\$)	Ending (\$)
Cows	1400	2150	1850	2900
Bred Heifers	1200	1850	1700	2650
Open Heifers	900	1400	1250	1950
Heifer Calves	200	300	300	450
Bull Calves	100	500	100	500

Note: Information in the table is based on current auction market value as collected by Project representatives. Beef, swine and poultry were valued at current market value.

C.5 Valuation of Crops

Grain values are based on estimates obtained from Agricorp 2024 AgriStability Fair Market Values list. Forage values are based on the equivalent feed value of grain corn. Values for 2024 are as indicated in Table C.2.

TABLE C.2 CROP INVENTORY AND TRANSFER VALUES; 2024.
- Per Tonne Basis -

Values used for	Inventory Valuation		Transfer Value
	Beginning	Ending	
	\$	\$	\$
Home-grown Feed:			
Wheat	271.00	246.00	258.50
Barley	334.00	272.00	303.00
Oats	342.00	283.00	312.50
Mixed Grain	311.00	250.00	280.50
Grain Corn	216.00	216.00	216.00
Hay	204.00	192.00	198.00
Haylage @ 45% DM	96.00	90.50	93.25
Grainlage	64.00	51.50	57.75
Corn Silage	43.00	43.00	43.00
Straw	208.00	205.00	206.50

C.6 Allocation of Expenses

Direct expense items, such as seed and fertilizer, pose no problem with respect to allocation as their use is generally confined to a single farm enterprise.

Indirect and overhead expenses are more difficult to allocate as they are normally used in more than one enterprise. These expenses are allocated on the basis of the following guidelines.

(a) Building Depreciation

Allocated to livestock enterprises according to the building space used. If the buildings used for certain types of enterprises are obviously depreciating at a higher rate than others, the allocation is accordingly adjusted.

(b) Machinery Depreciation

Allocated according to use as defined on the basis of the classification of individual machinery and equipment items.

(c) Heating Fuels

Normally all personal use unless auxiliary heating is required for certain livestock enterprises (e.g. broilers).

(d) Barn Equipment Repair

Normally about 80 percent to the cows, 20 percent to heifers (milking equipment milk tank, stable cleaners, etc. are used mainly for the dairy enterprise). If other livestock enterprises are on the farm, costs are allocated according to use.

(e) Building Repair (*building repair, fence repair, hardware*)

Normally about 80 percent cows, 20 percent heifers if housed in the same type of facilities.

(f) Gas, Diesel (*gas, diesel, oil, grease*)

Allocated to crops on the basis of hectares or use. Gasoline for personal use is being recorded directly, and not allocated.

(g) Field Machinery (*equipment repair*)

Allocated according to hectares or use.

(h) Machinery Miscellaneous Expenses (*hardware, tools, machine insurance, licence, rent*)

Allocated according to hectares or use.

(i) House Repairs and Maintenance

Almost always 100 percent personal.

(j) Labour (*wages, EI, CPP, WSIB, EHT*)

According to use.

(k) Interest (*interest, life insurance premium*)

Allocation of short term interest is based on the percentage that the direct expense for each enterprise represents of the total direct expense for the farm. Intermediate and long term interest including life insurance premium is allocated 50 percent to the livestock enterprises based on the percentage overhead allocated, and 50 percent to crops according to hectares.

(l) Farm Insurance (*fire, liability, accident*)

Allocated to livestock.

(m) Car (*car insurance, maintenance*)

Normally 70 percent personal, 15 percent livestock, 15 percent crops.

(n) Hydro

Normally, if highly mechanized, 10 percent personal, 90 percent livestock. If low mechanization, 30 percent personal, 70 percent livestock.

(o) Water

Allocated to livestock.

(p) Telephone

Normally 50 percent personal, 25 percent livestock, 25 percent crops.

(q) Real Estate Taxes

Approximately half land, half buildings, allocated 10 percent to personal use for the house, pro-rated 40 percent to livestock according to animal units, 50 percent to crops according to hectares of each crop.

(r) Other Overhead Expenses (*Fees, accounting, legal, office supplies, advertising, etc.*)

50 percent livestock, 50 percent crops.

C.7 Allocation of Home-grown Feed

All home-grown feed is allocated to the various livestock enterprises based on information supplied by the farmer. In order to check for accuracy, an edit is carried out at the end of the year. This involves checking the estimated feed consumption

$$(Beginning\ Inventory + Production + Purchases - Sales - Ending\ Inventory)$$

for each farm to make sure that it is in line with accepted industry benchmarks for feed consumption. If feed consumption is not close to the benchmarks, the crop yields and other related information are double-checked to clarify the discrepancy.