

THE BASICS OF COVER CROP ANALYSIS

Scenario: Cover crop mix was planted on 40 acres during the fall of 2020. The cover crop was terminated in the spring of 2021. Corn was planted following the cover crop termination on these 40 acres.

2020 Analysis Procedures

Jan. 1, 2021 Balance Sheet

Value the growing cover crop on the balance sheet as a **Prepaid Expense** or **Growing Crop**.

Include input costs to date in the valuation. Example seed and fertilizer.

The Cover Crop Mix enterprise is not analyzed in the 2020 analysis!

2021 Analysis Procedures

Jan. 1, 2022 Balance Sheet

Remove the **Prepaid Expense** or **Growing Crop** value for this fall 2020 seeded cover crop from the balance sheet.

The previous year's cover crop inputs will be used in the accrual adjustments for the 2021 crop enterprise analysis.

2021 FINAN (Financial Analysis)

Step 1:

Cover Crop Mix
Cover Crop Data Entry

- Enter the cover crop as a *separate enterprise*.
- Include *acres & tenure to match* base crop that follows. Designate as *double crop*.
- No crop production/income to include, since spring terminated.
- *Conservation type payments* are allocated to the cover crop.
- Enter applicable *direct expenses* for the cover crop (seed, chemical, etc).
- Allocate related operating expenses per allocation factors. Adjust if needed.
- Combine cover crop enterprise w/ base crop to get combined cover crop report.

Step 2:

Corn Crop
Base Crop Data Entry

- Analyzed *like other corn acres* in enterprise analysis.
- *Split fields as needed*, if cover crop only planted on a portion of the acres. Base crop acres and cover crop acres must match.
- *Allocate FSA Commodity Program* payments to this crop. (i.e. ARC/PLC)
- *No cover crop expenses* are included with the base crop.

Step 3:

Other Crop Information
Data Entry

- Cover crop enterprise: Select Yes for "Cover Crop".
- Corn crop enterprise: Select Yes for "Grown after a Cover Crop".
- Select applicable Other Crop Information and Special Sorts for each crop enterprise.

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2020 Analysis Procedures – Balance Sheet

Description	Expense Category (Optional)	Quantity	Value Per Unit	Value
Cover Crop Mix Seed	Seed and plants			1,000
Cover Crop Fertilizer	Fertilizer			500

2021 Analysis Procedures – FINAN

Crop Enterprise Analysis Data Entry:

Crop Enterprise Analysis		
	1	2
Crop	Cover crop mix	Corn
Description	Cover crop acres	Grown w/ Cover Crop
Type	Double Crop	Normal
Acres owned	40	40
Acres cash rented		
Acres share rented		
Your Share (%)	100	100
Total production (your share)	\$	7,680 bu.
Value per unit	\$	5.72 bu.
Total product value		43,930
Hedging gain or loss		
Crop insurance income		
LDP income		
Crop government payments		
Other income	800	
Combine with ent. number	2	

Direct & Allocated Crop Expense Analysis Data Entry:

Direct Crop Expenses			
	Amount Remaining	1 Cover cp mix Cover crop acres Double Crop 40 Acres	2 Corn Grown w/ Cover Crop Normal 40 Acres
Seed and plants		1000	4,700
Fertilizer		500	5,300
Crop chemicals		300	1,150
Organic crop protection			750
Crop insurance			350
Drying expense			
Storage			
Packaging and supplies			
Custom hire			
Hired labor			
Land rent			
Stock/quota lease			
Machinery leases	350		
Utilities	250		
Hauling and trucking			225
Consultants			200
Marketing			
Organic certification			
Miscellaneous			250

Allocated Crop Expenses -- Allocation factors			
	Total to be Allocated	1 Cover cp mix Cover crop acres Double Crop 40 Acres	2 Corn Grown w/ Cover Normal 40 Acres
Default allocation		15	55
Irrigation energy			
Fuel & oil	900		
Repairs	925		
Hired labor			
Owner wages & benefits			
Machinery leases	350		
Building leases			
Real estate taxes	1,700		1
Farm insurance	250		
Utilities	250		
Dues & professional fees	250		
Operating interest	175		
Interest on intern. debt			
Interest on lng term debt			1
Machinery depreciation			
Building depreciation			
Miscellaneous			
Value of labor & mgmt	1,600		
Labor hours	230		

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Other Crop Information Data Entry:

Other Crop Information		
	1	2
Crop	Cover crop mix	Corn
Description	Cover crop acres	Grown w/ Cover Crop
Type	Double Crop	Normal
Total acres	40	40
Previous Crop	None Selected	Soybeans
Field County		
Tillage system	<input type="radio"/> Moldboard <input type="radio"/> Chisel/deep till <input type="radio"/> Minimum till <input checked="" type="radio"/> No till <input type="radio"/> Ridge till <input type="radio"/> Strip till <input type="radio"/> <No Answer>	<input type="radio"/> Moldboard <input type="radio"/> Chisel/deep till <input checked="" type="radio"/> Minimum till <input type="radio"/> No till <input type="radio"/> Ridge till <input type="radio"/> Strip till <input type="radio"/> <No Answer>
Row width	<input type="radio"/> < 10 <input type="radio"/> 10 - 18 <input type="radio"/> 19 - 25 <input type="radio"/> 26 - 32 <input type="radio"/> > 32 <input checked="" type="radio"/> <No Answer>	<input type="radio"/> < 10 <input type="radio"/> 10 - 18 <input type="radio"/> 19 - 25 <input checked="" type="radio"/> 26 - 32 <input type="radio"/> > 32 <input type="radio"/> <No Answer>
GMO Technology	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> <No Answer>
Organic transition	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> <No Answer>
Manure	<input type="radio"/> Manure only <input type="radio"/> Manure and commercial <input checked="" type="radio"/> No manure <input type="radio"/> <No Answer>	<input type="radio"/> Manure only <input type="radio"/> Manure and commercial <input checked="" type="radio"/> No manure <input type="radio"/> <No Answer>
Cover crop	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> <No Answer>	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> <No Answer>
Grown after a cover crop	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> <No Answer>	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> <No Answer>
Special sorts	CSP/EQIP/Con	CSP/EQIP/Con, Spot tile, 1
Delete from summary	No	No
	1	2
Crop	Cover crop mix	Corn
Description	Cover crop acres	Grown w/ Cover Crop
Type	Double Crop	Normal
Total acres	40	40

Output:

Crop Enterprise Analysis				
	Cover cp mix Double Crop Cover crop a Owned	Corn Grown w/ Cov Owned	Corn After CovCp Owned	
Returns				
Acres	40.00	40.00	40.00	
Unit	\$	bu.	bu.	
Yield per acre	-	192.00	192.00	
Share of production (%)	100.00	100.00	100.00	
Value per unit	-	5.72	5.72	
Total product value	-	1098.24	1098.24	
Other crop income	20.00	-	20.00	
Gross return per acre	20.00	1098.24	1118.24	
Direct Expenses				
Seed and plants	25.00	117.50	142.50	
Fertilizer	12.50	132.50	145.00	
Crop chemicals	7.50	28.75	36.25	
Crop insurance	-	18.75	18.75	
Drying expense	-	8.75	8.75	
Hauling and trucking	-	5.63	5.63	
Consultants	-	5.00	5.00	
Miscellaneous	-	6.25	6.25	
Fuel & oil	4.82	17.68	22.50	
Repairs	4.96	18.17	23.12	
Operating interest	0.94	3.44	4.38	
Total direct expenses	55.71	362.41	418.13	
Return over direct expenses	-35.71	735.83	700.12	
Overhead Expenses				
Machinery leases	1.88	6.88	8.75	
Real estate taxes	-	42.50	42.50	
Farm insurance	1.34	4.91	6.25	
Utilities	1.34	4.91	6.25	
Dues & professional fees	1.34	4.91	6.25	
Total overhead expenses	5.89	64.11	70.00	
Total dir & ovhd expenses	61.61	426.52	488.12	
Net return per acre	-41.61	671.72	630.12	
Government payments	-	-	-	
Net return with govt pmts	-41.61	671.72	630.12	
Labor & management charge	8.57	31.43	40.00	
Net return over lbr & mgt	-50.18	640.29	590.12	
Cost of Production Per Unit				
Total direct expenses	n/a	1.89	2.18	
Total dir & ovhd expenses	n/a	2.22	2.54	
Less govt & other income	n/a	2.22	2.44	
With labor & management	n/a	2.39	2.65	
Net value per unit	n/a	5.72	5.72	
Machinery cost per acre	11.65	42.72	54.38	
Est. labor hours per acre	1.23	4.52	5.75	

Additional scenarios and information are outlined in the MN Closeout Manual on pages 73-80. This handout serves as a general guide for cover crop analysis. If you have further questions or other unique scenarios not addressed contact your database leader or CFFM.