



Client Information Packet





Your Farmland, Our Expertise

At Hertz Farm Management, Inc., we help Farmland Owners make Confident and Informed Decisions so they can Achieve their Ownership Goals...
Financially, Emotionally, and Relationally.

Iowa Offices

Cedar Falls, IA 319.234.1949
Humboldt, IA 515.332.1406
Mason City, IA 641.423.9531
Mt. Vernon, IA 319.895.8858
Nevada, IA 515.382.1500
Washington, IA 319.382.3343

Illinois Offices

DeKalb, IL 815.748.4440
Geneseo, IL 309.944.2184
Kankakee, IL 815.935.9878
Monticello, IL 217.762.9881

Minnesota Office

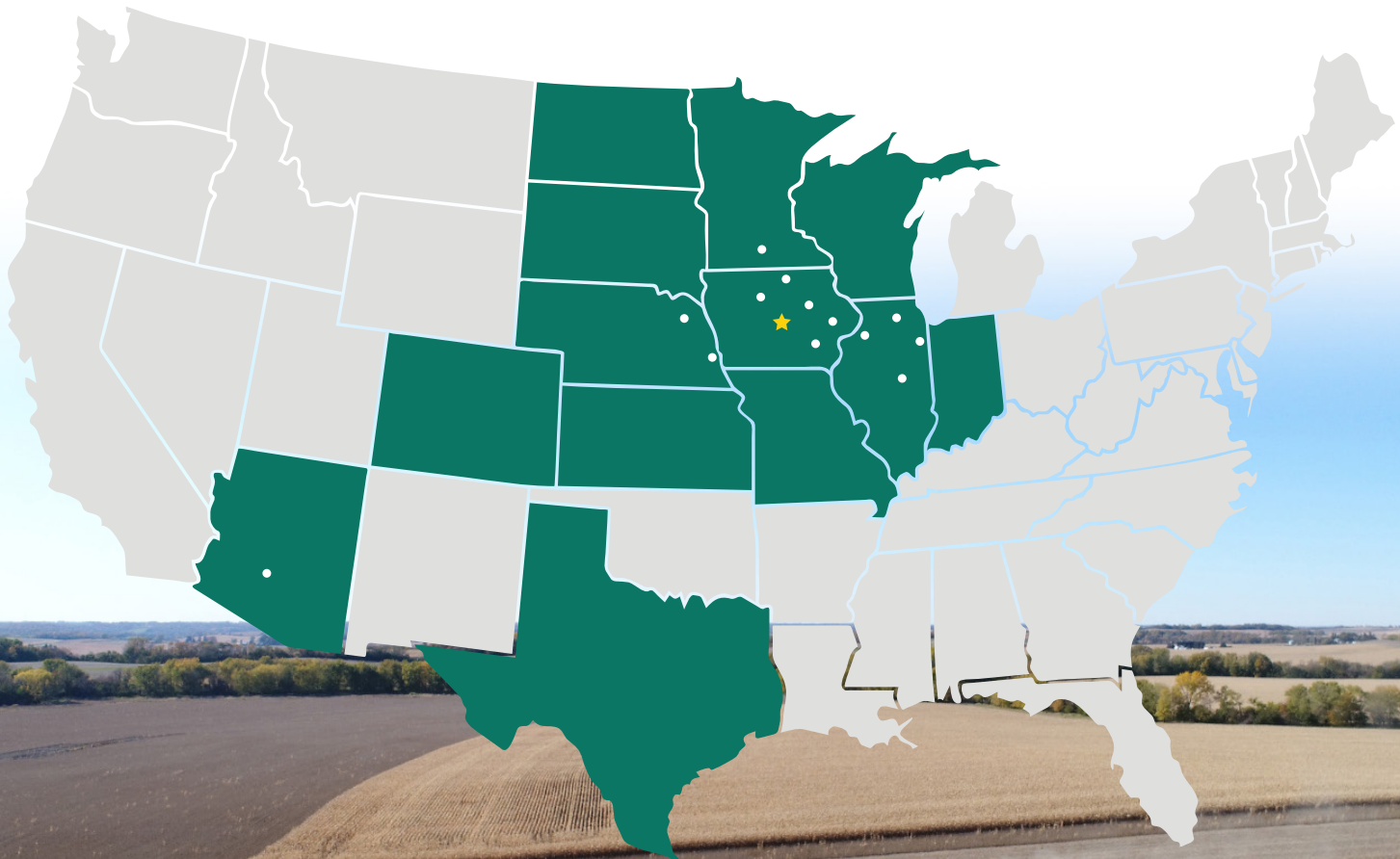
Mankato, MN 507.345.5263

Nebraska Offices

Norfolk, NE 402.371.9336
Omaha, NE 402.697.7500

Arizona Office

Avondale, AZ 602.932.5874



800.593.5263

www.Hertz.ag

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Why Choose Hertz



We understand the weight of entrusting your farm to others. At Hertz, we're dedicated to easing your worries and ensuring your farm operation thrives. When you partner with us, your success becomes our mission; **we only thrive when we help you and your farm succeed.**

Some strengths of Hertz Farm Management include:

1. **Peace of Mind:** Let us handle the details. With Hertz, you can rest assured knowing that we manage everything—from detailed records to consistent on-site supervision. Collaborating with top agricultural operators, we're committed to your success and satisfaction every step of the way.
2. **Expert Farm Managers:** Our team brings practical farming experience coupled with 4-year college degrees. Continuously updating their skills and actively involved in professional societies like the American Society of Farm Managers and Rural Appraisers, our managers are equipped to navigate any challenge.
3. **Client-Centered Approach:** Your satisfaction is our priority. Through a collaborative, team-oriented approach involving farm owners, operators, and our support team, we ensure success through integrity and shared knowledge.
4. **Effective Communication:** Stay informed and comfortable with your investments through timely reports, on farm tours, and open communication channels via phone, email and personal visits
5. **Intensive Management:** We're dedicated to maximizing your goals and objectives, whether that be farm profits, sustainability, or a combination of personal goals, through informed selection of crop inputs, pest scouting, government program exploration, soil conservation efforts, and strategic grain marketing.
6. **Robust Accounting System:** Our accounting system allows for separate client bank accounts and helps to ensure clear, accurate, and understandable financial statements, income and expense summaries, budgets, and cash flow reports.
7. **Satisfied Clients:** Our success is measured by yours. With a proven track record of satisfied clients driving our steady growth for over 75 years. We are happy to provide references upon request.



**Experience professional
farm management with
Hertz, where your
success is not just a
goal, but our top priority.**

Farm Management Services



Management of your farm is based on a management plan developed around your unique personal goals and investment objectives, and once approved by you, executed by your farm manager.

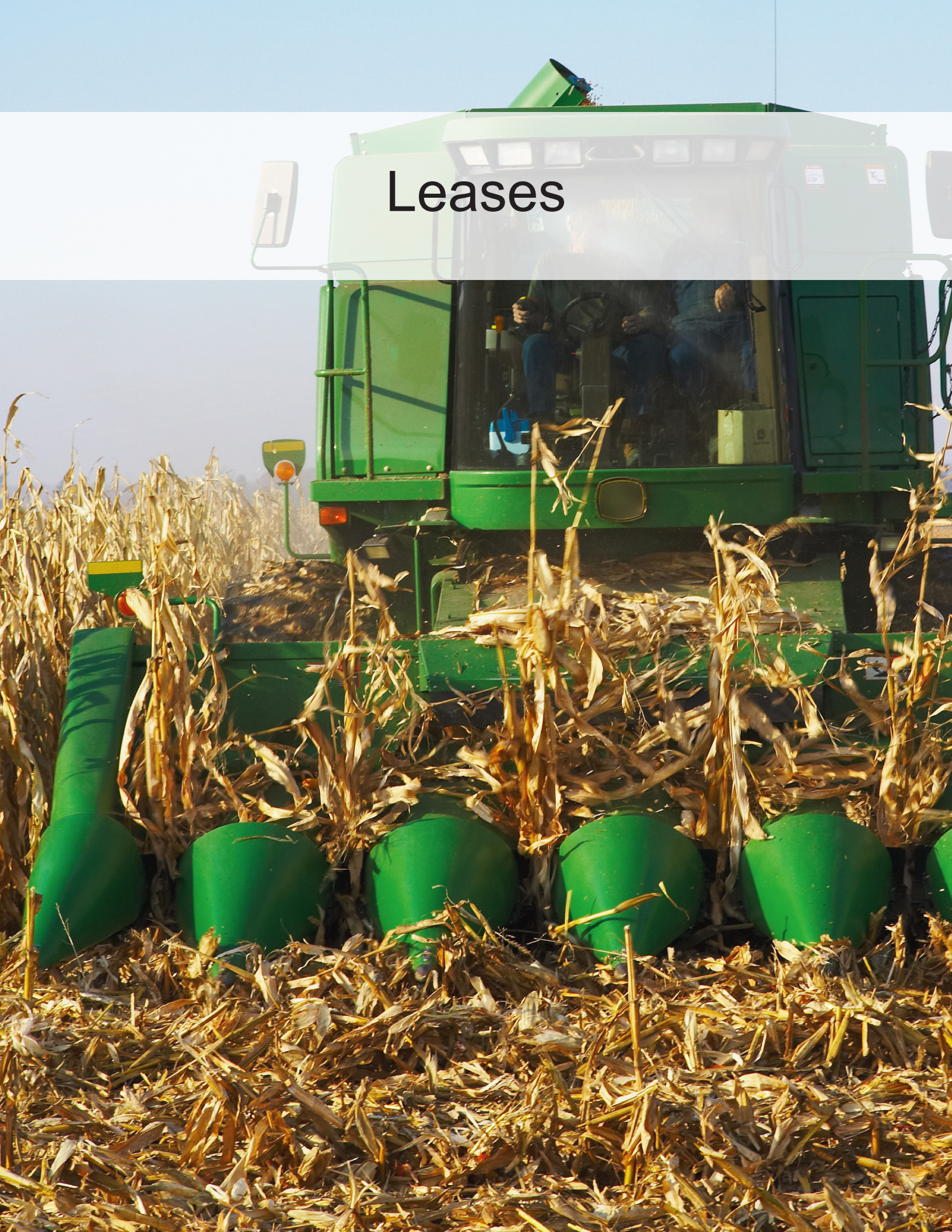
Our farm management service includes:

- Frequent on-farm visits to ensure proper management of your investment.
- Careful selection of seed varieties, fertilizer, chemicals, crop rotation and livestock program.
- Handling all government farm program details.
- Profit and financial analysis with budget and cash flow projections.
- Emphasis is placed on timely marketing of your crops and livestock.
- Supervision of repairs and capital improvement projects approved by the landowner.
- Stewardship of the soil including recommendations and implementation of soil conservation • practices.
- Leasing recommendations and negotiations with the operator.
- Written reports, telephone calls, e-mails, and personal contact with all owners.
- Owner farm tours. We encourage you to include the next generation in these tours.
- An easy-to-read personalized year-end report that provides analysis of your yield, production and financial records, summarizes crop and livestock inventories, and includes the necessary financial information to simplify your tax work.

You can expect to receive accurate, up to date records, consistent on-the-farm supervision, and assurance that your best interests are being represented. We select top operators who respond to our management, building a solid team based on mutual respect and shared knowledge. In addition, you will receive the benefit of the shared experiences of all of our farmland professionals, as your manager will be able to draw on the experience of other Hertz team members through our bi-weekly conference calls. There are also a number of subject matter experts across the company that are available to help answer specific questions on topics ranging from crop production to transition planning. Even if your farm manager has not run into a particular question or issue, be assured one of our other 70+ farmland professionals has and is willing to help.

An individual farm checking account is maintained for each client at a bank of their choice. All income and expense items are approved by the manager and transacted through this account. Statements of the account are mailed periodically to the client and all transactions are summarized at the end of the year in our Annual Report.

Leases



Farm Leasing Alternatives



There are several types of leasing arrangements that can be negotiated. The exact terms of the lease will vary depending upon market conditions and individual situations. The return and risk of each type of lease should also be considered.

Following is a brief description of several of the most common farm lease options:

50-50 Crop Share Lease

The 50-50 Crop Share Lease used to be the most common type of lease across the Midwest. Crop income and crop expenses were typically divided equally between the landowner and farm operator. However, increased land values, higher crop yields, and technology have changed the traditional balance, particularly in the eastern and central Corn Belt. Larger and more sophisticated farming equipment, reduced tillage, better drainage and reduced field work, due to the use of herbicides, have allowed farmers to dramatically increase the size of their farming operations. The result is a willingness of farm operators to rent good productive land on more aggressive lease terms.

For those that like the 50-50 crop share lease concept, we have modified some of the terms, with the farm operator paying for more than 50% of crop input costs or making a supplemental cash payment to the landowner, to help keep this lease more competitive with other alternatives.

50-50 Crop and Livestock Lease

In addition to sharing the crop income and expenses noted above, the landowner participates in the livestock production with the farm operator. The specific lease terms depend on the type of livestock and the livestock facilities.

Modified Crop Share Lease

In addition to the land, the landowner provides all of the seed, fertilizer and chemicals. The operator provides the machinery, fuel, and labor. Each party is responsible for insuring, drying and storing their respective share of the crop. The owner receives from 72 to 80 percent of the crop depending on the quality of the land and crop mix. This arrangement will normally provide a higher return to the landowner as compared to the 50/50 crop-share lease and also provide the landowner more control over the farming practices and inputs used on their farm.

Custom Operation

- The owner receives the entire crop and government payments.
- The owner pays for all crop inputs.
- A farmer in the local community is paid to complete all field work, including planting, and harvesting the crops.

Most progressive and timely operators have more than an adequate line of equipment to farm their current operation and are interested in custom farming to have a guaranteed cash flow and to spread their capital and labor costs over more acres.

The custom operation will generate a higher net income on above-average land, particularly with favorable yields and commodity prices. It also provides landowners with the highest return for land improvements such as tile or grain storage and more complete control of the farming practices on their farm.

Farm Leasing Alternatives Cont.



Percentage Lease

A percentage lease is similar to a cash rent lease. However, the owner receives a specified percentage of corn or soybeans delivered to an agreed grain terminal or location and a percentage of any government payments. All crop input expenses are paid by the operator. This gives the owner some inflation protection and the ability to increase his return through effective grain marketing. It is important to evaluate the credit worthiness of the proposed operator, evaluate their crop input selection and their farming methods, to protect your land investment. Improper application rates and farming methods can reduce the production potential of the farm both now and in the future. Generally, the owner's percentage varies from 30% to 40% depending on the quality of the land and crop.

Cash Rent

An operator pays a set amount of cash and the landowner does not participate in the crop production. Usually, all the rent is paid March 1 at the beginning of the crop season or one-half of the rent is paid on March 1 and the balance is paid after harvest is completed.

Due to increased volatility in commodity prices, flexible cash rent leases have become more popular.

There are numerous ways to structure a flexible cash rent lease. Typically, there is a guaranteed base rent with a provision for an additional bonus rent based on crop revenue.

Similar to the percentage lease, careful evaluation of your operator's farming practices and financial health is a critical success factor. The cash rent level should be reviewed each year and adjusted for market conditions. It is important to execute and file a UCC-1 financing statement to perfect the landowner's lien and provide a security interest in the crop in most states for any lease with a rent payment due at or after harvest.

A cash rent lease is "passive" income. Cash rental arrangements eliminate the option of utilizing Section 179 deductions (Expense Method Depreciation). Cash renting also eliminates the option of utilizing some estate planning tools – the installment method of paying federal estate tax and special use valuation are two examples.

At Hertz Farm Management, the resources of each farm and the landowner's goals and objectives for the farm are taken into consideration in recommending

the type of lease. A "Lease Comparison" similar to the one on the next page is provided specifically for each farm showing an estimate of the landowner's net income under various leasing alternatives. A change in lease type would only be made with the landowner's full knowledge and approval.

OBJECTIVES	Custom Agreement	Modified Crop Share	Crop Share	Net Share	Variable Cash Rent	Cash Rent
Grain market opportunities	●	●	○	○	○	○
Productivity and technology advances	●	●	●	○	○	○
Income tax flexibility and deductions	●	●	●	○	○	○
Minimal investment	○	○	○	●	●	●
Benefit from land improvements like drainage tile	●	●	○	○	○	○
Influence farm operations and care	●	●	○	○	○	○
Participate in a higher value crop (seed corn)	●	●	○	○	○	○
Conservation practices—cover crops, no-till	●	●	○	○	○	○
● Highest Benefit ○ Moderate Benefit ○ Least Benefit						



High Producing Farm 200 Acres in Midwest Region

ASSUMPTIONS:

Cropland Acres:	200.0	Corn Base	100.0	Bean Base	100.0
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<u>CROP</u>	<u>ACRES</u>	<u>YIELD</u>	<u>\$/BU</u>
Corn	100.0	225.0	\$5.00
Soybeans	100.0	65.0	\$12.00
Crop Insurance Pmt	0.0		
Government Program Pmt/A	0.0		

Cash Rent/Tillable Acre	\$380	Buildings	\$0	CRP	\$500
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INCOME		CUSTOM	80/20 MODIFIED CROP SHARE	50/50 CROP SHARE	CASH RENT
	\$/Acre				
Corn	1,125	112,500	90,000	56,250	0
Soybeans	780	78,000	62,400	39,000	0
Government Program Pmt	0	0	0	0	0
Crop Insurance Payment		500	500	500	500
Cash Rent - Land	380	0	0	0	76,500
Building/CRP Pasture		0	0	0	0
TOTAL INCOME		\$191,000	\$152,900	\$95,750	\$76,500

EXPENSES	\$/Acre				
Corn - Seed	120	12,000	12,000	6,000	
Fertilizer	175	17,500	17,500	8,750	
Crop Insurance	20	2,000	1,600	1,000	
Dry and Store	40	4,000	3,200	2,000	
Custom Hire	145	14,500	0	0	
Pesticides	75	7,500	7,500	3,750	
Soybeans- Seed	65	6,500	6,500	3,250	
Fertilizer	50	5,000	5,000	2,500	
Pesticides	90	9,000	9,000	4,500	
Custom Hire	125	12,500	0	0	
Crop Insurance	20	2,000	1,600	1,000	
Storage	6	600	480	300	
Property Taxes	6,000	6,000	6,000	6,000	6,000
Repairs	500	500	500	500	500
Management Fees		14,325	13,761	9,575	6,120
Interest on Operating @ 6%	8%	4,260	3,450	1,725	0
Insurance -Liability	175	175	175	175	175
-Property		0	0	0	0
TOTAL EXPENSES		\$118,360	\$88,266	\$51,025	\$12,795

NET INCOME		\$72,640	\$64,634	\$44,725	\$63,705
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NET INCOME/TILLABLE ACRE		\$363.20	\$323.17	\$223.63	\$318.53
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*These prices include the estimated LDP's, Agricultural Risk Coverage Payment, or Price Loss Coverage Payments anticipated.

* Above is only one estimate based on the assumptions listed and cannot be guaranteed by HFM Inc. or its staff.

A close-up photograph of a soybean plant. The image shows several green, fuzzy pods hanging from a stem. The leaves are also green and have a fine, hair-like texture. The lighting is warm and golden, suggesting late afternoon or early morning sunlight, which creates a soft glow on the plant's surfaces. The background is a blurred green, indicating more foliage.

Quarterly Reports



Professional Farm Managers
Real Estate Appraisers
Real Estate Sales and Acquisitions
Real Estate Auctions
Consultants

415 South 11th Street P.O. Box 500 Nevada, IA 50201-0500 (515) 382-1500
Fax: (515) 382-3762 www.Hertz.ag

May 9, 2023

Mr. Jim Smith
123 County Home Rd
Oelwein, IA 50662

Re: 10999 Smith Farm LLC

Dear Jim:

STATEMENT OF ACCOUNT

A statement of your farm checking account for the period January 1 through March 31, 2023, is enclosed, showing a balance of \$17,813.19. Your account is currently earning 3.0% interest. We have also included a Detailed Summary of Income and Expense showing a net farm income, including interest income, for the year through March 31 of \$21,227.70.

CROPS & WEATHER

Above-normal temperatures in April allowed for planting on your farm to be completed in a timely manner. The soybeans were planted on April 18 and the corn on April 28. Soil conditions were good. Your farm has received around 4.0 inches of rain over the past month, with most falling following planting. The soybeans have slowly begun to emerge over the past week. Since the soybeans sat in cool soil for a week after a brief cold spell, we will watch emergence closely. The corn is also just beginning to emerge and looks good. Subsoil moisture levels on the farm are still below normal, so additional rainfall during the growing season will be vital for crop development.

Corn planting progress across Iowa was estimated at 70% complete as of May 7, 17% above the five-year average. National corn planting was estimated at 49% complete, slightly ahead of the average. Overall, corn planting is well ahead of the pace from last year at this time.

Iowa soybean planting progress as of May 7 was reported as 49% complete, 19% above the average pace. U.S. soybean planting was 14% faster than average at 35% complete. Rainfall over this past weekend will likely slow planting progress across much of the state this week. The forecast for the next two weeks includes nearly ideal growing conditions with above-normal temperatures and chances of scattered rainfall expected.



GRAIN MARKETS

Corn and soybean prices have dropped slightly since the beginning of 2023, with most of the losses occurring over the past 40 days. The USDA's initial estimate of 2023 corn production in late February showed ending supplies are expected to rise. Export and ethanol demand for corn have also been declining, leading prices lower. Soybean prices tumbled as Brazil harvested a record crop and the soybean crush markets weakened. The grains have also felt pressure from a wave of speculative funds exiting their positions, preferring safer returns on investments like U.S. Treasury Bills as interest rates have risen. Overall, old crop prices are near January 1 levels, while new crop prices are weaker.

The USDA released their Quarterly Grain Stocks and Prospective Plantings Report on March 31, showing an expectation for 91.9 million corn acres. This would be an increase of 3.4 million acres from 2022 and is larger than the trade had anticipated prior to the report. Soybean plantings are expected to be nearly unchanged from a year ago at 87.5 million acres, which was below trade expectations. The report provided an immediate boost to soybean prices, while corn was mostly unchanged.

Planting progress in the U.S. has been nearly ideal, removing some of the seasonal weather risk we normally see at this time of year. However, much of the U.S. growing season lies ahead, so we are optimistic that prices still have potential to rise on any production concerns that may develop.

2022 GRAIN SALES

Below is a summary of the sales that have been made for your 2022 crop production:

Crop	Bushels Sold	Average Sale Price	Percent Sold
Corn	12,668.23 bu.	\$6.70/bu.	76%
Soybeans	4,280.52 bu.	\$14.68/bu.	91%

Cash prices at the local processors you deliver to are near \$6.50 per bushel for corn and \$14.30 per bushel for soybeans. We expect to sell the remainder of the 2022 crop over the next 45 days as favorable pricing opportunities arise.



2023 GRAIN SALES

Forward sales that have been made for your 2023 crop production are summarized below:

Crop	Bushels Sold	Average Sale Price	Percent Sold
Corn	--	--	0%
Soybeans	500.00 bu.	\$13.43/bu.	10%

Prices for fall delivery are near \$5.00 per bushel for corn and \$12.50 per bushel for soybeans. We will be positioned to take advantage of opportunities to make additional forward sales on any seasonal price rallies that may occur over the next two months.

Sincerely,

HERTZ FARM MANAGEMENT, INC.

A handwritten signature in black ink, appearing to read "Craig Welter", with a long horizontal flourish extending to the right.

Craig J. Welter
Accredited Farm Manager
e-mail: CraigW@Hertz.ag

CJW: oan
Enclosure

STATEMENT OF 10999 Smith Farm LLC
State Bank & Trust Company
NEVADA, IA 50201
HERTZ FARM MANAGEMENT, INC.

DATE	DESCRIPTION	CODE	CHECK	DISBURSEMENT	RECEIPT	BALANCE
	BEGINNING BALANCE 01/01/23					46,585.49
1/6/2023	10999-00999 Smith Farm LLC 2022 Corn Sold 1,000.00 BU @ \$6.43/BU 2,000.00 BU @ \$7.26/BU 1,000.00 BU @ \$7.65/BU 1,000.00 BU @ \$6.75/BU 1,111.80 BU @ \$6.82/BU	211202240001			42,937.48	
	10999-00999 Smith Farm LLC Checkoff - 2022 Corn Amount Received: \$42,876.36 Received From: KEY COOP 13585 620TH AVE ROLAND, IA 50236	211202265100		61.12		89,461.85
1/6/2023	10999-00999 Smith Farm LLC Grain Protector Insurance Paid To: MIDWEST INSURANCE CORP 1601 SOUTH B AVE NEVADA, IA 50201	910202272500	1171	232.76		89,229.09
1/9/2023	10999-00999 Smith Farm LLC Management Fee - 2022 Corn Paid To: HERTZ FARM MANAGEMENT INC PO BOX 500 NEVADA, IA 50201	211202294200	1172	2,576.25		86,652.84

DATE	DESCRIPTION	CODE	CHECK	DISBURSEMENT	RECEIPT	BALANCE
1/18/2023	10999-00999 Smith Farm LLC Drying-Electricity - 2022 Corn 12/1/22-1/2/23 Paid To: CONSUMERS ENERGY 2074 242ND ST MARSHALLTOWN, IA 50158-9137	211202260300	1173	38.00		86,614.84
1/23/2023	10999-00999 Smith Farm LLC Herbicide - 2023 Corn Pre: Fulltime Nxt, 2,4-D, Roundup, Diplomat Post: Resicore XL, Atrazine, Roundup, Jackhammer	211202360100		3,947.70		
	10999-00999 Smith Farm LLC Herbicide - 2023 Soybeans Pre: Kyber, 2,4-D, Roundup, Diplomat Post: Enlist, Roundup, EverpreX, Tapran, Corn Killer	311202360100		5,432.90		
	10999-00999 Smith Farm LLC Fertilizer - 2023 Corn 2.25 ton 32% UAN Total Check: \$10,741.85 Paid To: Complete Ag Services LLC 10669 E 116th St N Gilman, IA 50106	211202360500	1174	1,361.25		75,872.99
1/23/2023	10999-00999 Smith Farm LLC Fertilizer - 2023 Soybeans 75 gal Utrisha	311202360500		1,050.00		

DATE	DESCRIPTION	CODE	CHECK	DISBURSEMENT	RECEIPT	BALANCE
1/23/2023	10999-00999 Smith Farm LLC Insecticide - 2023 Corn 1 gal Province II	211202361400		240.00		
	10999-00999 Smith Farm LLC Insecticide - 2023 Soybeans 1 gal Province II	311202361400		240.00		
	10999-00999 Smith Farm LLC Fungicide - 2023 Corn 7.5 gal Miravis Neo	211202361500		1,500.00		
	10999-00999 Smith Farm LLC Fungicide - 2023 Soybeans 4 gal Aproach Prima	311202361500		976.00		
	Total Check: \$4,006.00					
	Paid To: Complete Ag Services LLC 10669 E 116th St N Gilman, IA 50106		1175			71,866.99
2/13/2023	10999-00000 Smith Farm LLC Interest Income Received From: STATE BANK & TRUST CO PO BOX 327 NEVADA, IA 50201	910202344000			210.88	72,077.87
2/15/2023	10999-00999 Smith Farm LLC Drying-Electricity - 2022 Corn 1/2/23-2/1/23	211202260300		32.83		
	Paid To: CONSUMERS ENERGY		1176			72,045.04

DATE	DESCRIPTION	CODE	CHECK	DISBURSEMENT	RECEIPT	BALANCE
2/15/2023	2074 242ND ST MARSHALLTOWN, IA 50158-9137					
2/28/2023	10999-00999 Smith Farm LLC Herbicide - 2022 Soybeans BASF Rebate Received From: HEARTLAND COOP 2829 WESTOWN PKWY STE 350 WEST DES MOINES, IA 50266	311202260100			222.98	
						72,268.02
3/8/2023	10999-00999 Smith Farm LLC Real Estate Tax Paid To: JASPER COUNTY TREASURER 315 W 3rd St N Ste 500 PO BOX 1387 NEWTON, IA 50208	910202379200		3,122.00		
			1177			69,146.02
3/9/2023	10999-00000 Smith Farm LLC Transfer to Owner Paid To: Jim Smith 123 County Home Rd Oelwein, IA 50662	900202314200		25,000.00		
			1178			44,146.02
3/9/2023	10999-00000 Smith Farm LLC Transfer to Owner Paid To: Smith Farm LLC	900202314200		25,000.00		
			1179			19,146.02

10999 Smith Farm LLC

DATE	DESCRIPTION	CODE	CHECK	DISBURSEMENT	RECEIPT	BALANCE
3/9/2023	123 County Home Road Oelwein, IA 50662					
3/15/2023	10999-00999 Smith Farm LLC Accounting 2022 Tax Prep Paid To: Carter PC 301 College St STE 320 Asheville, NC 28801	910202394700		1,300.00		
			1180			17,846.02
3/15/2023	10999-00999 Smith Farm LLC Drying-Electricity - 2022 Corn 2/1/23-3/1/23 Paid To: CONSUMERS ENERGY 2074 242ND ST MARSHALLTOWN, IA 50158-9137	211202260300		32.83		
			1181			17,813.19
	ENDING BALANCE 03/31/23					17,813.19

DETAILED SUMMARY OF INCOME AND EXPENSE

10999-00000 Smith Farm LLC

1/1/2023 to 3/31/2023

INTEREST INCOME

Interest Income	210.88		
TOTAL INTEREST INCOME		210.88	
TOTAL FARM INCOME			210.88
FARM INCOME LESS EXPENSE			210.88

DETAILED SUMMARY OF INCOME AND EXPENSE

10999-00999 Smith Farm LLC

1/1/2023 to 3/31/2023

CROP SALES

Corn

2022 Corn 42,937.48

TOTAL CROP SALES 42,937.48

TOTAL FARM INCOME 42,937.48

CROP EXPENSES

Herbicide

2023 Corn -3,947.70

2022 Soybeans 222.98

2023 Soybeans -5,432.90

Drying-Electricity

2022 Corn -103.66

Fertilizer

2023 Corn -1,361.25

2023 Soybeans -1,050.00

Insecticide

2023 Corn -240.00

2023 Soybeans -240.00

Fungicide

2023 Corn -1,500.00

2023 Soybeans -976.00

Checkoff

2022 Corn -61.12

TOTAL CROP EXPENSES -14,689.65

INSURANCE

Grain Protector Insurance

-232.76

TOTAL INSURANCE -232.76

TAXES

Real Estate Tax

-3,122.00

TOTAL TAXES -3,122.00

PROFESSIONAL SERVICES

Management Fee

2022 Corn -2,576.25

Accounting

-1,300.00

TOTAL PROFESSIONAL SERVICES -3,876.25

DETAILED SUMMARY OF INCOME AND EXPENSE

TOTAL FARM EXPENSE

-21,920.66

FARM INCOME LESS EXPENSE

21,016.82



Professional Farm Managers
Real Estate Appraisers
Real Estate Sales and Acquisitions
Real Estate Auctions
Consultants

415 South 11th Street P.O. Box 500 Nevada, IA 50201-0500 (515) 382-1500
Fax: (515) 382-3762 www.Hertz.ag

October 13, 2023

Mr. Jim Smith
123 County Home Rd
Oelwein, IA 50662

Re: 10999 Smith Farm LLC

Dear Jim:

STATEMENT OF ACCOUNT

A statement of your farm checking account is enclosed for the period July 1 through September 30, 2023, showing a balance of \$44,933.80. Your account is currently earning 2.5% interest.

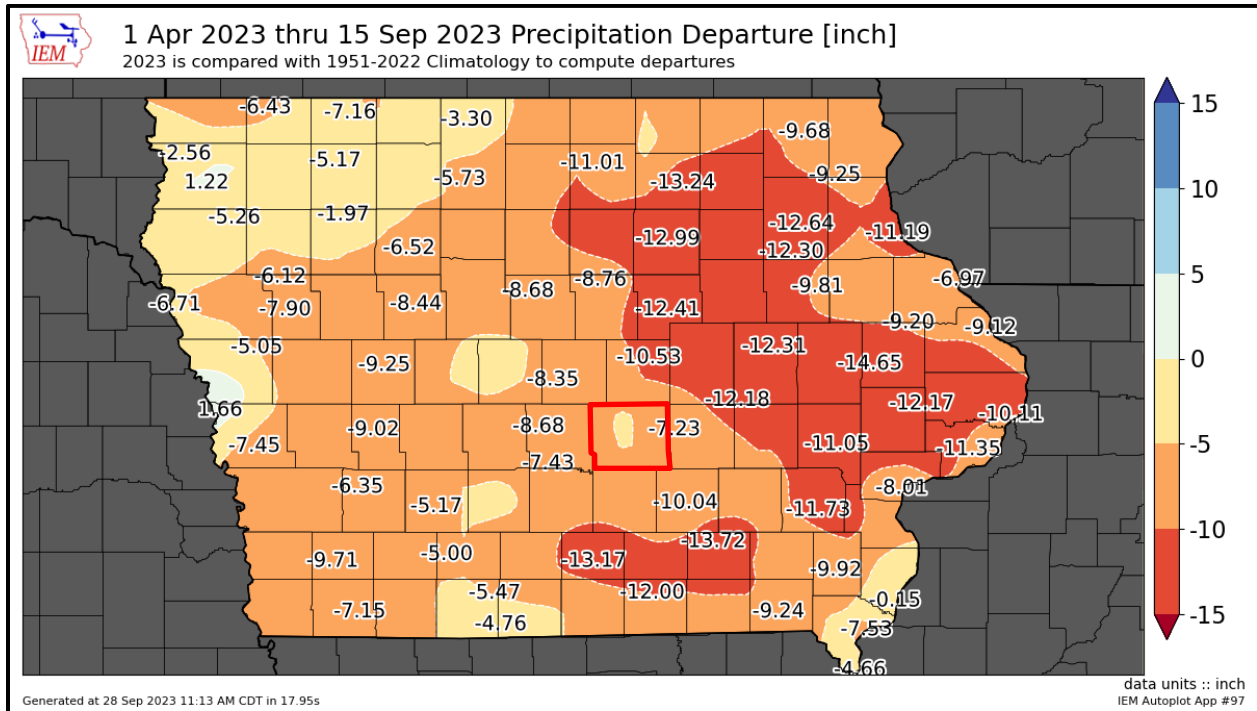
CROPS & WEATHER

Crops in central Iowa entered the second half of the growing season in relatively good condition despite receiving below average rainfall for the third consecutive summer. Cool temperatures and a critical mid-July rain event provided favorable conditions during corn pollination and soybean pod development.

However, rainfall has been extremely limited since then, further intensifying drought conditions across the area. While temperatures were mild for most of August, a brief stretch of days with temperatures in the mid-to-upper 90s in late August and again in early September increased crop stress and pushed crops through grain fill more quickly than desired. Crop yields were likely limited by this additional stress, especially on farms that received less rainfall or have more variable soils.



The following map shows the departure from normal rainfall in Iowa from April 1 through September 15, indicating that much of central Iowa was anywhere between 6 to 12 inches below normal precipitation during the 2023 growing season.



Despite the lack of total moisture, your farm received approximately 3 inches of rainfall between July 27 and August 11, helping fill out pods on your soybeans. This is a critical developmental period for soybean yield determination.

Harvest began on early maturing fields in mid-September. Most farmers have finished soybean harvest and are shifting over to corn harvest in mid-October. Overall, we still expect average to above average yields throughout central Iowa based on early yield results. However, crop yields will be extremely variable depending on planting dates, rainfall received, and soil quality.

Kevin Jones has completed both corn and soybean harvest on your farm. Estimated results based on our bin measurements are summarized below:

Crop	Acres	Total Bushels	Average Yield
Corn	66.5 ac.	14,990.00 bu.	225.4 bu./ac.
Soybeans	72.5 ac.	5,800.00 bu.	80.0 bu./ac.

These are strong yields considering the overall lack of rainfall the farm received. The soybean yield would represent a new farm record.



GRAIN MARKETS

Despite intensified drought across much of the Corn Belt leading to reduced national yield expectations, the corn and soybean markets have trended lower since late July. Corn prices have weakened as the grain trade has become comfortable with available supplies. The USDA is projecting ending supplies of corn to increase above 2.2 billion bushels this year as export and domestic demand has slipped, and acres planted to corn in the U.S. have risen above expectations. U.S. corn ending stocks have not been above 2.0 billion bushels since 2018.

Soybean prices have been volatile over the past sixty days as traders have tried to determine how much yield has been impacted by the dry August conditions. After reducing their estimate for U.S. soybean acres and average yield, the USDA is projecting domestic soybean ending supplies to be at 220 million bushels. This is lower than a year ago and the lowest since 2015, which should provide support to soybean prices. However, the large Brazilian crop harvested earlier this year combined with expectations for another large South American crop this winter have helped replenish world supplies.

Similar to 2022, we are entering fall with historically low water levels on the Mississippi River, a critical cog in the U.S. grain supply chain. The low river levels have led to increased difficulty for barge navigation and, thus, higher barge rates. This places pressure on cash grain bids offered by grain terminals that use the river for transport.

Grain prices will likely remain relatively stable through harvest as the trade waits for more definite yield results. The following charts show corn and soybean futures price activity since June.

DECEMBER 2023 CORN FUTURES





NOVEMBER 2023 SOYBEAN FUTURES



2023 GRAIN SALES

The table below summarizes the sales that have been made for your 2023 crop production:

Crop	Bushels Sold	Average Sale Price	Percent Sold
Corn	7,000.00 bu.	\$5.39/bu.	44%
Soybeans	2,000.00 bu.	\$13.41/bu.	34%

We are glad that forward sales were made on the seasonal price rallies earlier this year. We will stay patient with additional sales and look for opportunities following harvest. Cash prices for harvest delivery are currently near \$4.70 per bushel for corn and \$12.50 per bushel for soybeans at local grain processors you deliver to.

Sincerely,

HERTZ FARM MANAGEMENT, INC.

Craig J. Welter
Accredited Farm Manager
e-mail: CraigW@Hertz.ag

CJW: oan
Enclosure

Annual Report





Professional Farm Managers
Real Estate Appraisers
Real Estate Sales and Acquisitions
Real Estate Auctions
Consultants

415 South 11th Street P.O. Box 500 Nevada, IA 50201-0500 (515) 382-1500
Fax: (515) 382-3762 www.Hertz.ag

February 11, 2024

Mr. Jim Smith
123 County Home Rd
Oelwein, IA 50662

Re: 10999 Smith Farm LLC

Dear Jim:

Enclosed with this letter are the following items:

1. A copy of the 2023 Annual Report. An additional copy is enclosed to provide to your CPA.
2. A statement of your farm account for the period October 1 through December 31, 2023, showing a balance of \$15,132.35. Your account is currently earning 2.5% interest.

If you have any questions concerning the enclosed information, please feel free to contact us. We look forward to serving you in the coming year.

Sincerely,

HERTZ FARM MANAGEMENT, INC.

Craig J. Welter
Accredited Farm Manager
e-mail: CraigW@Hertz.ag

CJW:oan
Enclosures



Professional Farm Managers
Real Estate Appraisers
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415 South 11th Street P.O. Box 500 Nevada, IA 50201-0500 (515) 382-1500
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2023 ANNUAL REPORT

On

10999 SMITH FARM LLC
150.0 Acres - Jasper County, Iowa

For

Mr. Jim Smith
123 County Home Rd
Oelwein, IA 50662

By

HERTZ FARM MANAGEMENT, Inc.
415 South 11th Street
Nevada, Iowa 50201

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BANK ACCOUNT SUMMARY**10999 Smith Farm LLC****State Bank & Trust Company****1/1/2023 to 12/31/2023**

BEGINNING BALANCE		46,585.49
<u>RECEIPTS</u>		
Taxable Farm Income	192,355.75	
Interest Income	1,425.39	
TOTAL RECEIPTS	<hr/> 193,781.14	
<u>DISBURSEMENTS</u>		
Transfer to Owner	80,000.00	
Operating Expenses	113,059.92	
LESS TOTAL DISBURSEMENTS	<hr/> 193,059.92	
CHANGE IN RECEIPTS AND DISBURSEMENTS		721.22
ENDING BALANCE		<hr/> 47,306.71

TAX SUMMARY REPORT
All Farms for 10999 Smith Farm LLC
1/1/2023 to 12/31/2023

FARM INCOME

Corn

Corn	105,512.77
15,538.95 BU @ \$6.79/BU	

Soybeans

Soybeans	78,796.02
5,578.95 BU @ \$14.12/BU	

Total Crop	184,308.79
------------	------------

Agricultural Program Pmts

Disaster Payment	2,907.96
------------------	----------

Total Agricultural Payments	2,907.96
-----------------------------	----------

Other Income

Interest Income	1,425.39
-----------------	----------

Total Other Income	1,425.39
--------------------	----------

Other Income

Insurance Comp Corn	5,139.00
---------------------	----------

Total Other Income	5,139.00
--------------------	----------

TOTAL FARM INCOME**193,781.14****FARM EXPENSES**

Chemicals	-11,198.96
-----------	------------

Custom Hire	-26,675.33
-------------	------------

Fertilizer & Lime	-27,760.96
-------------------	------------

Freight, Trucking	-3,280.52
-------------------	-----------

Gasoline, Fuel, Oil	-53.50
---------------------	--------

Insurance	-3,841.22
-----------	-----------

Repairs, Maintenance	-1,090.00
----------------------	-----------

Seeds, Plants Purchased	-17,213.63
-------------------------	------------

Storage, Warehousing	-6.86
----------------------	-------

Taxes	-6,281.00
-------	-----------

Utilities	-1,169.96
-----------	-----------

Other Expense

Accounting	-1,300.00
------------	-----------

Licenses & Dues	-30.00
-----------------	--------

Management Fee	-11,233.02
----------------	------------

Marketing Expense	-607.44
-------------------	---------

TAX SUMMARY REPORT
All Farms for 10999 Smith Farm LLC
1/1/2023 to 12/31/2023

Travel Expense	-1,317.52	
Total Other Expense		-14,487.98
TOTAL FARM EXPENSES		-113,059.92
NET FARM PROFIT OR LOSS (-)		80,721.22

The above data is from records and accounts maintained by Hertz Farm Management, Inc.
You and/or your tax consultant should review your situation for income and expense from
other sources which are not included in the above summary.

DETAILED SUMMARY OF INCOME AND EXPENSE

-5-

10999-00000 Smith Farm LLC

1/1/2023 to 12/31/2023

INTEREST INCOME

Interest Income	1,425.39		
TOTAL INTEREST INCOME		1,425.39	
TOTAL FARM INCOME			1,425.39
FARM INCOME LESS EXPENSE			1,425.39

DETAILED SUMMARY OF INCOME AND EXPENSE**10999-00999 Smith Farm LLC****1/1/2023 to 12/31/2023****CROP SALES**

Corn

2022 Corn 105,512.77

15,538.95 BU @ \$6.79/BU

Soybeans

2022 Soybeans 37,146.67

2,506.34 BU @ \$14.82/BU

2023 Soybeans 41,649.35

3,072.61 BU @ \$13.56/BU

TOTAL CROP SALES

184,308.79

GOVERNMENT PAYMENTS

Disaster Payment

2,907.96

TOTAL GOVERNMENT PAYMENTS

2,907.96

INSURANCE COMPENSATION

Corn

2023 Corn 5,139.00

TOTAL INSURANCE COMPENSATION

5,139.00

TOTAL FARM INCOME**192,355.75****CROP EXPENSES**

Herbicide

2023 Corn -4,021.59

2022 Soybeans 222.98

2023 Soybeans -5,127.59

Drying-Electricity

2022 Corn -337.45

2023 Corn -832.51

Drying-LP

2023 Corn -53.50

Fertilizer

2023 Corn -1,361.25

2024 Corn -17,407.27

2023 Soybeans -930.78

2024 Soybeans -8,061.66

Seed

2024 Corn -10,252.02

DETAILED SUMMARY OF INCOME AND EXPENSE

2023 Soybeans	-2,658.08	
2024 Soybeans	-4,303.53	
Storage		
2022 Corn	-3.16	
2022 Soybeans	-3.70	
Insecticide		
2023 Corn	-210.00	
2023 Soybeans	-220.80	
Fungicide		
2023 Corn	-907.44	
2023 Soybeans	-934.52	
Custom Hire		
2021 Corn	-1,164.68	
2022 Corn	-7,821.50	
2023 Corn	-2,170.00	
2024 Corn	-1,652.75	
2021 Soybeans	-373.30	
2022 Soybeans	-8,261.50	
2023 Soybeans	-3,598.85	
2024 Soybeans	-522.75	
2023 Farm	-1,110.00	
Custom Hire-Trucking		
2022 Corn	-2,051.14	
2022 Soybeans	-545.80	
2023 Soybeans	-683.58	
Checkoff		
2022 Corn	-155.39	
2022 Soybeans	-185.73	
2023 Soybeans	-208.75	
Inspection		
2022 Corn	-10.50	
2022 Soybeans	-15.00	
2023 Soybeans	-22.50	
Grain Insurance Fund		
2023 Soybeans	-7.68	
Test Weight		
2022 Soybeans	-1.89	
TOTAL CROP EXPENSES		-87,967.16

DETAILED SUMMARY OF INCOME AND EXPENSE**INSURANCE**

Property Insurance	-576.31	
Multi-Peril Insurance		
2023 Corn	-1,031.00	
2023 Soybeans	-595.00	
Hail Insurance		
2023 Corn	-284.00	
2023 Soybeans	-615.00	
Liability Insurance	-110.77	
Umbrella Insurance	-151.00	
Grain Protector Insurance		
2023 Corn	-132.90	
2023 Soybeans	-112.48	
2022 Farm	-232.76	
TOTAL INSURANCE		-3,841.22

REPAIRS

Bin Equipment Repair	-1,090.00	
TOTAL REPAIRS		-1,090.00

TAXES

Real Estate Tax	-6,281.00	
TOTAL TAXES		-6,281.00

PROFESSIONAL SERVICES

Management Fee		
2022 Corn	-6,330.77	
2022 Soybeans	-2,228.80	
2023 Soybeans	-2,498.97	
2023 Farm	-174.48	
Accounting	-1,300.00	
TOTAL PROFESSIONAL SERVICES		-12,533.02

MISC EXPENSE

Licenses & Dues	-30.00	
Travel Expense	-1,317.52	
TOTAL MISC EXPENSE		-1,347.52

TOTAL FARM EXPENSE **-113,059.92**

FARM INCOME LESS EXPENSE **79,295.83**

STATEMENT OF PROFIT
Accrual Basis - 2023

Income:

Operating Income	\$192,355.75	
Interest Income	1,425.39	
Closing Inventory - 12/31/23	110,910.00	
Prepaid 2024 Expenses	<u>42,199.98</u>	\$346,891.12

Less:

Operating Expenses	\$113,059.92	
Beginning Inventory - 1/1/23	133,725.00	
Prepaid 2023 Expenses	<u>49,290.42</u>	<u>296,075.34</u>

TOTAL PROFITS BEFORE DEPRECIATION \$50,815.78

PROFITS PER TILLABLE ACRE (139.0 ACRES) \$365.58

DISPOSITION OF 2023 EARNINGS

Transfer to Owner \$80,000.00

Plus Increase in:

Bank Account 721.22

Less Decrease in:

Grain Inventory	\$22,815.00	
Prepaid Expenses	<u>7,090.44</u>	<u>29,905.44</u>

PROFITS BEFORE DEPRECIATION \$50,815.78

STATEMENT OF PROFIT – ACCRUAL BASIS

The Statement of Profit on the previous page details your farm's profit on an accrual basis. This takes into account changes in inventories, prepaid expenses, and bank account balances. Profits on an accrual basis are a more accurate way to judge your farm's performance year after year. Below is a summary of your farm's accrual profit history since 2014:

Year	Accrual Profits Before Depreciation	Accrual Profits Per Tillable Acre (139.0 Ac.)
2014	\$40,055.14	\$288.17
2015	\$33,537.41	\$241.28
2016	\$29,883.01	\$214.99
2017	\$29,896.00	\$215.08
2018	\$40,909.69	\$294.31
2019	\$41,766.27	\$300.48
2020	\$22,892.66	\$164.70
2021	\$90,607.03	\$651.85
2022	\$91,465.24	\$658.02
2023	\$50,815.78	\$365.58
10-yr. Avg.	\$47,182.82	\$339.45

OWNER'S ESTIMATED INVENTORY
December 31, 2023

Corn	14,990.00 Bu. @ \$5.07/bu.	\$76,000
Soybeans	2,727.39 Bu. @ \$12.80/bu.	<u>34,910</u>

TOTAL ESTIMATED VALUE OF INVENTORY	\$110,910
------------------------------------	-----------

The value of the 2023 inventory is \$22,815 less than the inventory shown at the end of 2022. The prices used to value the corn and soybean inventory are an average of actual sales prices on the grain which has been forward contracted and the approximate local cash price on December 31 for the grain that remains unsold.

2023 CROP PRODUCTION

Your farm was operated on a custom arrangement with Kevin Jones. Based on the grain bin measurements and our estimate of acres planted, your 2023 corn and soybean yields are as follows:

Crop	Acres	Estimated Total Production	Estimated Average Yield
Corn	66.5	14,989.70 Bu.	225.4 Bu./Ac.
Soybeans	72.5	5,800.00 Bu.	80.0 Bu./Ac.

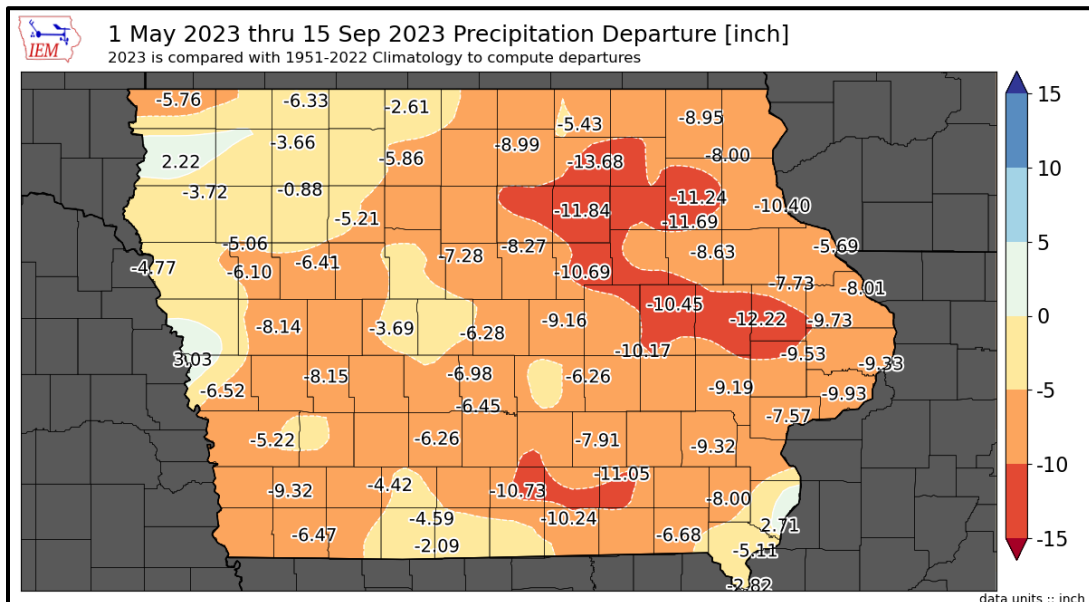
The soybean yield would represent a new farm record yield. The corn production was below average compared to past farm yields. Rainfall was very limited for the second year in a row. The farm received approximately 6 inches below the normal amount from May 1 to September 15. The lighter soil types on the north field where the corn was planted struggle more in a dry year. All of the production is stored in grain bins on the farm.

A total of 3,072.61 bushels of soybeans have been sold for an average price of \$13.56 per bushel. A total of 7,000 bushels of corn have been priced for March payment at an average price of \$5.60 per bushel. Therefore, the remaining unsold inventory includes approximately 7,990.00 bushels of corn and 2,727.39 bushels of soybeans.

For the third year in a row, central Iowa was dealt a growing season with limited precipitation. While some areas were challenged more than others, the majority of the region still discovered yields were better than expected as harvest results rolled in. The continued advancement of seed genetic capabilities was on display again in 2023.

The excellent soil conditions at planting combined with warm May temperatures provided a strong start to the growing season. Rainfall arriving “just-in-time” through mid-July kept crops in good condition across central Iowa, although much of the rest of the Corn Belt was suffering from intensifying drought conditions.

Rainfall was much more limited during the second half of the growing season across the area. Brief severe heat events in late July and late August added to the stressful conditions. August rainfall was also much more limited than in recent years, indicating that soybean yields may fall behind past strong yields. The following map demonstrates the lack of rainfall received in 2023, showing that central Iowa was between 6 and 11 inches below the normal amount received for the growing season.



Harvest began on early maturing fields in mid-September and continued almost non-stop until a brief pause due to mid-October rainfall. However, progress continued soon after as the rain quickly soaked into the already dry soil. Most harvest was completed before the end of October.

Although yield results were variable depending on soil types and which areas received rainfall, many yields were surprisingly good. Some corn yields set new records, and many were above the five-year farm averages. As expected, soybean yields were more restricted due to the lack of late-season rainfall. The USDA is projecting statewide average yields for Iowa of 201.0 bushels per acre for corn and 58.0 bushels per acre for soybeans. Both are within 1.0 bushel per acre of the 2022 state yields.

Another dry fall allowed sufficient time for fall fertilizer applications, tillage operations, and drainage tile projects to be completed prior to winter. Very little precipitation has fallen in Iowa since mid-October, putting much of the state in moderate or worse drought conditions heading into 2024. Receiving meaningful winter and spring precipitation will be crucial for easing drought levels prior to planting the 2024 crops.

SUMMARY OF 2022 GRAIN SOLD

The table below summarizes the 2022 production sold and the average sale price:

Crop	Bushels	Average Yield	Average Sale Price
Corn	18,538.95	255.7 Bu./Ac.	\$6.61/Bu.
Soybeans	4,659.19	70.1 Bu./Ac.	\$14.64/Bu.

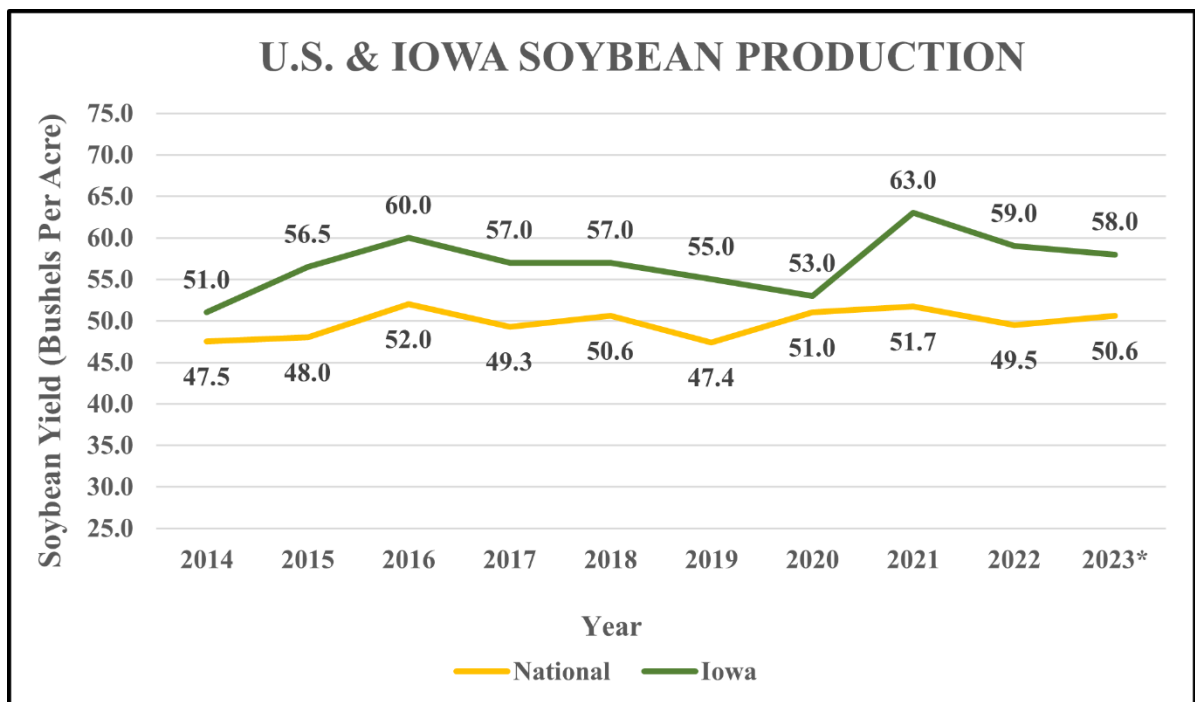
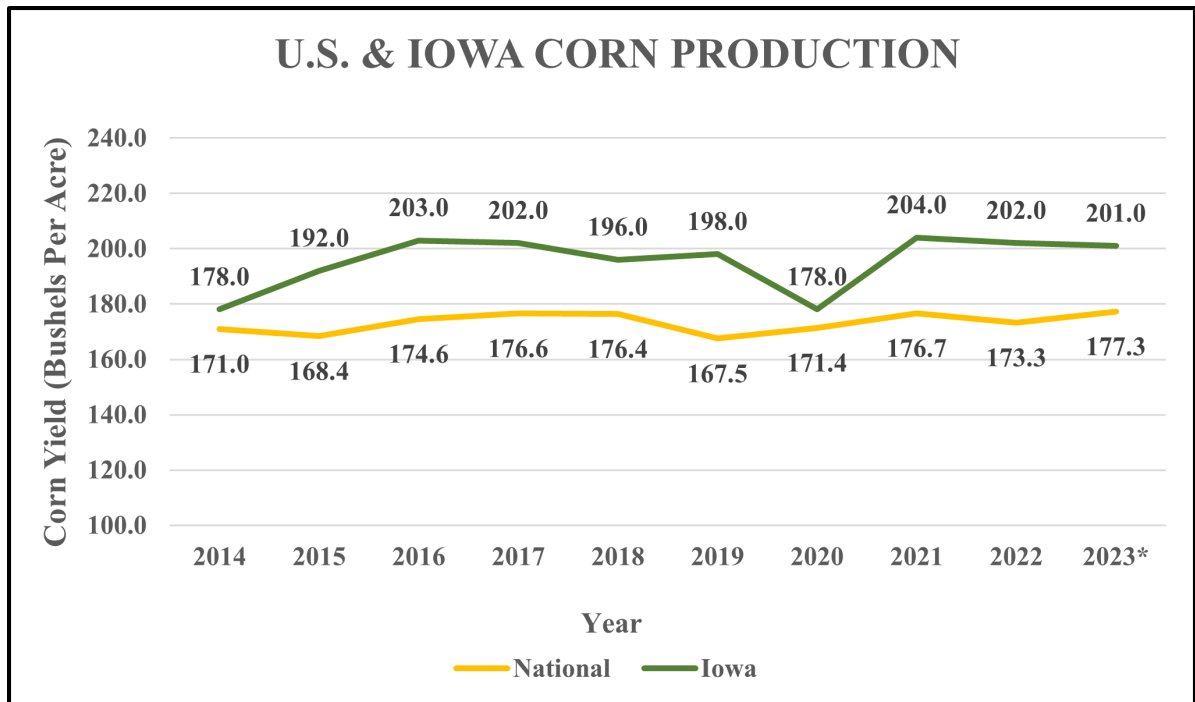
FARM YIELD HISTORY

Average crop yields for the past ten years are summarized below:

Crop	2014	2015	2016	2017	2018	2019	2020	2021	2022	Est. 2023	10-Yr Avg.
Corn	235.3	253.6	258.6	277.1	284.2	266.9	203.6	269.4	255.7	225.4	253.0
Soybeans	59.8	50.8	68.0	71.2	77.4	75.4	64.1	79.2	70.1	80.0	69.6

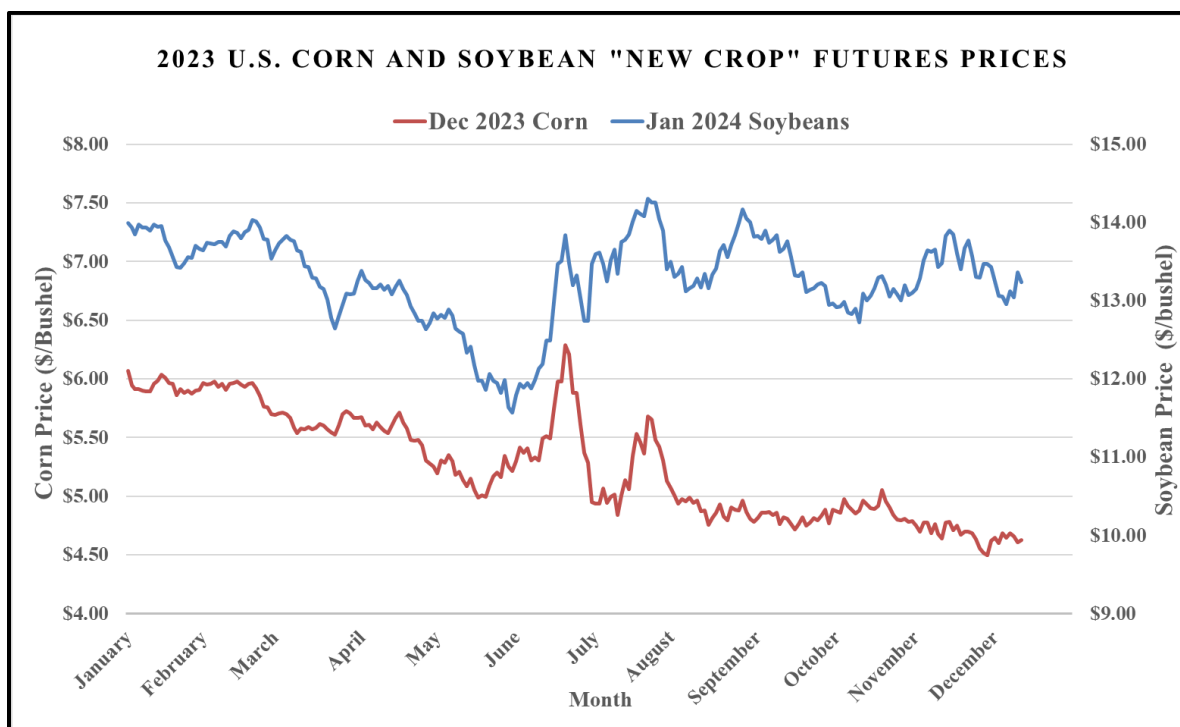
U.S. AND STATE YIELD HISTORY

The following charts summarize national and state corn and soybean yields since 2014.



2023 GRAIN MARKETS

Following two extraordinary years for corn and soybean prices, 2023 featured similar volatility, but lower prices. World grain supplies became more in line with demand, dropping prices below the historically high levels of 2021 and 2022. Despite the decline, producers were still able to sell grain at profitable levels. The following chart illustrates corn and soybean futures price activity during 2023.



Prices trended lower heading into the U.S. spring planting season. A record 2023 soybean crop in Brazil drove world soybean supplies higher. Increased projections for U.S. corn production also made the grain trade more comfortable with world corn supplies. Ideal planting conditions across the Corn Belt kept domestic production estimates at record levels through late May, pushing prices lower.

However, intensifying drought conditions in the eastern Corn Belt ignited a sharp seasonal price rally in mid-June. The rally for corn was short lived as rain began to arrive in critical production areas and the USDA's June 30 Acreage Report showed far more acres were planted to corn in the U.S. than the trade anticipated. In turn, soybean prices benefited from a much lower-than-expected number of planted acres.

Despite the lackluster rainfall and late-summer heat, prices trended lower as harvest neared. Many yield reports again featured the phrase “better than expected”, meaning that corn and soybean supplies were likely to remain at comfortable levels.

Slowed export sales also weighed on prices. Total 2023-24 U.S. corn and soybean exports are both lagging behind the five-year average marks. Soybeans in particular are approximately 20% behind the five-year average. Soybean export commitments to China are currently just nearly half of those from 2022-23. China has also bought 71% less corn compared to the year prior. The high price of U.S. grain combined with ample South American supplies has subdued export demand.

The USDA released the most recent 2023 Crop Production Report on January 12, 2024, projecting a national average corn yield of 177.3 bushels per acre, setting a new record. Along with the improved yield, harvested corn acres increased by 8.0 million acres in 2023, leading to a new U.S. record for total corn production. U.S. corn ending stocks are projected to be above 2.0 billion bushels for the first time since 2018. The strong U.S. production has led world corn supplies to the highest level in five years.

The national average soybean yield was estimated at 50.6 bushels per acre. This is 1.0 bushel per acre above the final 2022 yield, but across nearly 4.0 million fewer acres, causing total U.S. soybean production to fall. Domestic soybean ending stocks are expected to be near 280 million bushels, the second-lowest level since 2015. Despite that, strong South American production has led to a new world record for soybean production in 2023-24. World soybean supplies have increased over the past three years.

Even amidst the continuation of the war in Ukraine, the world’s grain supplies have stabilized over the past year. Corn and soybean supplies are at sufficient levels to meet current demand, but still at low enough levels to avoid weighing heavily on prices. Grain prices for 2024 crops appear profitable but will be strongly correlated with how large the South American and United States crop production is in 2024. Current USDA average cash price projections for the 2023-24 marketing year are at \$4.80 per bushel for corn and \$12.75 per bushel for soybeans.

GRAIN SALES HISTORY

Below is a summary of the average sale prices for the last ten years:

Crop	2014	2015	2016	2017	2018	2019	2020	2021	2022	Est. 2023	10-Yr Avg.
Corn	\$3.89	\$3.84	\$3.60	\$3.48	\$3.60	\$3.53	\$4.62	\$6.01	\$6.61	\$5.07	\$4.43
Soybeans	\$9.94	\$12.59	\$10.00	\$9.25	\$8.80	\$8.47	\$9.85	\$12.95	\$14.64	\$13.60	\$11.01

#1099 FORMS

The following #1099 forms have been **received** reporting funds paid to the farm account in 2023. A copy of the #1099 forms are included at the end of this report.

<u>FORM</u>	<u>RECEIVED FROM</u>	<u>FOR</u>	<u>AMOUNT</u>
1099-INT	State Bank & Trust	Interest Income	\$1,425.39
CCC-1099-G	USDA	PARP Payment	\$2,907.96

Hertz Farm Management will issue any necessary #1099 forms due related to expenses paid from the farm checking account.

REPAIRS & IMPROVEMENTS

The broken lid on the soybean bin was replaced with a functioning lid at a cost of \$1,090 in 2023. We plan to investigate potential areas to install drainage tile in 2024. An estimate will be provided by early spring.

SOIL FERTILITY

Soil fertility is a key element of maximizing crop production and is also an important contributing factor to the market value of the land. We monitor the fertility levels on your farm for those reasons. Soil fertility can be determined by taking soil tests which we recommend every four years. Our goal is to build and maintain fertility to optimal levels for two macronutrients which are phosphorus and potassium. Soil pH levels are also important for nutrient availability and uptake into the plant. The table below summarizes the current levels from the most recent soil test results for your farm:

Field	Soil Test Date	pH	Phosphorus (P1)	Potassium (K)
North	Fall 2020	5.6-7.2	26	132
South	Fall 2021	5.4-7.1	36	145
	Optimal*	6.0-6.5	18-25	101-150

* Optimal fertility levels are based on Iowa State University recommendations in parts per million on dry samples for phosphorus and moist samples for potassium.

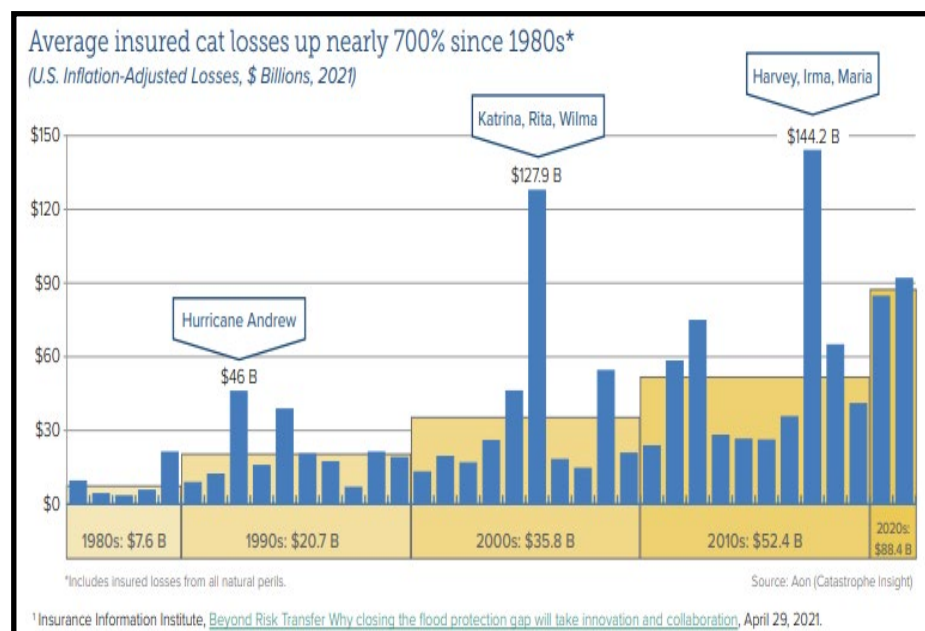
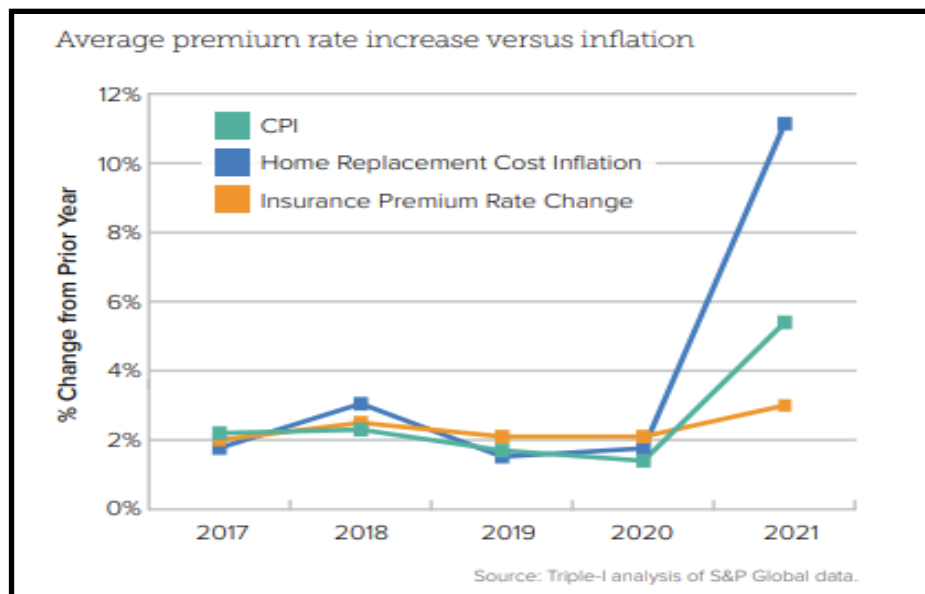
Variable rate lime and fertilizer application methods will be utilized to maintain soil pH and the current excellent fertility levels. Lime is expected to be applied in 2024 to raise the pH in low-testing areas. New samples will be taken on the north field following harvest this fall.

GOVERNMENT PAYMENTS

The USDA administered payments from the Pandemic Assistance Revenue Program (PARP) in 2023. The PARP payments assisted producers of a wide range of agricultural commodities who experienced decreases in farm revenue in 2020 compared to 2018 or 2019 due to the COVID-19 Pandemic. Your farm qualified due to a reduction in revenue in tax year 2021 compared to tax year 2019, leading to a payment of \$2,907.96.

INSURANCE INDUSTRY UPDATE

Over the past year and a half, we have dealt with transition in your farm property insurance coverage. The insurance industry is experiencing increased challenges in securing coverage. This is due to a combination of increased replacement costs on properties and larger catastrophic losses, due mainly to recent extreme weather events across the country. The rise in extremely high dollar losses is not likely to go away any time soon. Insurance companies are trying to determine how to stay profitable by charging increased premiums to cover unknown future expenses that do not fit past modeling scenarios and being more selective in the property they elect to insure.



FARM INSURANCE REVIEW

Liability and property insurance has been purchased through Midwest Insurance Corporation and carried by Auto-Owners Insurance. The liability coverage insures you for \$1,000,000 of personal liability at an annual cost of \$110.77. In addition, a \$2,000,000 excess liability insurance policy is in place at a cost of \$151.

A farm property insurance policy is carried on your farm to protect against property damage caused by a natural disaster. The coverage is as follows:

<u>Description</u>	<u>Amount of Coverage</u>	<u>Annual Premium</u>
30' Grain Drying Bin (2015)	\$62,000	\$347.18
30' Grain Drying Bin	28,000	139.78
24' Grain Storage Bin	17,900	89.35
Stored Grain (Avg.)	<u>67,817</u>	<u>245.38</u>
Totals	\$175,717	\$821.69

Both multi-peril crop insurance and hail insurance were purchased in 2023 and are summarized in the tables below:

MPCI SUMMARY								
Crop	Acres	Coverage Level	APH Yield	Yield Guarantee	Price	Revenue Guarantee	Total Premium	Cost Per Ac.
Corn	66.5	80%	249.0	199.2	\$5.91	\$1,177.27/ac.	\$1,031.00	\$15.50
Soybeans	72.5	80%	68.0	54.4	\$13.76	\$748.54/ac.	\$595.00	\$8.21

HAIL SUMMARY				
Crop	Acres	Coverage Per Acre	Total Premium	Cost Per Ac.
Corn	66.5	\$800	\$284.00	\$4.27
Soybeans	72.5	\$700	\$615.00	\$8.48

Due to below-average corn production and a low harvest price, a multi-peril revenue claim was triggered in 2023. The insurance payment amounted to \$5,139 or \$77.28 per acre.

2023 LEASE COMPARISON

Below is a comparison of custom, modified crop share, and cash rent lease arrangements using the inventory values, actual grain income, and the actual operating expenses for producing the 2023 crop. 2023 earnings under the custom operation were approximately \$15,637.76 more than the earnings would have been on a modified crop share lease and were approximately \$5,419.84 more than earnings would have been on a cash rent lease. The cash rent lease was estimated at \$375 per acre on 139 tillable acres.

The estimated income and actual expenses related to the 2023 crops are as follows:

<u>Income</u>	<u>Custom</u>	<u>75-25 Crop Share</u>	<u>Cash Rent</u>
Grain Inventory	\$152,554.74	\$114,416.05	
Government Payments	\$0.00	\$0.00	
Insurance Comp.	\$5,139.00	\$3,854.25	
Cash Rent			\$52,125.00
TOTAL INCOME	\$157,693.74	\$118,270.30	\$52,125.00
<u>Expenses</u>			
Seed	\$15,828.80	\$15,828.80	
Fertilizer	\$36,341.34	\$36,341.34	
Herbicide	\$9,149.18	\$9,149.18	
Insecticide	\$430.80	\$430.80	
Fungicide	\$1,841.96	\$1,841.96	
Lime	\$0.00	\$0.00	
Drying	\$1,200.00	\$900.00	
Trucking	\$4,325.00	\$3,243.75	
Custom Hire	\$21,640.00	\$0.00	
Crop Hail Insurance	\$899.00	\$674.25	
Multi-Peril Insurance	\$1,626.00	\$1,219.50	
Marketing Expense	\$532.69	\$399.52	
Management Fee	\$9,461.62	\$9,461.62	\$3,127.50
TOTAL EXPENSE	\$103,276.40	\$79,490.72	\$3,127.50
INCOME BEFORE TAXES, REPAIRS	\$54,417.34	\$38,779.58	\$48,997.50
PER TILLABLE ACRE (139.0)	\$391.49	\$278.99	\$352.50

ENTERPRISE ANALYSIS

Enterprise analyses are included at the end of this report showing your preliminary per acre revenues and costs for the 2023 crops and final figures for the 2022 crops. The following table summarizes the results of our analysis of net income per acre from your farm enterprises since 2014:

Year	Corn	Soybeans	Total Farm	Accrual Income	Adv. to Custom v. Cash Rent
2014	\$325.68	\$312.00	\$319.13	\$288.17	--
2015	\$212.96	\$202.48	\$207.50	\$241.28	--
2016	\$172.26	\$297.73	\$232.29	\$214.99	--
2017	\$199.39	\$228.13	\$214.38	\$215.08	--
2018	\$306.53	\$377.45	\$340.46	\$294.31	\$104.52
2019	\$204.74	\$322.41	\$266.12	\$300.48	\$32.69
2020	\$365.28	\$198.54	\$285.51	\$164.70	\$55.06
2021	\$912.34	\$508.63	\$701.77	\$651.85	\$463.74
2022	\$825.18	\$391.66	\$617.78	\$658.02	\$333.52
2023	\$270.96	\$414.86	\$346.02	\$365.58	\$38.99
10-Year Avg	\$379.53	\$325.39	\$353.10	\$339.45	\$171.42

Operating the farm on a custom arrangement has proven to be an advantage over a cash rent lease over each of the past six years. The custom arrangement has averaged a net income per acre of approximately \$171.42 higher than a cash rent lease would have since 2018. We expect this to continue to be the case given the strong yield potential that your farm is capable of.

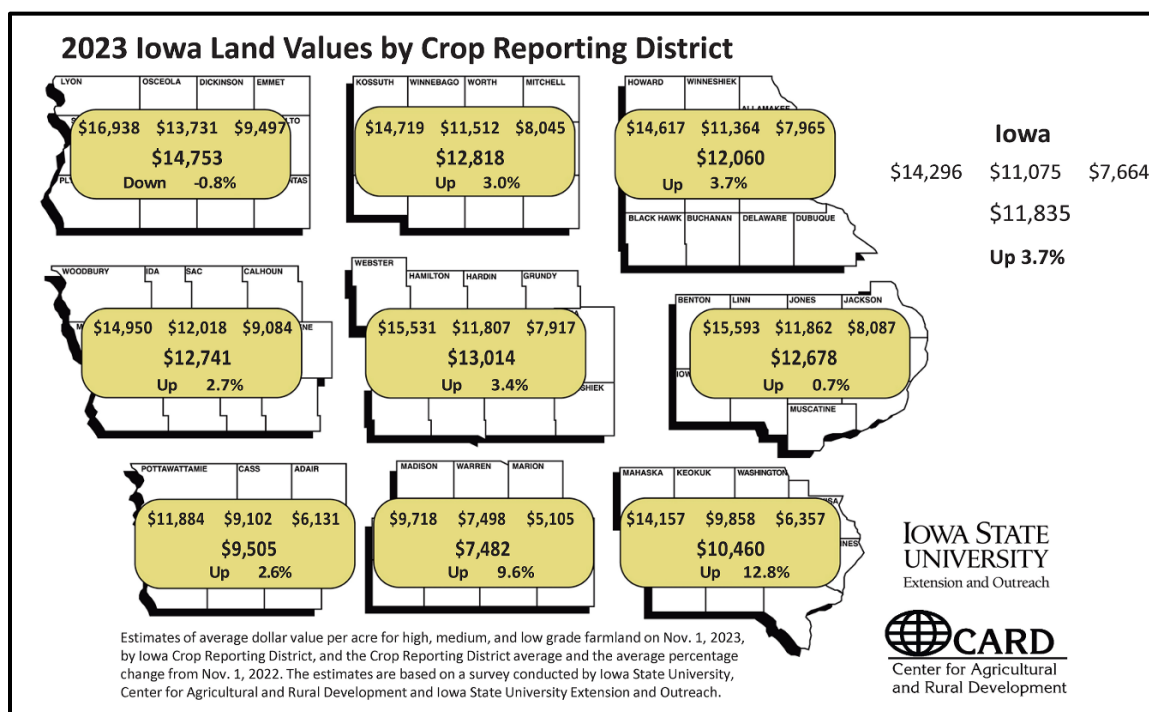
IOWA FARMLAND VALUES

The December 2023 Iowa State University Land Value Survey showed a statewide increase in Iowa farmland values of 3.7% since November 2022, indicating the price of Iowa farmland has begun flattening out following the recent historic run higher. Statewide values as reported by the survey are up 49.7% since November 2020.

The driving factors for the stability in land values were favorable net farm incomes and demand for high-quality farmland continuing to exceed supply. Top-producing farms are still generating strong sale prices despite the trend lower in the commodity markets. A recent Iowa State University land ownership survey also showed that approximately 84% of Iowa farmland is owned debt-free, meaning many landowners have a strong capacity to add to their current land holdings.

However, rising interest rates have begun pushing some potential buyers away, especially for mid-to-low quality land. The market is also beginning to see more variability in prices for similar quality land in the same area. Many land sales have taken place since 2020, implying that fewer farms will be brought to market in the short term.

Average values for high, medium, and low-quality farmland are shown below. High-quality farmland in the central district was reported at \$15,531 per acre.



ESTIMATED MARKET VALUE

An estimate of the current market value of your farm is shown below:

Item	Acres	CSR2	Value/Acre	Total Value
Cropland	139.0	81.6	\$15,800	\$2,196,200
Non-Tillable	8.8		3,500	30,800
Grain Bins	0.3		--	20,000
Roads	1.9		--	--
Total	150.0			\$2,247,000

We estimate the agricultural value of the farm as of December 31, 2023, to be approximately \$14,980 per acre or a total of \$2,247,000. Our estimate is based on professional survey results and our general knowledge of farm values in the area. A specific appraisal has not been completed to arrive at this value.

The average Corn Suitability Rating (CSR2) for the farm is approximately 81.6. The CSR2 rating is a relative ranking of soil quality in Iowa from 5 to 100.

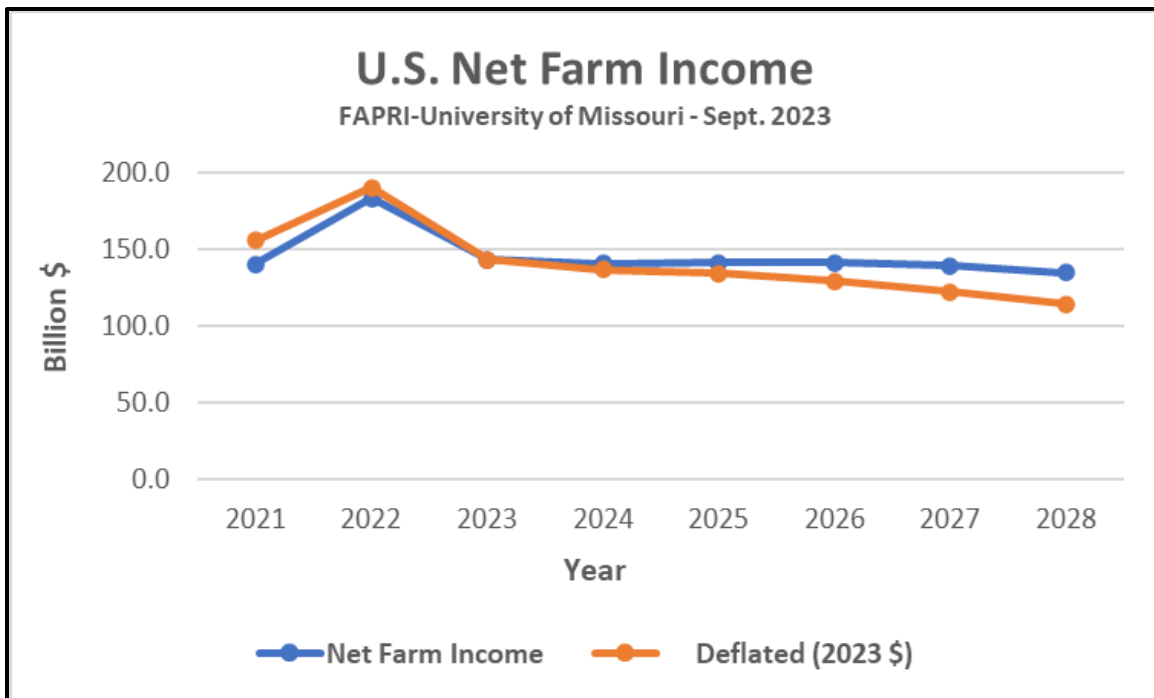
RETURN ON INVESTMENT

Below is a summary of the return on investment including both net farm income and changes in market value of the land for the past ten years:

Year	Market Value	Land Appreciation		Net Farm Profit		Total Return
		Amount	Percent	Amount	Percent	
2013	\$1,305,000	--	--	--	--	--
2014	1,430,280	125,280	9.6%	40,055	2.8%	12.4%
2015	1,434,713	4,433	0.3%	33,537	2.3%	2.6%
2016	1,357,239	-77,474	-5.4%	29,883	2.2%	-3.2%
2017	1,383,026	25,787	1.9%	29,896	2.2%	4.1%
2018	1,356,748	-26,278	-1.9%	40,910	3.0%	1.1%
2019	1,405,590	48,842	3.6%	41,766	3.0%	6.6%
2020	1,432,500	26,910	1.9%	22,893	1.6%	3.5%
2021	1,914,100	481,600	33.6%	90,607	4.7%	38.4%
2022	2,214,800	300,700	15.7%	91,465	4.1%	19.8%
2023	2,247,000	32,200	1.5%	50,816	2.3%	3.7%
10-Year Average			6.1%	\$47,183	2.8%	8.9%

2024 OUTLOOK

Following several historic years for commodity prices and overall farm profitability, U.S. net farm income is projected to begin a trend lower. The University of Missouri's Food and Agriculture Policy Research Institute (FAPRI) releases an annual farm income and expense report. Projections from September 2023 are shown below.



U.S. net farm income spiked to a record high level in 2022 at \$183 billion following the recent sharp increase in commodity prices. Farmers still produced strong gross revenue in 2023, but the high income was offset by a historic rise in expenses, leading to a decrease in net farm income to \$143 billion. As commodity prices slide from near all-time highs, gross farm revenue is projected to fall further in 2024.

Fortunately, farm expenses have fallen from the extreme levels of 2023. Fertilizer prices have dropped by nearly 50%. While seed, chemical, and machinery expenses have remained steady-to-higher, the drop in fertilizer costs should keep projected 2024 crop prices at profitable levels. Despite the trend lower in FAPRI's projection above, farm income levels remain high by historical standards, providing a positive outlook for the ag economy in 2024.

Here are some other expectations and items to watch for in 2024:

- **Grain Prices:** While there will still be opportunities to price grain at favorable levels, the overall price trend is expected to be lower as world supplies of corn and soybeans continue to build.
- **Farmland Prices:** Likely to hold steady in the coming year as low supply continues to support demand.
- **New Farm Bill:** Expected to be passed in 2024 with very little impact on corn and soybean production.
- **Geopolitics:** How do the ongoing conflicts in Ukraine and Gaza and any other turmoil that may emerge in 2024 impact the world economy?
- **U.S. Economy:** Is inflation finally tempered? Will interest rates be lowered further? How will the November elections influence policy and the overall economic outlook? To be determined...
- **Biofuels:** Further expansion of the biofuel industry is expected over the next decade as usage of Renewable Diesel and Sustainable Aviation Fuel (SAF) grows. Soybean oil is a major component of both. As a result, U.S. soybean oil production is projected to grow by nearly 40% by 2035.
- **Carbon Intensity:** Potential tax credit incentives have the U.S. biofuel industry focusing on lowering the carbon intensity of the fuel they produce. Carbon pipeline proposals across the Midwest to assist with this have been slowed. However, another way to lower carbon emissions in biofuel is to lower the carbon intensity “score” of what the fuel is made of. Corn and soybean producers may be able to benefit from having a low carbon intensity score on the grain they sell to ethanol or biodiesel plants. Low carbon intensity scores can be generated via reduced tillage, cover crop use, and improved input efficiency (fuel and fertilizer). Much is yet to be determined on exactly how this might work, but we are keeping a close eye on this matter to be prepared for any opportunities that may arise.

2024 CROP PLANS

The farm will continue in a corn and soybean rotation for 2024 on a custom operation with Kevin Jones. Therefore, our preliminary crop plan includes planting 72.5 acres of corn and 66.5 acres of soybeans in 2024. Crop inputs including seed, chemicals, and nitrogen fertilizer have been purchased in advance to take advantage of the favorable winter discounts.

2024 BUDGET

A budget summary for 2024 is illustrated below:

Beginning Balance - 1/1/24 (Rounded)	\$47,307
Estimated 2023 Income	\$140,910
Estimated 2023 Expenses	<u>92,635</u>
Projected Net Farm Income	48,275
Funds Available for Transfer	<u>70,000</u>
Ending Account Balance - 12/31/24	25,582

Two budgeted distributions are as follows: \$40,000 will be sent in March and \$30,000 will be sent in June as grain income is received. We may re-evaluate these amounts if you elect to install drainage tile in 2024. A total of \$2,000 is included in the budget for repair expense during the year. A complete Income and Expense Budget and Cash Flow Budget are included at the end of this report.

This report respectfully submitted,

HERTZ FARM MANAGEMENT, Inc.



Craig J. Welter, Accredited Farm Manager



10999 Smith Farm LLC
1-1-24 TO 12-31-24

**Income &
Expense Budget**

INCOME	JAN-MAR	APR-JUN	JUL-SEPT	OCT-DEC	TOTAL
Corn:					
2023 Crop	38,000	38,000			76,000
2024 Crop 25% received @ \$4.50/bu				18,000	18,000
Soybeans:					
2023 Crop	17,450	17,460			34,910
2024 Crop 25% received @ \$12.00/bu				12,000	12,000
Other					0
TOTAL INCOME	\$55,450	\$55,460	\$0	\$30,000	\$140,910

EXPENSE	JAN-MAR	APR-JUN	JUL-SEPT	OCT-DEC	TOTAL
Corn:					
Seed				9,100	9,100
Fertilizer	1,415		3,500	5,000	9,915
Checkoff/Discount					0
Drying	250	250			500
Custom	10,000	1,100	900		12,000
Trucking	1,875	1,875			3,750
Herbicide	2,815	500			3,315
Fungicide	960				960
Insecticide	220				220
Soybeans:					
Seed		1,750		4,810	6,560
Fertilizer	980			6,000	6,980
Checkoff/Discount					0
Custom	8,500	1,800			10,300
Trucking	675				675
Herbicide	4,235	500			4,735
Fungicide	910				910
Insecticide	210				210
Lime					0
Accounting		1,300			1,300
Travel		400		400	800
Repairs		2,000			2,000
Management Fees	3,327	3,328		1,800	8,455
Property Taxes	3,159		3,300		6,459
Insurance:					
Crop			2,400		2,400
Building and Liability				1,091	1,091
TOTAL EXPENSE	\$39,531	\$14,803	\$10,100	\$28,201	\$92,635

Capital Improvements **0**

NET OPERATING INCOME: \$48,275



10999 Smith Farm LLC
1-1-24 TO 12-31-24

**Cash Flow
Budget**

	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	TOTAL
BEGINNING BALANCE	\$47,307	\$23,226	\$33,883	\$23,783	\$47,307
Income	55,450	55,460		30,000	140,910
Owner Advance					0
TOTAL INFLOW	\$55,450	\$55,460	\$0	\$30,000	\$140,910
	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	TOTAL
Expense	39,531	14,803	10,100	28,201	92,635
Capital Improvements					0
Owner Distribution	40,000	30,000			70,000
TOTAL OUTFLOW	\$79,531	\$44,803	\$10,100	\$28,201	\$162,635
ENDING BALANCE	\$23,226	\$33,883	\$23,783	\$25,582	\$25,582



Operator- Kevin Jones
Cell Phone: 641-555-5555

Manager- Craig Welter
Cell Phone: 319-123-4567

Acreage Summary

Corn	66.5
Soybeans	72.5
Non-Tillable	8.8
Bin Site	0.3
Roads	1.9
Total Acres	<u>150.0</u>

Bin Site: 9265 E 64th St N Newton, IA 50208

Legal Description: Sec 17 & 18 - T81N - R 18 W, Mariposa Twp, Jasper County

Acreage Summary

Corn	66.5
Soybeans	72.5
Non-Tillable	8.8
Bin Site	0.3
Roads	1.9
Total Acres	150.0

FSA Data

FSA Farm #	1315
Farmland Acres	150.0
Cropland Acres	143.3
Corn Base Acres	69.97
Corn PLC Yield	200
Soybean Base Acres	70.03
Soybean PLC Yield	54

Corn 66.5 Acres

Tillage: Field Cultivate or No-Till					
Seed:	<u>Product</u>	<u>Amount</u>	<u>Unit</u>	<u>Population</u>	<u>Vendor</u>
	Pioneer P1185AM	32	bags	36,000 plants/ac, 30" rows	Runner Seed
Chemicals:	<u>Product</u>	<u>Rate/Acre</u>	<u>Unit</u>	<u>Application</u>	<u>Vendor</u>
Herbicides	Fulltime Nxt	2.0	qt	Pre-emerge	Heartland Co-op
	2,4-D	12.0	oz	Pre-emerge	Heartland Co-op
	Buccaneer	25.0	oz	Pre-emerge	Heartland Co-op
	Resicore XL	1.3	qt	Post-emerge	Heartland Co-op
	Atrazine	1.0	pt	Post-emerge	Heartland Co-op
	Buccaneer	25.0	oz	Post-emerge	Heartland Co-op
	Jackhammer	10.0	oz	Post-emerge	Heartland Co-op
Funigicide	Approach Prima	6.8	oz	Aerial - R1 Stage	Heartland Co-op
Insecticide	Kendo	1.6	oz	Aerial - R1 Stage	Heartland Co-op
Fertilizer:	<u>Analysis</u>	<u>Rate/Acre</u>	<u>Unit</u>	<u>Application</u>	<u>Vendor</u>
Dry:	25-85-77-30-11	N-P-K-S-Ca	lbs	Fall 2022 - VRT P Only	Heartland Co-op
Nitrogen:	NH3 82-0-0	200.0	lbs	Fall 2022 w/ N-Serve	Heartland Co-op
	UAN 32-0-0	20.0	lbs	w/ Pre-emerge	Heartland Co-op

Soybeans 72.5 Acres

Tillage: Vertical Disk					
Seed:	<u>Product</u>	<u>Amount</u>	<u>Unit</u>	<u>Population</u>	<u>Vendor</u>
	Pioneer P25A16E	80	bags	155,000 plants/ac, 15" rows	Runner Seed
Chemicals:	<u>Product</u>	<u>Rate/Acre</u>	<u>Unit</u>	<u>Application</u>	<u>Vendor</u>
Herbicide	Kyber	1.0	pt	Pre-emerge	Heartland Co-op
	2,4-D	12.0	oz	Pre-emerge	Heartland Co-op
	Diplomat	10.0	oz	Pre-emerge	Heartland Co-op
	Enlist	32.0	oz	Post-emerge	Heartland Co-op
	Buccaneer	32.0	oz	Post-emerge	Heartland Co-op
	EverpreX	1.0	pt	Post-emerge	Heartland Co-op
	Tapran	1.0	pt	Post-emerge	Heartland Co-op
	Corn Killer	12.0	oz	Post-emerge	Heartland Co-op
Fungicide	Approach Prima	6.8	oz	R3 Stage	Heartland Co-op
Insecticide	Kendo	1.6	oz	R3 Stage	Heartland Co-op
Fertilizer:	<u>Analysis</u>	<u>Rate/Acre</u>	<u>Unit</u>	<u>Application</u>	<u>Vendor</u>
Dry:	14-14-110-20-11	N-P-K-S-Ca	lbs	Fall 2022 - VRT K Only	Heartland Co-op
Foliar:	Utrisha N	0.3	lb	w/ Post-emerge	Heartland Co-op



Farm Management Agreement

**APPLICATION TO
HERTZ FARM MANAGEMENT,
INC. FOR
COMPLETE FARM MANAGEMENT SERVICE**

Date: _____

Hertz Farm Management, Inc.
415 South 11th Street
Nevada, IA 50201

Greetings:

This will authorize you to assume management of my farm legally described as:

Your farm management is to cover all phases of the operation of this farm including:

1. Farm plans, field arrangement, crop rotations, soil treatment, drainage maintenance and additions, erosion control, and rehabilitation and maintenance of improvements.
2. You are to organize the personnel, employ labor or contract with tenants, depending upon the type of operation, and you have authority to hire and discharge all farm employees and/or tenants.
3. You are to supervise the institution and carrying out of the plan of operation, supervising the work of the tenants or operators, and advising them regularly in regard to cultural and other practices adapted to the farm.
4. This is your authority to enter into lease and labor agreements and make renewals or extensions of same, to collect rentals, sell crops and other farm products, make purchases and settlements, and carry out any agreements made in behalf of the farm.
5. Farm income collected by you will be deposited in an individual farm account in a bank selected by you, and of which I approve, and held for the account of these properties. From such deposits you are authorized to make payments in behalf of the properties, including such items as taxes, repairs, crop expenses, insurance and management fees. You are to transfer funds to me that will not be needed for current or anticipated expenses when they are available or at my request.
6. Written reports will be furnished by you frequently enough to fully advise of the progress of the work on the farm.
7. When you consider it advisable to enter into contracts with the United States Department of Agriculture for crop control and sealing crops raised, and when required, I agree to give you a power of attorney authorizing the signing of these contracts.
8. I request you to look after the taxes and insurance and pay for same from the farm account.

9. Your management responsibility shall begin on _____, and shall continue until either of us desires that it shall end, and then said termination may be effected by a ninety-day written notice by either of us to the other. In the event of termination for any reason, you shall be entitled to your proper fee with inventories at current value for crops unsold and cash rents earned. In the event your services are terminated in less than one year, I agree to pay your fees for the first year of management.

10. For the service, compensation shall be based on a percentage of owner's gross income depending upon the method of farm operation:

<u>Farming</u>	<u>Fee</u>
<u>Operation</u> Custom	%
Operation Crop-	%
Share Lease Cash	%
Rent Lease	%

The minimum yearly fee shall be \$1,500.

Your fees will begin with rentals earned after _____.

11. Owner is not aware of any existing environmental or hazardous waste problems associated with this farm. Hertz Farm Management will not be held accountable for any environmental and/or hazardous waste problems that may have existed prior to this

12. This contract shall be binding upon heirs, devisees, assignees, grantees, and personal representatives of the Owner, and upon the successors of the Manager.

13. Hertz Farm Management is not responsible for filing Federal or State income tax returns.

14. This agreement does not attempt to outline all of the details of the services you are to render, or my obligations, but is merely to form a basis of understanding, setting forth primarily the period, broad duties, compensations and means of termination of work.

This letter shall constitute an agreement between us when signed by me and accepted by you.

Agreed and Accepted:

HERTZ FARM MANAGEMENT, INC.

By: _____

Date _____

Very truly yours,

Name

Address

Social Security Number

Name

Address

Social Security Number

BANK AUTHORIZATION

DATE: _____

NAME AND ADDRESS OF BANK

We (I), the undersigned, give our (my) consent and approval for Hertz Farm Management, Inc. to be authorized to establish appropriate accounts with your organization for the purpose of depositing income and paying expenses incurred with the management of our (my) farm. We acknowledge that our access to the account is limited to the verification and viewing of balances online where available and that Hertz Farm Management solely controls the funds in this account pursuant to the terms of our management agreement.

DATED THIS _____ DAY OF _____, 20____.

Name

Social Security No.

Address

Birth Date

Name

Social Security No.

Address

Birth Date

REAL ESTATE TAX AUTHORIZATION

Date _____

_____ County Auditor/Treasurer

We, (I), the undersigned, give our (my) consent and approval for Hertz Farm Management, Inc. to be authorized to pay the appropriate real estate taxes and receive any other real estate correspondence concerning our (my) property from your county. Hertz Farm Management, Inc. is paying expenses incurred with the management of our (my) farm which they are managing for us (me).

Please change the mail-to address to:
Hertz Farm Management, Inc.
PO Box 500
Nevada, IA 50201-0500

Owner -

Owner -

Date _____



Caring for You and Your Farm®

Contact Us:
800.593.5263
www.Hertz.ag

Follow Us on Social Media
[@HertzAgLand](https://twitter.com/HertzAgLand)

