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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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AgTools™



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?

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

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).



AgFinance™ Smith Apple Farms

Net Income Output

Year	Farm/Ranch Gross Income	Farm/Ranch Costs	Annual Net Income	Accumulated Net Income
1	\$4,245,816	\$3,568,321	\$677,494	\$677,494
2	\$5,853,296	\$5,312,315	\$540,981	\$1,218,475
3	\$3,409,407	\$3,706,504	-\$297,098	\$921,378
4	\$6,048,499	\$5,595,729	\$452,770	\$1,374,148
5	\$4,702,259	\$4,305,774	\$396,484	\$1,770,632
6	\$6,443,262	\$6,100,982	\$342,280	\$2,112,912
7	\$4,926,217	\$4,642,373	\$283,843	\$2,396,755
8	\$5,019,750	\$6,090,948	-\$1,071,198	\$1,325,558
9	\$5,011,635	\$4,934,205	\$77,430	\$1,402,987
10	\$6,573,611	\$6,903,529	-\$329,918	\$1,073,069



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

Agricultural producers often make large, up-front 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.



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