Assessing Profit Maximization Strategies for Wheat Production in Anticipation of Climate Change and Demand for Alternative Fuel Crops: A Case Study Approach

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Agricultural producers often make large, upfront investments in:

- Producing and establishing cropping systems
- Livestock enterprises
- Conservation practices
- Purchasing equipment
- Adding value to products
- Implementing new technologies.

Misjudging the costs and potential returns of such investments can result in serious financial difficulty.

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AgTools™ is a suite of software programs which help agricultural producers make better decisions to manage the financial risk in agriculture.

AgProfit™
Can I make money doing this and can I afford it based on this scenario?

AgLease™
Establishing an equitable crop-share and cash rent leases

AgFinance™
Based on a whole-farm financial analysis, do I have the resources to implement this decision?

The AgTools™ website hosts three programs with supporting documents and materials:

AgProfit™ can help make short, medium, and long-run investment decisions based on profitability (NPV & IRR).

AgLease™ can help establish equitable short- and long-run crop share and cash rent payment leases based on each party’s contributions to the lease (NPV & IRR).

AgFinance™ can assist in making long-run decisions on a whole farm and ranch basis (Financial Ratios and Performance Measures).

An Equitable Crop Share Lease for Cherries: 85% to tenant, 15% to landowner

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AgFinance™ Smith Apple Farms
Net Income Output

<table>
<thead>
<tr>
<th>Year</th>
<th>Farm Income</th>
<th>Farm Expenses</th>
<th>Net Income</th>
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<tr>
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</table>

Cost to establish/acre: $18,518

Years to a positive cash flow: 4
Cost to establish/acre: $18,518

Cost to purchase platform: $36,000
Payback period: < 1 year
Net present value /acre/year: $287

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