



# **ANNUAL REPORT 2022**

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

**Released**  
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## **ACKNOWLEDGEMENT**

This report is indebted to the 64 dairy producers who willingly participated in the Project during 2022. 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 2022 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 2022 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 2022**

The 2022 results for the 64 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 34 farms (middle). The COP ranking is based on the assumptions and calculational procedures established for the national Cost of Production pricing formula for industrial milk.

**TABLE 1 FARM REVENUE AND EXPENSES; 2022**

	<b>Bottom 15</b>	<b>Middle 34</b>	<b>Top 15</b>	<b>All 64</b>
<b>REVENUE</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Milk Sales	476,124	720,459	1,416,791	826,396
Cow & Bull Sales	10,819	8,890	33,586	15,130
Calf & Heifer Sales	4,473	5,932	14,490	7,596
Crop Sales	69,957	121,611	110,224	106,836
Other Farm Income	109,677	150,406	98,771	128,758
<b>Total Cash Revenue</b>	<b>671,050</b>	<b>1,007,298</b>	<b>1,673,862</b>	<b>1,084,716</b>
Inventory Change				
Dairy Enterprise	230	-31	9,790	2,332
Replacement Enterprise	-4,880	2,904	4,293	1,405
Other Livestock	4,150	601	0	1,292
Feeds, Crops, Supplies	-14,572	30,012	28,953	19,314
<b>Total Farm Revenue</b>	<b>655,978</b>	<b>1,040,784</b>	<b>1,716,898</b>	<b>1,109,059</b>
<b>EXPENSES</b>				
Dairy Cow Enterprise				
Cow & Bull Purchases	1,527	3,660	2,053	2,784
Commercial Feed Purchases	95,375	138,684	237,182	151,619
Milk & Livestock Marketing	30,592	44,388	88,981	51,606
Breeding Fees	8,146	10,108	16,315	11,103
Stable & Milkhouse Supplies	13,649	14,292	27,830	17,314
Vet. and Drugs	14,953	18,686	23,024	18,828
Other Dairy Expenses <sup>1</sup>	19,678	20,464	28,690	22,208
Replacement Enterprise				
Cattle Purchases	0	1,013	0	538
Feed Purchases	10,199	20,885	31,141	20,784
Other Direct Heifer Expenses	1,649	2,726	2,257	2,364
Crop Enterprise				
Grains and Forages Purchases	8,376	22,595	40,387	23,433
Seed	19,827	28,184	34,681	27,748
Fertilizer	33,563	43,796	50,368	42,938
Sprays	6,960	11,655	12,164	10,674
Custom Work	31,372	32,328	73,834	41,832
Gas & Diesel Fuel	29,652	39,897	45,396	38,785
Machinery Repairs	32,998	41,522	59,688	43,782
Other Crop Expenses <sup>2</sup>	4,638	8,088	5,809	6,745
Other Farm Expenses				
Direct Expenses Non-Dairy Livestock	32,089	11,816	-235	13,743
Direct Expenses Other Crops	26,223	38,359	23,455	32,021
Wages & Salaries	25,137	57,434	108,398	61,809
Land Rent	13,899	11,947	23,533	15,120
Interest Paid	42,727	84,200	112,956	81,219
Real Estate Taxes	9,008	13,490	18,513	13,617
Telephone & Hydro	15,847	17,543	24,986	18,890
Insurance	12,575	17,144	20,254	16,802
Equipment & Building Repairs	24,267	32,397	56,517	36,145
Other General Cash Expenses <sup>3</sup>	11,136	11,962	20,231	13,706
<b>Total Cash Expenses</b>	<b>576,062</b>	<b>799,263</b>	<b>1,188,408</b>	<b>838,157</b>
Building Depreciation	34,298	43,160	65,549	46,330
Machinery Depreciation	45,863	59,586	100,325	65,918
<b>Total Farm Expenses</b>	<b>656,223</b>	<b>902,009</b>	<b>1,354,282</b>	<b>950,405</b>
<b>Net Farm Income</b>	<b>-245</b>	<b>138,775</b>	<b>362,616</b>	<b>158,654</b>

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

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

<sup>3</sup> Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

**TABLE 2** **FARM BALANCE SHEET;**  
**DECEMBER 31, 2022**

<b>NUMBER OF FARMS</b>	<b>Bottom 15</b>	<b>Middle 34</b>	<b>Top 15</b>	<b>All 64</b>
<b>A. WITH ASSETS AT MARKET VALUE</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Machinery and Equipment	638,218	832,566	1,184,683	869,543
Personal Equipment	10,688	10,026	5,810	9,193
Land and Farm Buildings	4,546,158	5,546,402	9,837,848	6,317,778
Farm House & Personal Structures	273,824	239,629	140,190	224,337
Dairy Cows	107,377	150,696	303,523	176,362
Dairy Heifers	56,823	89,819	177,927	102,736
Other Livestock	9,410	5,282	1,167	5,285
Feed, Crops, Supplies, Inventory	143,194	231,782	289,511	224,549
Milk Quota	1,514,192	2,241,720	4,390,624	2,574,855
<b>Total Assets</b>	<b><u>7,299,884</u></b>	<b><u>9,347,922</u></b>	<b><u>16,331,283</u></b>	<b><u>10,504,638</u></b>
<b>B. WITH FIXED ASSETS AT COST LESS DEPRECIATION<sup>1</sup></b>				
Machinery and Equipment	436,650	528,534	857,138	584,015
Personal Equipment	10,634	12,688	6,343	10,720
Land and Farm Buildings	2,344,527	2,224,979	3,681,851	2,594,453
Farm House & Personal Structures	150,770	135,180	82,405	126,465
Dairy Cows	107,377	150,696	303,523	176,362
Dairy Heifers	56,823	89,819	177,927	102,736
Other Livestock	9,410	5,282	1,167	5,285
Feed, Crops, Supplies, Inventory	143,194	231,782	289,511	224,549
Milk Quota	698,790	1,130,841	2,466,207	1,342,556
<b>Total Assets</b>	<b><u>3,958,175</u></b>	<b><u>4,509,801</u></b>	<b><u>7,866,072</u></b>	<b><u>5,167,141</u></b>
<b>C. LIABILITIES</b>				
Operating & Short-Term Trade Credit	3,070	239,135	79,608	146,418
Intermediate & Long Term Loans	801,990	1,745,189	3,450,170	1,923,732
F.C.C. Loans	358,765	705,323	480,550	571,417
<b>Total Liabilities</b>	<b><u>1,163,825</u></b>	<b><u>2,689,647</u></b>	<b><u>4,010,328</u></b>	<b><u>2,641,567</u></b>
<b>D. OWNER'S EQUITY</b>				
<b>(A) Assets At Market Value</b>	<b><u>6,136,059</u></b>	<b><u>6,658,275</u></b>	<b><u>12,320,955</u></b>	<b><u>7,863,071</u></b>
<b>(B) Fixed Assets at Cost</b>	<b><u>2,794,350</u></b>	<b><u>1,820,154</u></b>	<b><u>3,855,744</u></b>	<b><u>2,525,574</u></b>

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

**TABLE 3**                      **BASIC FARM PRODUCTION PARAMETERS; 2022**

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<b>NUMBER OF FARMS</b>	<b>Bottom 15</b>	<b>Middle 34</b>	<b>Top 15</b>	<b>All 64</b>
Dairy Cows (hd)	63.8	81.5	161.4	96.1
Open Dairy Heifers, 6 months & older (hd)	20.5	26.3	48.7	30.2
Bred Dairy Heifers (hd)	21.1	28.9	58.0	33.9
Milk Sold/Farm (litres) <sup>1</sup>	524,341	804,092	1,589,162	922,526
Milk Sold/Cow (litres) <sup>1</sup>	8,366	9,757	9,952	9,477
Butterfat Test (kg/hl)	4.30	4.21	4.20	4.23
Person-Equivalents of Labour	2.5	2.6	2.6	2.6
Workable Land Farmed (hectares) <sup>2</sup>	129	177	186	168
Average Age of Principal Operator	52.8	49.0	45.1	49.0

<sup>1</sup> Milk is expressed in terms of milk actually sold.

<sup>2</sup> One hectare = 2.47 acres.

**TABLE 4 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2022**  
**- PER COW -**

	<b>Bottom 15</b>	<b>Middle 34</b>	<b>Top 15</b>	<b>All 64</b>
	\$	\$	\$	\$
<b>REVENUE</b>				
Milk Sales	7,520.30	8,807.93	8,830.64	8,511.46
Quality Penalties & Levies	-9.40	-0.48	-1.65	-2.84
Cows & Bulls Sold	152.32	74.27	188.34	119.30
Other Dairy Livestock Sold	79.88	84.50	95.61	86.02
Dairy Livestock Inventory Change	-88.70	48.14	80.71	23.70
<b>Net Revenue</b>	<b>7,654.40</b>	<b>9,014.36</b>	<b>9,193.65</b>	<b>8,737.64</b>
<b>DIRECT DAIRY EXPENSES</b>				
Dairy Ration	516.53	529.05	413.28	498.98
Protein Supplements	903.39	972.33	925.46	945.19
Salt & Minerals	30.38	63.86	31.25	48.37
Milk Replacer & Calf Ration	178.16	233.10	185.54	209.08
Other Purchased Feeds	42.54	57.91	86.88	61.10
Vet & Drugs	230.39	242.40	162.14	220.77
A.I. Fees	126.78	123.38	113.29	121.81
Stable & Milk House Supplies	224.19	184.49	182.41	193.31
Milk Transport & Licence Fees	455.05	527.05	537.17	512.55
Livestock Marketing	27.94	13.72	20.74	18.70
Other Dairy Expense <sup>1</sup>	378.19	287.75	185.38	284.95
<b>Total Direct Expense</b>	<b>3,113.54</b>	<b>3,235.04</b>	<b>2,843.54</b>	<b>3,114.81</b>
<b>DAIRY SHARE OF CROP EXPENSES</b>				
Bulk Grain & Forage Purchases	92.48	283.84	231.32	226.68
Seed	179.90	180.30	157.88	174.95
Fertilizers	283.75	263.10	208.79	255.21
Herbicides & Pesticides	46.12	63.24	49.46	56.00
Custom Work	312.77	256.79	360.88	294.31
Fuel & Lubricants	291.24	251.70	189.70	246.44
Field Machinery Repairs	301.72	240.85	230.94	252.79
Land Rent	157.49	77.31	108.59	103.43
Other Crop Expense <sup>2</sup>	70.89	59.75	27.71	54.85
<b>Total Crop Expense</b>	<b>1,736.36</b>	<b>1,676.88</b>	<b>1,565.27</b>	<b>1,664.66</b>
<b>Returns Over Direct &amp; Crop Expenses</b>	<b>2,804.50</b>	<b>4,102.44</b>	<b>4,784.84</b>	<b>3,958.17</b>
<b>ALLOCATED INDIRECT &amp; OVERHEAD EXPENSES</b>				
Barn Equipment & Building Repairs	264.98	313.19	203.11	276.09
Hired Labour Expenses	430.78	527.15	559.78	512.21
Interest Expense	610.51	783.70	618.13	704.31
Insurance	167.46	145.26	103.14	140.59
Telephone & Hydro	182.74	156.89	131.89	157.09
Taxes	82.95	109.94	85.14	97.80
Other Overhead Expenses <sup>3</sup>	122.55	100.44	82.95	101.52
<b>Total Indirect &amp; Overhead Expenses</b>	<b>1,861.97</b>	<b>2,136.57</b>	<b>1,784.14</b>	<b>1,989.61</b>
<b>Returns Over Expenses</b>	<b>942.53</b>	<b>1,965.87</b>	<b>3,000.70</b>	<b>1,968.56</b>
<b>DAIRY LIVESTOCK PURCHASES</b>				
Cows & Bulls Purchased	28.75	53.69	24.45	40.99
Other Dairy Livestock Purchases	0.00	16.03	0.00	8.51
<b>Total Dairy Livestock Purchases</b>	<b>28.75</b>	<b>69.72</b>	<b>24.45</b>	<b>49.50</b>
<b>Net Returns</b>	<b>913.78</b>	<b>1,896.15</b>	<b>2,976.25</b>	<b>1,919.06</b>
<b>TOTAL LABOUR REQUIRED (Hrs)<sup>4</sup></b>	<b>114.41</b>	<b>90.00</b>	<b>48.21</b>	<b>85.93</b>

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

<sup>2</sup> Other Crop Expense includes twine, seed cleaning, crop insurance and machine rentals.

<sup>3</sup> Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

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

**TABLE 5 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2022**  
**- PER HL OF MILK SOLD -**

	<b>Bottom 15</b>	<b>Middle 34</b>	<b>Top 15</b>	<b>All 64</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>				
Milk Sales	91.14	90.68	88.83	90.35
Quality Penalties & Levies	-0.13	-0.01	-0.02	-0.04
Cows & Bulls Sold	2.00	0.70	1.86	1.28
Other Dairy Livestock Sold	0.92	0.87	0.93	0.90
Dairy Livestock Inventory Change	-1.02	0.54	0.82	0.24
<b>Net Revenue</b>	<b>92.91</b>	<b>92.78</b>	<b>92.42</b>	<b>92.73</b>
<b>DIRECT DAIRY EXPENSES</b>				
Dairy Ration	6.55	5.40	4.06	5.36
Protein Supplements	10.21	9.93	9.24	9.83
Salt & Minerals	0.38	0.64	0.33	0.51
Milk Replacer & Calf Ration	2.27	2.32	1.85	2.20
Other Purchased Feeds	0.60	0.61	0.88	0.67
Vet & Drugs	2.86	2.47	1.59	2.35
A.I. Fees	1.62	1.25	1.14	1.31
Stable & Milk House Supplies	2.71	1.90	1.82	2.08
Milk Transport & Licence Fees	5.43	5.40	5.40	5.41
Livestock Marketing	0.33	0.15	0.20	0.20
Other Dairy Expense <sup>1</sup>	4.43	3.00	1.87	3.07
<b>Total Direct Expense</b>	<b>37.39</b>	<b>33.07</b>	<b>28.38</b>	<b>32.99</b>
<b>DAIRY SHARE OF CROP EXPENSES</b>				
Bulk Grain & Forage Purchases	1.18	3.05	2.24	2.42
Seed	2.23	1.85	1.60	1.88
Fertilizers	3.53	2.69	2.15	2.76
Herbicides & Pesticides	0.55	0.64	0.52	0.59
Custom Work	3.92	2.67	3.58	3.17
Fuel & Lubricants	3.74	2.59	1.94	2.71
Field Machinery Repairs	3.95	2.52	2.38	2.82
Land Rent	1.86	0.80	1.12	1.12
Other Crop Expense <sup>2</sup>	0.97	0.62	0.28	0.62
<b>Total Crop Expense</b>	<b>21.93</b>	<b>17.43</b>	<b>15.81</b>	<b>18.09</b>
<b>Returns Over Direct &amp; Crop Expenses</b>	<b>33.59</b>	<b>42.28</b>	<b>48.23</b>	<b>41.65</b>
<b>ALLOCATED INDIRECT &amp; OVERHEAD EXPENSES</b>				
Barn Equipment & Building Repairs	3.09	3.22	2.05	2.92
Hired Labour Expenses	4.70	5.25	5.73	5.23
Interest Expense	7.59	8.19	6.26	7.60
Insurance	2.04	1.49	1.05	1.51
Telephone & Hydro	2.23	1.60	1.33	1.69
Taxes	1.01	1.13	0.86	1.04
Other Overhead Expenses <sup>3</sup>	1.54	1.03	0.83	1.10
<b>Total Indirect &amp; Overhead Expenses</b>	<b>22.20</b>	<b>21.91</b>	<b>18.11</b>	<b>21.09</b>
<b>Returns Over Expenses</b>	<b>11.39</b>	<b>20.37</b>	<b>30.12</b>	<b>20.56</b>
<b>DAIRY LIVESTOCK PURCHASES</b>				
Cows & Bulls Purchased	0.39	0.63	0.26	0.48
Other Dairy Livestock Purchases	0.00	0.16	0.00	0.09
<b>Total Dairy Livestock Purchases</b>	<b>0.39</b>	<b>0.79</b>	<b>0.26</b>	<b>0.57</b>
<b>Net Returns</b>	<b>11.00</b>	<b>19.58</b>	<b>29.86</b>	<b>19.99</b>
<b>TOTAL LABOUR REQUIRED (Hrs)<sup>4</sup></b>	<b>1.41</b>	<b>0.93</b>	<b>0.49</b>	<b>0.94</b>

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

<sup>2</sup> Other Crop Expense includes twine, seed cleaning, crop insurance and machine rentals.

<sup>3</sup> Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

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

## APPENDIX A

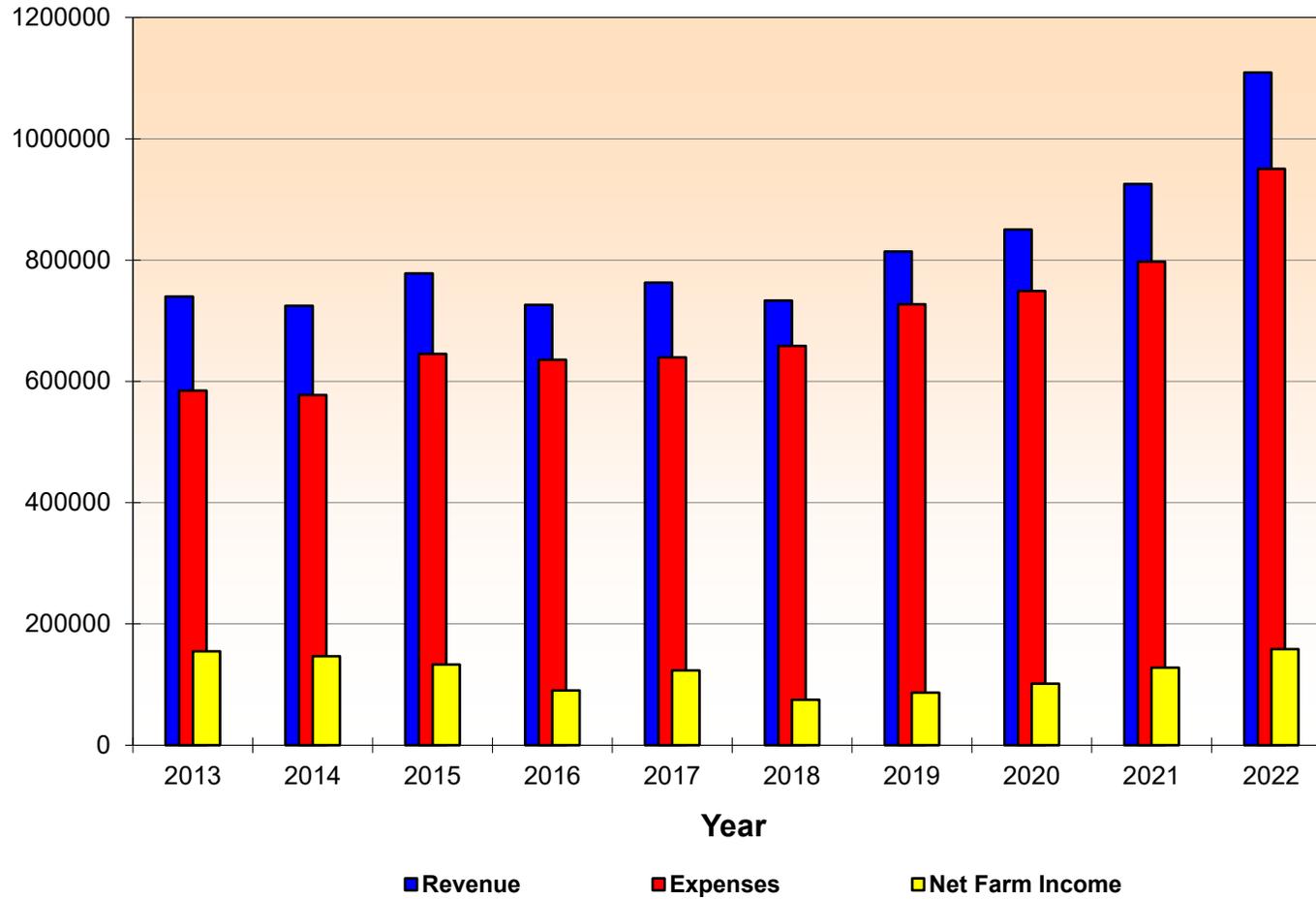
**TABLE A.1 FARM REVENUE, EXPENSES AND NET INCOME; 2013 to 2022**

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Farms	58	65	71	65	70	70	68	61	69	64
<b>REVENUE</b>	<b>\$</b>									
Milk Sales	596,407	589,229	612,963	582,158	611,897	577,595	659,678	676,123	705,065	826,396
Livestock Sales	37,761	49,754	60,371	43,632	38,685	34,593	32,467	41,073	15,899	22,726
Crop Sales	43,486	38,297	49,702	46,191	39,360	52,327	54,827	56,321	86,698	106,836
Other Farm Income	55,818	49,868	46,307	54,309	51,704	62,539	64,740	77,896	92,720	128,758
<b>Total Cash Revenue</b>	<b>733,472</b>	<b>727,148</b>	<b>769,343</b>	<b>726,290</b>	<b>741,646</b>	<b>727,054</b>	<b>811,712</b>	<b>851,413</b>	<b>900,382</b>	<b>1,084,716</b>
Inventory Change All Enterprises	6,240	-2,579	8,515	-435	22,325	6,336	2,202	-999	24,951	24,343
<b>Total Farm Revenue</b>	<b>739,712</b>	<b>724,569</b>	<b>777,858</b>	<b>725,855</b>	<b>763,971</b>	<b>733,390</b>	<b>813,914</b>	<b>850,414</b>	<b>925,333</b>	<b>1,109,059</b>
<b>EXPENSES</b>										
Dairy Cow Enterprise	172,835	173,764	194,336	190,817	205,044	201,331	212,015	215,722	230,253	275,462
Replacement Enterprise	17,455	18,226	21,060	19,977	20,475	20,456	22,477	22,151	23,448	23,686
Crops Enterprises	128,404	119,687	138,877	143,412	132,215	143,943	161,999	163,991	179,691	235,937
Other Farm Expenses	207,753	208,835	227,223	214,133	218,122	220,414	247,733	256,791	271,181	303,072
<b>Total Cash Expenses</b>	<b>526,447</b>	<b>520,512</b>	<b>581,496</b>	<b>568,339</b>	<b>575,856</b>	<b>586,144</b>	<b>644,224</b>	<b>658,655</b>	<b>704,573</b>	<b>838,157</b>
Building & Machinery Depreciation	58,371	57,150	63,483	67,402	64,781	72,077	82,942	90,719	92,894	112,248
<b>Total Farm Expenses</b>	<b>584,818</b>	<b>577,662</b>	<b>644,979</b>	<b>635,741</b>	<b>640,637</b>	<b>658,221</b>	<b>727,166</b>	<b>749,374</b>	<b>797,467</b>	<b>950,405</b>
<b>NET FARM INCOME</b>	<b>154,894</b>	<b>146,907</b>	<b>132,879</b>	<b>90,114</b>	<b>123,334</b>	<b>75,169</b>	<b>86,748</b>	<b>101,040</b>	<b>127,866</b>	<b>158,654</b>

**TABLE A.2 SAMPLE CHARACTERISTICS; 2013 to 2022**

Data Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Farms	58	65	71	65	70	70	68	61	69	64
Herd Size (head)	85.3	80.7	85.6	82.7	82.2	84	90	89.6	90	96.1
Milk Sales (litres)	742,230	714,021	784,547	769,113	787,315	773,580	829,257	843,988	879,256	922,526
Milk Sales Per Cow (litres)	8,152	8,356	8,583	8,890	9,093	8,942	9,016	9,181	9,416	9,477
Tillable Hectares	151	140	151	135	128	132	135	146	154	168
Total Person Equivalents	2.3	2.3	2.3	2.4	2.5	2.5	2.6	2.5	2.5	2.6
Age of Principal Operator	52.3	51.7	51.9	52.2	51.7	50.7	50.6	50.1	49.6	49.0

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**AVERAGE REVENUE, EXPENSES  
AND NET FARM INCOME;  
2013 TO 2022.**



## 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 2022 sample is composed of five sub-samples of dairy farms. The first sub-sample consists of 15 farms which was recruited in late 2017 and enrolled in the Project for 2018. The second sub-sample consists of 8 farms recruited in late 2018 for enrolment in 2019. The third sub-sample of 9 farms was recruited in late 2019 for enrolment in 2020. The fourth sub-sample of 17 farms was recruited in late 2020 for enrolment in 2021. The fifth and final sub-sample of 15 farms was recruited in late 2021 for enrolment in 2022.

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 counties<sup>1</sup> 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

<sup>1</sup> 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 64 farms on which this report is based are summarized in Table B.1.

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**TABLE B.1      SAMPLE COMPOSITION AND STRUCTURE; 2022.**

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**Participation by Year of Initial Enrolment**

<b>REGION</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>TOTAL</b>
<b>1</b>	3				1	4
<b>2</b>				1	1	2
<b>3</b>			1	1		2
<b>4</b>		1		2		3
<b>5</b>		1	1	1	2	5
<b>6</b>	2		1	1	2	6
<b>7</b>	2	1	1		1	5
<b>8</b>	2	1	2	1	1	7
<b>9</b>		1	1	2		4
<b>10</b>	1	1	1		1	4
<b>11</b>	1	1		3		5
<b>12</b>	3				2	5
<b>13</b>	1		1	3	1	6
<b>14</b>		1		2	3	6
<b>TOTAL</b>	<b>15</b>	<b>8</b>	<b>9</b>	<b>17</b>	<b>15</b>	<b>64</b>



## **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 2022 is as follows:

(i) Beef & Veal	22
(ii) Sheep	2
(iii) Other Crops	35

#### **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 2022, are as indicated in Table C.1.

**TABLE C.1 LIVESTOCK INVENTORY VALUES; 2022.**

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

**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 2022 AgriStability Fair Market Values list. Forage values are based on the equivalent feed value of grain corn. Values for 2022 are as indicated in Table C.2.

**TABLE C.2 CROP INVENTORY AND TRANSFER VALUES; 2022.**  
 - Per Tonne Basis -

Values used for	Inventory Valuation		Transfer Value
	Beginning	Ending	
	\$	\$	\$
<b>Home-grown Feed:</b>			
Wheat (Feed)	335.00	336.00	335.50
Barley	350.00	360.00	355.00
Oats	431.00	378.00	404.50
Mixed Grain	280.00	372.00	326.00
Grain Corn	286.00	313.00	299.50
Hay	210.00	202.00	206.00
Haylage @ 45% DM	99.00	95.00	97.00
Oatlage/Barlage	69.00	71.00	70.00
Corn Silage	57.00	62.00	59.50
Straw	191.00	206.00	198.50

## 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.