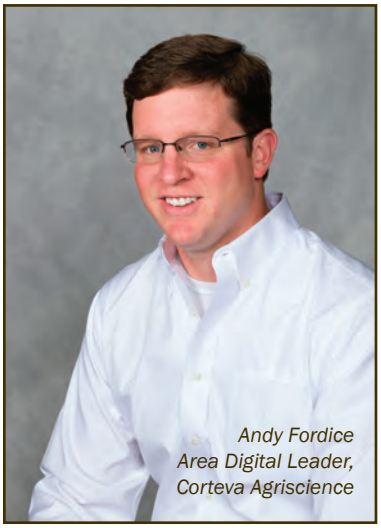
FLANAGAN State Bank

AG NEWSLETTER

CUT THROUGH THE CARBON CLUTTER

It's hard to miss all the talk about carbon and soil health in agriculture today. As farmers, we understand the value of the ground we walk upon, and recognize that building soil organic matter is critical to growing more resilient crops, weathering unpredictability and, ultimately, boosting our bottom line.



Andy Fordice
Area Digital Leader,
Corteva Agriscience

And now the rest of the world is finally catching up -- making the connection between soil health, carbon and reducing greenhouse gases. One quarter of Fortune 500 companies have set voluntary targets to reduce or achieve "net zero" greenhouse gas emissions -- and many are looking to agriculture as their "carbon sink." According to the global consultants McKinsey & Co, demand for carbon credits could increase 100x by 2050, with the overall carbon market worth north of $50 billion by 2030.

And that's good news for farmers.

So how does a carbon program work? It's a lot like selling a commodity.

1. Farmers generate carbon credits from implementing soil health practices like reduced tillage and cover cropping that sequester carbon dioxide from the atmosphere and into their soil.

2. Carbon programs measure the increase in soil carbon and quantify that increase into carbon credits (1 metric ton of carbon dioxide (CO_2e) sequestered or abated = 1 carbon credit).

3. Carbon programs then package credits and sell them to buyers who want to offset their carbon footprint, and pay farmers for the credits they produce. *(cont. pg. 2)*

DEC 2021

IN THIS ISSUE

FSB LOCATIONS

301 W. Falcon, Flanagan

403 State, Benson

2401 E. Washington, Bloomington

111 N. Fayette, El Paso

500 S. Persimmon, Le Roy

208 E. Gridley, Gridley

Cut Through the Carbon Clutter (cont)

NRCS research proves that any farmer who invests in soil health practices will reap agronomic reward, and carbon programs can be the lever (and financial impetus) you need to adopt new practices. Another way to look at it? The extra dollars you can earn through a carbon program can alleviate some of the risks behind new practice changes.

How to Choose the Right Carbon Program

Not all carbon programs are created equal, and the market is still evolving. Before you sign up for any program, make sure to answer four key questions:

- Does this make sense agronomically for my farm? This is the most important question. You're in the business of growing crops, not carbon credits. Any decision you make should come down to agronomy.

- Am I getting top dollar? Carbon credit buyers place a premium on independently certified credits that meet stringent requirements. They're willing to pay a higher price knowing their environmental impact is real and long-lasting.

- Is this worth my time? First make sure the program has a strong agronomic foundation, and can support your transition to new practices. Second, understand the data requirements, and the time and effort required to record your practices.

- What am I committing to? Before you sign on the dotted line, confirm that you retain the flexibility to choose your practices, can make agronomic changes when necessary, and can opt out if needed, without penalty. Data privacy is also important, so understand the program's commitment to data privacy.

If you would no longer like to receive our newsletters, or if you would prefer to receive them by email, please email Logan Weber at lweber@fsbfamily.com or call 309-394-2785

The Corteva Advantage

With over 95 years of agronomic leadership under our belts, Corteva understands that every acre is different and farmers know what's best for their land. We designed our Carbon Initiative to help you get the most for your soil health practices while keeping you in control of farming decisions.

- Get Top Dollar: You can earn an estimated $6-$30/acre/year by introducing cover crops, reducing tillage and/or increasing nitrogen efficiency on any acres post harvest 2020. You'll generate independently verified credits, and access premium prices for those credits through an extensive buyer network. We expect the value of carbon credits to increase with market demand.

- Support at Every Step: You'll be supported by a Corteva advisor every step of the way, getting help with everything from navigating new practices to logging your data into Corteva's free digital tool, Granular Insights.

- Focused on Agronomic Flexibility: You pick your practices and can change field plans or opt out as needed; we'll never ask for money back.

Check out Corteva's Carbon Calculator (corteva.com/carbon-calculator) for a quick estimate of what your operation could potentially earn through Corteva's Carbon Initiative, plus other other federal soil health funding through FarmRaise.

The Time Is Now

If you are considering soil health practices, don't wait too long to sign up. One consistent requirement across carbon programs is that buyers only want to pay for carbon that is sequestered as a result of new practice changes.This "additionality" sentiment means that any fields where farmers have already been implementing soil health practices prior to harvest 2020 won't be eligible.

For more information about Corteva's Carbon Initiative, visit corteva.com/carbon. Here you can enter your contact information and someone from Corteva will call you directly to answer your questions around the carbon marketplace and our offer.

Andy Fordice
Area Digital Leader
Corteva Agriscience

CORTEVA™ agriscience

Soil Fertility

Soil fertility is a hot topic this fall with fertilizer prices skyrocketing. While many farmers consider changes to their system in an effort to lower fertilizer expenses, there are many factors to consider before doing so.

Regular soil testing is a great way to predict how available nutrients are in your soils. At Crop-Tech Consulting, we know how much slope and soil type influence the availability of water, nutrients, and in the end, crop yield and your profit. We implement a unique style of sampling that accounts for the variability within a field, rather than ignoring the variability and pulling samples on a simple grid. Crop-Tech Consulting spends hours analyzing the topography, yield history, and aerial photo history to create management zones for our clients to use when making applications of fertilizer, lime, planting population, etc. This zone-based method gives our clients more relevant data to accurately represent the true nutrient availability, and thus nutrient needs in the field.

1. Be hesitant to skip fertilizer because it's expensive:
Once we have the soil test results, we can then determine the likelihood of getting a yield response from applied fertilizer. If your soils are testing low or very low in P or K, even with high fertilizer prices, you are likely to get an economic response from applying fertilizer. The beauty of soil testing and VRT is that you can apply fertilizer only where it's needed. Remember, even though fertilizer prices are high, grain prices are also high. If you elect to skip fertilizer because it's expensive, and soil test levels are low, it will likely cost you more in lost yield.

2. Correct soil pH:
The availability of nutrients is highly dependent on soil pH. If the pH is too low it can lower the availability of nitrogen, phosphorus, potassium, sulfur, calcium, and magnesium. If the pH is too high, it can reduce the availability of nitrogen, phosphorus, iron, manganese, boron, copper, and zinc. Many fertilizer applications we make, especially nitrogen and sulfur, will result in lowering the pH of the soil. In no-till or minimum tillage scenarios, we have to stay on top of the lime needs, by applying lower rates of lime more often. Liming every 4-6 years will result in large swings in soil pH, with high pH levels shortly after a large lime application and low pH levels prior to the next application. A 2 year soil testing program ensures that pH never gets too far out of whack. You would likely be applying the same total amount of lime as a 4-6 year program, but instead of a 5.5-7.5 pH range over 6 years, we would like to keep that range 6.3-6.8 pH all the time.

3. Identify and eliminate root restrictions:
Rooting depth is a huge part of nutrient availability. There are thousands of pounds of phosphorus and potassium in our soils, but only a small amount is available at any time. If we have a vast and robust foundation of roots underneath a crop, it will result in better water and nutrient uptake. Compaction is the obvious issue, but also sidewall smearing, or even sudden soil density changes (not compaction) put in with horizontal tillage tools like a field cultivator or disk. Anything that will turn roots and restrict them from growing freely down into the soil will reduce nutrient uptake. Saturated soils are a huge root restriction because roots have to breathe and respire. Drainage (surface or tile) can have the biggest impact on nutrient availability and overall uptake.

4. Band nutrients with starter fertilizer, strip-till, or both:
There are ways to lower fertilizer inputs and maintain yield. The most obvious method would be banding nutrients. Banding phosphorus especially has shown to be very effective. The majority of phosphorus is taken up by plants through root interception. If we can apply a band of phosphorus near the roots with starter fertilizer or strip-till, this will help us maintain the yield levels we are aiming for at lower soil test levels.

In conclusion, there are management practices that can help nutrient availability, but simply cutting fertilizer rates due to high prices may be too short-sighted with current commodity prices.

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CTC
Field Research & Soil Testing
Systems Approach to Farming

Winter Outlook & Market Possibilities for 2022

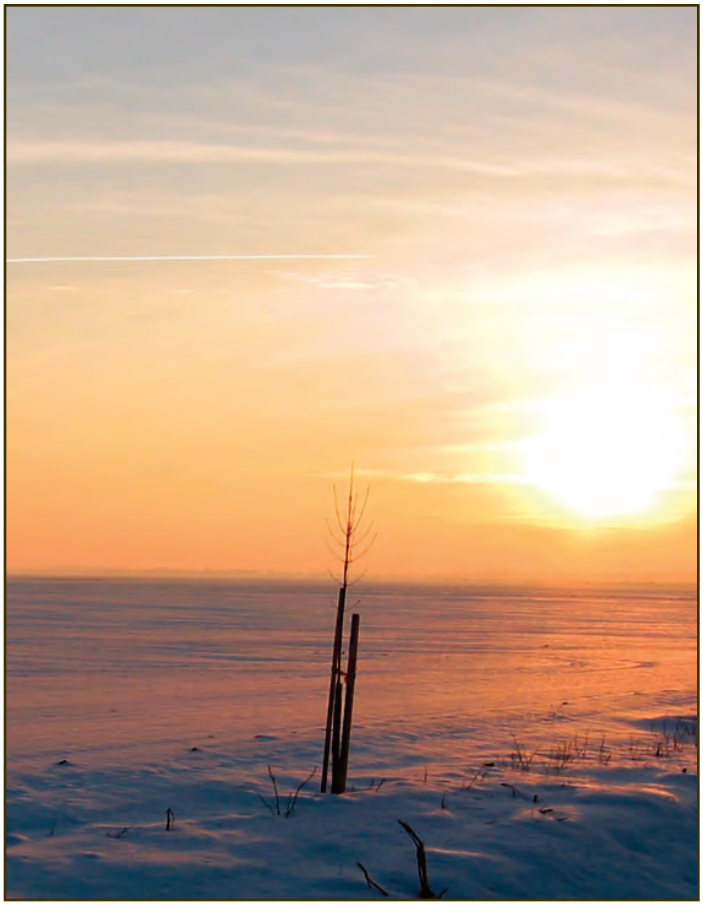
Now that harvest is over, and winter is upon us, it is good to look at what the commodity market outlook is so we know what we should look for going forward. As of the November USDA crop report, U.S. corn ending stocks (corn left on hand at the end of the marketing year) are projected to be 1.493 billion. For reference, corn ending stocks from the 2020 crop were 1.236 billion. Ending stocks were 1.919 from the 2019 crop. The ending stocks figure will change as we go forward, because demand is every changing. Production can change one more time in the January crop report. Corn used for ethanol has been very robust from September through early November. Ethanol margins have been almost all- time highs. Exports have been slower than last year, and the USDA might have to lower the export projection.

For soybeans, the November USDA report showed a slight reduction to bean yield, with bean ending stocks at 340 million. Last year, bean ending stocks were 256 million and they were 525 million the previous year. Exports have been lower than what we saw last year, and projections likely need to decrease.

From a world perspective, we need to watch South America this winter. If there are no weather issues down there, they will produce more than this past year, and Brazil likely would have a record yield due to having more acres planted again. That being said, meteorologists say we are in a La Nina, and this weather pattern typically brings drier weather to Argentina and Southern Brazil. The market can move in either direction based on what happens there.

Another thing we have to consider going forward is the acreage dynamic for 2022. There are many crops out there that are profitable right now. The more alternatives there are, the more acres could move away from corn or soybeans. With input prices being high for corn, corn may have to fight to keep acres. Wheat is profitable and there could easily be more acres planted to wheat out West. The wet weather we had this fall in the East has likely reduced wheat acres there, from what was expected. Bean profitability is very strong, and I would think we could see more bean acres. One thing we have to watch, that we don't usually have to watch, is the availability of inputs to get crops planted. This availability, or lack thereof, could sway acres in many different ways. There are a lot of things that can affect this market between now and spring, and we haven't talked about U.S. weather next spring/summer yet. Not to mention a change in the world political sphere.

What all of this means is that the market can move in either direction gong forward. Do not get fooled into thinking you, or someone else knows where the market will go. We do not know because there are too many factors that can change between now and next harvest. Volatility will still be here this next year. The job of the market is price discovery. The job of



the producer is to make sure they aren't left in the dust if things change fast. You need to have a marketing plan that has flexibility in it. Know what your cost structure is so you know what you need to get out of your crop. This is very important with costs being higher for 2022. This may allow you to make sales with confidence. You can make sales and buy call options to stay in the market. This allows you to be in the market if we do go higher, but you would have corn sold if the market crashes. On what you are not selling, look to put options as a way to set up a floor, or worst case scenario. This protects you if we fall, but if we do go higher, you have those bushels to sell yet.

We have seen very good farm profitability in 2020 and 2021, and things look bright, for 2022 today. It can change fast, and we could be looking at a loss by next fall, if we don't do any marketing at all. Having a plan that keeps you flexible and in the market, can make sure 2022 is very good as well. Do not bet against volatility. Plan for it.

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Tar Spot

In 2015 folks in Illinois were just beginning to see Tar Spot. But by the Summer of 2018, it really grabbed our attention. Since then, information on what the native Central American disease is and how to spot it has been plastered all over agriculture-related articles and podcasts the last three years. Now that we are multiple years into this disease, we are able to identify effective practices and critical decisions to combat Tar Spot. In fielding calls on this topic, I direct operators to consider 1) hybrid selection and 2) fungicide usage and timing.

In 2018 and then again in 2021, Tar Spot had perfect mild temperatures and moist conditions to promote the infestation. This caused corn plants to deteriorate from solid mid-August stands to looking like November corn plants over the course of 10-20 day. You must know and note these fields to plan for next year. So while it might not be feasible for every operation to have scouts in the field daily, an intentional scouting drive-by quickly shows Tar Spot problems and informs future plantings on those acres that then demand genetic diversity through hybrid selection. Genetic diversity is more important now than ever for general disease prevention and Tar Spot particularly. Therefore, the operation's scout should make note of the hybrids that did not handle the breakout well this year, and scan all three genetic companies--Corteva, Bayer/Monsanto, and Syngenta. Although individual seed companies have yet begun posting Tar Spot scores in their program books, almost all have created scores available for the asking.

Operations need a plan to change the genetics completely-not just the hybrid--in scenarios with a heavy threshold of down-corn and also in corn-on-corn rotations. I have fielded dozens of phone calls where down-corn was a primary concern.--"We had a derecho last year with higher winds where my corn wasn't down this bad." And while we cannot fix this year's problem, we can have identified the cause. In 90% of our field calls as we sifted through the corn residue, stalks were riddled with Tar Spot lesions. Tar Spot shuts off the ability for water to move throughout the plant, therefore creating harsh seal quality, weakening the stalk. In these down-corn scenarios, operators need to be especially aggressive with hybrid selection. Even if an operation is tied in with one seed company, operators should at least explore opportunities of split planters on those acres with the worst down-corn. No one company has the solution, as all three genetic lineups have proven weaknesses and strengths with Tar Spot, even in high-yielding, well-resistant hybrids.

Another decision-making consideration are individual hybrids' "stay-green" scores. Oftentimes even if the hybrid is infected with lesions, a good "stay-green" can fend off premature death for multiple days or even multiple weeks. This has proven true especially in the northern corn growing zone where Tar Spot had the most infestation. The goal is stable yields.

Stable yields come from balancing inputs. And finding the balance is key to staving off Tar Spot. So, yes, commodity prices are still strong going into 2022, allowing you to capture profit off those yields. But inputs are up as well. Seed. Fuel. Fertilizer. Fungicide. Spending more on fungicide in years of increased input costs might not be popular but there is some evidence it combats Tar Spot. Knowing that a "must use" fungicide application will not suit every farm, identifying the acres where a Tar Spot breakout surrounds next year's corn crop is extremely important. In two separate test plots in the Grand Ridge/Ottawa area, a two-pass fungicide trial had opposite results. Both tests had fungicide sprayed at VT, with the second pass applied 21-23 days later. The first plot was tested on a high yielding hybrid that has been a tad weak on Tar Spot, resulting in the one-pass fungicide yielding 261bu/a while the two-pass fungicide yielded 272bu/a with only 1-point increased moisture. That 11 bu/a increase on the two-pass plot more than paid for the application. The second test on a hybrid extremely strong on Tar Spot showed zero evidence yield increase and had 2-points increased moisture.

With the financial outlay significant for a two-pass fungicides program especially with these input prices, what should drive the decision? First, the hybrid selection, as seen in the results of the 2nd plot is significant. And second, a commitment to scout fields and push off fungicide timing until Tar Spot is more relevant and closer to Brown silk is crucial. Consistent scouting over time in a year like this one gave us valuable information. We scouted ten days prior to VT all over LaSalle County and saw little to no disease; however, once brown silk rolled around, plants were hit with all sorts of pressure--not just Tar Spot but also Northern Leaf Blight and Common Rust to name two. On farm calls have shown that when dealing with Tar Spot, a fungicide with a triple mode of action is a must, especially fungicides with labels for group 3, 7, 11 chemistry.

Depending on weather and year, early and late planted corn can vary what was hit the hardest as well. Slightly spreading out your planting dates is another small but cost effective way to combat this ever evolving disease. With time, more data to drive genetically evolved hybrids will help keep us moving forward and alleviate some pain of this potentially devastating disease.

Lucas Hill
Hill Bros Seed Service

How to Fill Out a Balance Sheet for Your Ag Banker

A balance sheet is a requirement for us at Flanagan State Bank when we meet with existing or prospective customers. The balance sheet shows what the farmer has as far as ***Assets*** (items the farmer owns) and ***Liabilities*** (items the farmer still owes money on) as of that day. It will also have Current Assets and Liabilities, Intermediate Assets and Liabilities, and Long-Term Assets and Liabilities. I am sure most farmers out there have sat down and put together a balance sheet at some point for either their own personal records, or for a bank.

At Flanagan State bank, it is required to do so yearly for every customer, and sometimes quarterly for the bigger operation or operations that need a little more help. It is a good practice to do the balance sheet at roughly the same time each year. This is a good practice because some farmers make grain sales before the end of the year or wait until after the first of the year to make their grain sales for tax purposes. These decisions should be made along with the farmers tax preparer.

Now, let us get into the specifics of an Agricultural Balance Sheet. As stated before, there are two sides to the balance sheet, the Assets, and the Liabilities. The Assets can range from cars, ATVs, Tractors, Combines, Household items, tools, buildings, personal residence, farm ground etc. And the Liabilities can range from Accounts payable (Seed, Fertilizer, Chemicals, Cash Rent), Operating Loans, Machinery Loans, House Loans, Farm Ground Loans, Car Payments, etc.

- ***Current Assets/Liabilities*** – these are things that are owed or things you have on hand that can be liquidated and paid down within the next 12 months. Typically, this is cash, savings, checking, Crops on hand, Contracted Crops yet to be delivered, Prepaid expenses, Government Payments, etc. Current liabilities are Accounts Payable, Accrued Interest, Notes Payable, Taxes Due, Current portions of loans due, etc.

- ***Intermediate Assets/Liabilities*** – these are things that the farmer owns/owes that have the average "lifespan" of 1 to 5 years. Examples of Intermediate Assets are Machinery, Equipment, Personal Vehicles, Cash Value Life Insurance, Recreational Vehicles, Household items, etc. Intermediate Liabilities are debts to Machinery, Equipment, Vehicles, Household Furnishings, Credit Cards, etc.

- ***Long-Term Assets/Liabilities*** – these are things that the farmer owns/owes that have the "lifespan" over 5 years. These are typically related to Real Estate. Long-Term Assets are farmland owned, personal residence, other real estate owned, etc. Long-Term Liabilities are typically all the Real Estate Mortgages owed by the farmer.

An in-depth balance sheet can help the loan officer and bank see what each operation is about. You can see how leveraged the farmer is by looking a balance sheet and it will also help you figure out the repayment capacity needed to make it cash flow. There are 3 main things that us at Flanagan State Bank look at when we get a prospective farmer's balance sheets.

- ***WORKING CASH*** – this is a farmers CURRENT ASSETS less their CURRENT LIABILITIES.

- ***Current Ratio*** – This is CURRENT ASSETS divided by CURRENT LIABILITES.

- ***Debt to Asset Ratio*** – This is TOTAL LIABILITIES divided by TOTAL ASSETS.

- ***Net Worth*** – This is TOTAL ASSETS less TOTAL LIABILITIES.

These numbers and ratios are very useful for your banker to assess your operations current situation. The "standard" numbers and ratios vary from bank to bank, but for the most part all lenders and banks are in the same "ball-park" listed below.

- ***Working Cash and Current Ratio*** – These two go hand in hand. These tell the lender what/if you are able to handle another payment. These can also help supplement income if the growing year does not go as planned. Ideal numbers or ration is 1.50 or you have $1.50 for every $1.00 owed in the next 12 months.

- ***Debt to Asset Ratio*** – This tells the lender how leveraged the farmer is, or how much of the farmer owes versus owns. The ideal ratio is as close to zero as possible, but that is not possible for hardly any new or younger farmers. We are looking anywhere from 20%-70%. The younger the farmer typically the more leveraged or the higher the ratio will be.

- ***Net Worth*** – This tells the lender and the farmer how much their operation is worth. This can be skewed if the farmer does not OWN the land or equipment outright. The younger the farmer, typically, the less the Net Worth.

**If you need help filling a Balance Sheet out, please feel free to reach out to any one of our Ag Lenders listed on the back of this packet. We are more than willing to get you an empty balance sheet and help you fill it out.*

FLANAGAN State Bank

USDA

United States Department of Agriculture

Farm Service Agency

Farm Storage Facility Loans

Fact Sheet
January 2021

OVERVIEW

Farm Storage Facility Loans (FSFLs) provide low-interest financing for producers to store, handle and/or transport eligible commodities they produce. This includes the following:

- Acquire, construct or upgrade new or used, portable or permanently affixed, on-farm storage and handling facilities;
- Acquire new or used storage and handling trucks; and
- Acquire portable or permanently affixed storage and handling equipment.

The program is administered by the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA).

A producer may borrow up to $500,000 per loan, with a minimum down payment of 15 percent. Loan terms are up to 12 years, depending on the amount of the loan. Producers must demonstrate storage needs based on three years of production history. FSA also provides a microloan option that, while available to all eligible farmers and ranchers, also should be of particular interest to new or small producers where there is a need for financing options for loans up to $50,000 at a lower down payment with reduced documentation.

Applicants for all loans will be charged a nonrefundable $100 application fee.

MICROLOAN OPTION

Producers who select the microloan option can borrow up to $50,000, with the minimum down payment reduced to 5 percent and shorter loan terms. Producers can self-certify the storage needs of the eligible commodity and are not required to demonstrate storage needs based on production history.

How It Works

ELIGIBLE COMMODITIES

The following commodities are eligible:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain;
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain;
- Other grains (triticale, speltz and buckwheat);
- Pulse crops (lentils, chickpeas and dry peas);
- Hay;
- Honey;
- Renewable biomass;
- Fruits (includes nuts) and vegetables - cold storage facilities;
- Floriculture;
- Hops;
- Malted small grains;
- Maple sap;
- Maple syrup;
- Milk;
- Cheese;
- Butter;
- Yogurt;
- Eggs;
- Meat/poultry (unprocessed);
- Rye; and
- Aquaculture;
- Hemp;
- Seed Cotton;
- Wool.

ENVIRONMENTAL EVALUATION REQUIREMENTS

These loans **must** be approved by the local FSA state or county committee before any site preparation and/or construction can be started.

All loan requests are subject to an environmental evaluation. Accepting delivery of equipment, starting any site preparation or construction before loan approval may impede the successful completion of an environmental evaluation and may adversely affect loan eligibility.

FARM STORAGE FACILITY LOANS - JANUARY 2021

ELIGIBLE FACILITIES, EQUIPMENT AND UPGRADES

The following types of new/used facilities and upgrades are eligible and must have a useful life for at least the term of the loan:

- Conventional cribs or bins;
- Oxygen-limiting structures and remanufactured oxygen-limiting structures;
- Flat-type storage structures;
- Electrical equipment and handling equipment, excluding the installation of electrical service to the electrical meter;
- Safety equipment, such as interior and exterior ladders and lighting;
- Equipment to improve, maintain or monitor the quality of stored grain;
- Concrete foundations, aprons, pits and pads, including site preparation, off-farm labor and material, essential to the proper operation of the grain storage and handling equipment;
- Renovation of existing farm storage facilities, under certain circumstances, if the renovation is for maintaining or replacing items;
- Concrete foundations, aprons, pits and pads, including site preparation, off-farm labor and material, essential to the proper operation of the grain storage and handling equipment;
- Renovation of existing farm storage facilities, under certain circumstances, if the renovation is for maintaining or replacing items;
- Grain handling and grain drying equipment determined by the Commodity Credit Corporation to be needed and essential to the proper operation of a grain storage system (with or without a loan for the storage facility);
- Structures that are bunker-type, horizontal or open silo structures, with at least two concrete walls and a concrete floor;
- Structures suitable for storing hay built according to acceptable design guidelines;
- Structures suitable for storing renewable biomass;
- Bulk tanks for storing milk or maple sap;
- Cold storage buildings, including prefabricated buildings that are suitable for eligible commodities. Also may include cooling, circulating and monitoring equipment and electrical equipment, including labor and materials for installation of lights, motors and wiring integral to the proper operation of a cold storage facility; and
- Storage and handling trucks, including refrigerated trucks.

WHO IS ELIGIBLE?

An eligible borrower is any person who is a landowner, landlord, leaseholder, tenant or sharecropper. Eligible borrowers must be able to show repayment ability and meet other requirements to qualify for a loan. Contact an FSA office for more details.

WHERE TO FILE THE APPLICATION

Loan applications should be filed in the administrative FSA county office that maintains the farm's records.

FOR MORE INFORMATION

For more information, visit **farmers.gov/recover**. Find your local USDA Service Center at **farmers.gov/service-center-locator**. This fact sheet is for informational purposes only; other eligibility requirements or restrictions may apply.

Other examples of equipment include but are not limited to the following:		
• baggers • boxers • brush polishers • bulk bin tippers • case palletizers • cement flooring • circulation fans • cold dip tanks • conveyors • drying tunnels • dumpers	• electrical equipment • food safety-related equipment • hoppers • hydrocoolers • hydrolifts • ice machines • quality graders • refrigeration units or systems • roller creepfeeders • roller spray units	• safety equipment meeting Occupational Safety and Health Administration requirements • sealants • sizers • sorting bins and/or tables • storage and handling trucks • washers • waxers • weight graders

Notes:

- Eligible storage structures and handling equipment, having a useful life for the entire term of the loan, may be permanently affixed or portable.
- Facilities built for commercial purposes and not for the sole use of the borrower(s) are not eligible for financing.

Projections & Break Even Analysis

2022 Projected Corn Budgets Yield Change

Income Per Acre	-10%	-5%	Avg.	+5%	+10%
Average Yield	192	202	213	224	234
Average Price	$ 4.75	$ 4.75	$ 4.75	$ 4.75	$ 4.75
Return Per Acre	$ 911	$ 961	$ 1,012	$ 1,062	$ 1,113
Expenses Per Acre					
Labor	$ 34.00	$ 34.00	$ 34.00	$ 34.00	$ 34.00
Repairs	$ 40.00	$ 40.00	$ 40.00	$ 40.00	$ 40.00
Rescue	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Cash Rent	$ 190.00	$ 190.00	$ 190.00	$ 190.00	$ 190.00
Seed	$ 134.00	$ 134.00	$ 134.00	$ 134.00	$ 134.00
Fertilizer	$ 221.00	$ 221.00	$ 221.00	$ 221.00	$ 221.00
Chemicals	$ 69.00	$ 69.00	$ 69.00	$ 69.00	$ 69.00
Custom Hire	$ 14.00	$ 14.00	$ 14.00	$ 14.00	$ 14.00
Fuel	$ 27.00	$ 27.00	$ 27.00	$ 27.00	$ 27.00
Taxes	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Insurance	$ 30.00	$ 30.00	$ 30.00	$ 30.00	$ 30.00
Utilities	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Supplies	$ -	$ -	$ -	$ -	$ -
Drying	$ 23.00	$ 23.00	$ 23.00	$ 23.00	$ 23.00
Storage	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Lime	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00
Light Truck	$ -	$ -	$ -	$ -	$ -
Professional Services	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00
Other	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Interest	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Building Lease	$ -	$ -	$ -	$ -	$ -
Crop Input Costs	$ 869	$ 869	$ 869	$ 869	$ 869
Family Living	$ 34.00	$ 34.00	$ 34.00	$ 34.00	$ 34.00
Income Tax	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00
Term Debt	$ 182.00	$ 182.00	$ 182.00	$ 182.00	$ 182.00
Machinery/Building Depreciation	$ -	$ -	$ -	$ -	$ -
Total Expenses	$ 1,111	$ 1,111	$ 1,111	$ 1,111	$ 1,111
RETURN	**$ (200)**	**$ (150)**	**$ (99)**	**$ (49)**	**$ 2**

2022 Projected Soybean Budgets Yield Change

Income Per Acre	-10%	-5%	Avg.	+5%	+10%
Average Yield	58	61	64	67	70
Average Price	$ 11.50	$ 11.50	$ 11.50	$ 11.50	$ 11.50
Return Per Acre	$ 662	$ 699	$ 736	$ 773	$ 810
Expenses Per Acre					
Labor	$ 31.00	$ 31.00	$ 31.00	$ 31.00	$ 31.00
Repairs	$ 28.00	$ 28.00	$ 28.00	$ 28.00	$ 28.00
Rescue	$ 30.00	$ 30.00	$ 30.00	$ 30.00	$ 30.00
Cash Rent	$ 190.00	$ 190.00	$ 190.00	$ 190.00	$ 190.00
Seed	$ 69.00	$ 69.00	$ 69.00	$ 69.00	$ 69.00
Fertilizer	$ 87.00	$ 87.00	$ 87.00	$ 87.00	$ 87.00
Chemicals	$ 80.00	$ 80.00	$ 80.00	$ 80.00	$ 80.00
Custom Hire	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00
Fuel	$ 18.00	$ 18.00	$ 18.00	$ 18.00	$ 18.00
Taxes	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Insurance	$ 20.00	$ 20.00	$ 20.00	$ 20.00	$ 20.00
Utilities	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Supplies	$ -	$ -	$ -	$ -	$ -
Drying	$ -	$ -	$ -	$ -	$ -
Storage	$ 4.00	$ 4.00	$ 4.00	$ 4.00	$ 4.00
Lime	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00
Light Truck	$ -	$ -	$ -	$ -	$ -
Professional Services	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00
Other	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Interest	$ 9.00	$ 9.00	$ 9.00	$ 9.00	$ 9.00
Building Lease	$ -	$ -	$ -	$ -	$ -
Crop Input Costs	$ 611	$ 611	$ 611	$ 611	$ 611
Family Living	$ 34.00	$ 34.00	$ 34.00	$ 34.00	$ 34.00
Income Tax	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00
Term Debt	$ 182.00	$ 182.00	$ 182.00	$ 182.00	$ 182.00
Machinery/Building Depreciation	$ -	$ -	$ -	$ -	$ -
Total Expenses	$ 853	$ 853	$ 853	$ 853	$ 853
RETURN	**$ (191)**	**$ (154)**	**$ (117)**	**$ (80)**	**$ (43)**

2022 Projected Corn Budgets Expense Change

Income Per Acre					
Average Yield	213	213	213	213	213
Average Price	$ 4.75	$ 4.75	$ 4.75	$ 4.75	$ 4.75
Return Per Acre	$ 1,012	$ 1,012	$ 1,012	$ 1,012	$ 1,012
Expenses Per Acre	**-10%**	**-5%**	**Avg**	**+5%**	**+10%**
Labor	$ 30.60	$ 32.30	$ 34.00	$ 35.70	$ 37.40
Repairs	$ 36.00	$ 38.00	$ 40.00	$ 42.00	$ 44.00
Rescue	$ 22.50	$ 23.75	$ 25.00	$ 26.25	$ 27.50
Cash Rent	$ 171.00	$ 180.50	$ 190.00	$ 199.50	$ 209.00
Seed	$ 120.60	$ 127.30	$ 134.00	$ 140.70	$ 147.40
Fertilizer	$ 198.90	$ 209.95	$ 221.00	$ 232.05	$ 243.10
Chemicals	$ 62.10	$ 65.55	$ 69.00	$ 72.45	$ 75.90
Custom Hire	$ 12.60	$ 13.30	$ 14.00	$ 14.70	$ 15.40
Fuel	$ 24.30	$ 25.65	$ 27.00	$ 28.35	$ 29.70
Taxes	$ 2.70	$ 2.85	$ 3.00	$ 3.15	$ 3.30
Insurance	$ 27.00	$ 28.50	$ 30.00	$ 31.50	$ 33.00
Utilities	$ 2.70	$ 2.85	$ 3.00	$ 3.15	$ 3.30
Supplies	$ -	$ -	$ -	$ -	$ -
Drying	$ 20.70	$ 21.85	$ 23.00	$ 24.15	$ 25.30
Storage	$ 9.00	$ 9.50	$ 10.00	$ 10.50	$ 11.00
Lime	$ 9.90	$ 10.45	$ 11.00	$ 11.55	$ 12.10
Light Truck	$ -	$ -	$ -	$ -	$ -
Professional Services	$ 4.50	$ 4.75	$ 5.00	$ 5.25	$ 5.50
Other	$ 13.50	$ 14.25	$ 15.00	$ 15.75	$ 16.50
Interest	$ 13.50	$ 14.25	$ 15.00	$ 15.75	$ 16.50
Building Lease	$ -	$ -	$ -	$ -	$ -
Crop Input Costs	$ 782	$ 826	$ 869	$ 912	$ 956
Family Living	$ 30.60	$ 32.30	$ 34.00	$ 35.70	$ 37.40
Income Tax	$ 23.40	$ 24.70	$ 26.00	$ 27.30	$ 28.60
Term Debt	$ 163.80	$ 172.90	$ 182.00	$ 191.10	$ 200.20
Machinery/Building Depreciation	$ -	$ -	$ -	$ -	$ -
Total Expenses	$ 1,000	$ 1,055	$ 1,111	$ 1,167	$ 1,222
RETURN	**$ 12**	**$ (44)**	**$ (99)**	**$ (155)**	**$ (210)**

2022 Projected Soybean Budgets Expense Change

Income Per Acre					
Average Yield	64	64	64	64	64
Average Price	$ 11.50	$ 11.50	$ 11.50	$ 11.50	$ 11.50
Return Per Acre	$ 736	$ 736	$ 736	$ 736	$ 736
Expenses Per Acre	**-10%**	**-5%**	**Avg**	**+5%**	**+10%**
Labor	$ 27.90	$ 29.45	$ 31.00	$ 32.55	$ 34.10
Repairs	$ 25.20	$ 26.60	$ 28.00	$ 29.40	$ 30.80
Rescue	$ 27.00	$ 28.50	$ 30.00	$ 31.50	$ 33.00
Cash Rent	$ 171.00	$ 180.50	$ 190.00	$ 199.50	$ 209.00
Seed	$ 62.10	$ 65.55	$ 69.00	$ 72.45	$ 75.90
Fertilizer	$ 78.30	$ 82.65	$ 87.00	$ 91.35	$ 95.70
Chemicals	$ 72.00	$ 76.00	$ 80.00	$ 84.00	$ 88.00
Custom Hire	$ 7.20	$ 7.60	$ 8.00	$ 8.40	$ 8.80
Fuel	$ 16.20	$ 17.10	$ 18.00	$ 18.90	$ 19.80
Taxes	$ 2.70	$ 2.85	$ 3.00	$ 3.15	$ 3.30
Insurance	$ 18.00	$ 19.00	$ 20.00	$ 21.00	$ 22.00
Utilities	$ 2.70	$ 2.85	$ 3.00	$ 3.15	$ 3.30
Supplies	$ -	$ -	$ -	$ -	$ -
Drying	$ -	$ -	$ -	$ -	$ -
Storage	$ 3.60	$ 3.80	$ 4.00	$ 4.20	$ 4.40
Lime	$ 9.90	$ 10.45	$ 11.00	$ 11.55	$ 12.10
Light Truck	$ -	$ -	$ -	$ -	$ -
Professional Services	$ 4.50	$ 4.75	$ 5.00	$ 5.25	$ 5.50
Other	$ 13.50	$ 14.25	$ 15.00	$ 15.75	$ 16.50
Interest	$ 8.10	$ 8.55	$ 9.00	$ 9.45	$ 9.90
Building Lease	$ -	$ -	$ -	$ -	$ -
Crop Input Costs	$ 550	$ 580	$ 611	$ 642	$ 672
Family Living	$ 30.60	$ 32.30	$ 34.00	$ 35.70	$ 37.40
Income Tax	$ 23.40	$ 24.70	$ 26.00	$ 27.30	$ 28.60
Term Debt	$ 163.80	$ 172.90	$ 182.00	$ 191.10	$ 200.20
Machinery/Building Depreciation	$ -	$ -	$ -	$ -	$ -
Total Expenses	$ 768	$ 810	$ 853	$ 896	$ 938
RETURN	**$ (32)**	**$ (74)**	**$ (117)**	**$ (160)**	**$ (202)**

**These numbers are a culmination of FINBIN, FBFM, & Flanagan State Bank average numbers of all farmers. The FINBIN & FBFM numbers are averages for 6 Midwest states.* *(cont. pg. 10)*

FLANAGAN State Bank

2022 PROJECTED BREAKEVEN ANALYSIS

Customer's Name: TODAY'S PROJECTION Date: 10/13/21

	CORN	SOYBEANS	Total Acres
Full Share Acres	1	1	2
5 year Avg. Yield	213	64	

Expenses	TOTAL EXPENSE	CORN Total	CORN Per Acre	SOYBEANS Total	SOYBEANS Per Acre
Labor	$ 65.00	$ 34.00	$ 34.00	$ 31.00	$ 31.00
Repairs	$ 68.00	$ 40.00	$ 40.00	$ 28.00	$ 28.00
Rescue	$ 55.00	$ 25.00	$ 25.00	$ 30.00	$ 30.00
Cash Rent	$ 380.00	$ 190.00	$ 190.00	$ 190.00	$ 190.00
Seed	$ 203.00	$ 134.00	$ 134.00	$ 69.00	$ 69.00
Fertilizer	$ 308.00	$ 221.00	$ 221.00	$ 87.00	$ 87.00
Chemicals	$ 149.00	$ 69.00	$ 69.00	$ 80.00	$ 80.00
Custom Hire	$ 22.00	$ 14.00	$ 14.00	$ 8.00	$ 8.00
Fuel	$ 45.00	$ 27.00	$ 27.00	$ 18.00	$ 18.00
Taxes	$ 6.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Insurance	$ 50.00	$ 30.00	$ 30.00	$ 20.00	$ 20.00
Utilities	$ 6.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Supplies	$ -	$ -	$ -	$ -	$ -
Drying	$ 23.00	$ 23.00	$ 23.00	$ -	$ -
Storage	$ 14.00	$ 10.00	$ 10.00	$ 4.00	$ 4.00
Lime	$ 22.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00
Light Truck	$ -	$ -	$ -	$ -	$ -
Professional Services	$ 10.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00
Other	$ 30.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Interest	$ 24.00	$ 15.00	$ 15.00	$ 9.00	$ 9.00
Building Lease	$ -	$ -	$ -	$ -	$ -
Total	$ 1,480.00	$ 869.00	$ 869.00	$ 611.00	$ 611.00
Operating Cost per Bushel		***per Acre***	***$ 4.08***		***$ 9.55***
Living	$ 68.00		$ 0.16		$ 0.53
Taxes	$ 52.00		$ 0.12		$ 0.41
Term Debt	$ 364.00		$ 0.85		$ 2.84
Depriciation	$ -		$ -		$ -
Break Even Price			***$ 5.22***	***per bu.***	***$ 13.33*** ***per bu.***
Additional Income:					
Govn't Payments	$ -	$ -	$ -	$ -	$ -
Custom Work	$ -		$ -		$ -
Specialty Corn	$ -		$ -		
Specialty S/B	$ -				$ -
Off-Farm Income	$ -		$ -		$ -
Other	$ -		$ -		$ -
Adj Breakeven Price			***$ 5.22***	***per bu.***	***$ 13.33*** ***per bu.***

FLANAGAN State Bank

CORN

Income	50/50	35% Variable	Cash Rent $300	Cash Rent $400	$250 Fixed w/ Bonus	Custom
Corn Yield	213	213	213	213	213	213
Fall 2022 Ave. Price	$4.75	$4.75	$4.75	$4.75	$4.75	$0.00
Crop Income	$1,012	$1,012	$1,012	$1,012	$1,012	$0
Total Income	**$506**	**$1,012**	**$1,012**	**$1,012**	**$1,012**	**$127**
Expenses						
Crop Inputs	$417	$679	$679	$679	$679	$67
Cash Rent	$0	$354	$300	$400	$250	$0
Bonus Rent 25% over $700	$0	$0	$0	$0	$78	$0
Total Rent Paid	$0	$354	$300	$400	$656	$0
Total Cost	**$417**	**$1,033**	**$979**	**$1,079**	**$1,007**	**$67**
Farmer Income per Acre	**$89**	**-$21**	**$33**	**-$67**	**$5**	**$60**
Fixed Costs to Pay						
Ave Family Living Costs	$17	$34	$34	$34	$34	$34
Ave Term Principal Payments	$91	$182	$182	$182	$182	$182
Ave Income Tax	$13	$26	$26	$26	$26	$26

SOYBEANS

Income	50/50	35% Variable	Cash Rent $300	Cash Rent $400	$250 Fixed w/ Bonus	Custom
Soybean Yield	64	64	64	64	64	64
Fall 2022 Ave. Price	$11.50	$11.50	$11.50	$11.50	$11.50	$0.00
Crop Income	$736	$736	$736	$736	$736	$0
Total Income	**$368**	**$736**	**$736**	**$736**	**$736**	**$116**
Expenses						
Crop Inputs	$272	$441	$441	$441	$441	$46
Cash Rent	$0	$258	$300	$400	$250	$0
Bonus Rent 25% over $500	$0	$0	$0	$0	$59	$0
Total Rent Paid	$0	$258	$300	$400	$309	
Total Cost	**$272**	**$699**	**$741**	**$841**	**$750**	**$46**
Farmer Income per Acre	**$96**	**$37**	**-$5**	**-$105**	**-$14**	**$70**
Fixed Costs to Pay						
Ave Family Living Costs	$17	$34	$34	$34	$34	$34
Ave Term Principal Payments	$91	$182	$182	$182	$182	$182
Ave Income Tax	$13	$26	$26	$26	$26	$26

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