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Staff Paper

2002 Business Analysis Summary Feeder Steers

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2002 Michigan Feeder Steer Business Analysis Summary

2002 Michigan Telfarm and Farm Credit Services Data
Staff Paper No. 03-21

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2002 Michigan Feeder Steer Farm Business Analysis Summary

by
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Executive Summary

This report summarizes the financial and production records of 10 Michigan feeder steer farms. To be included, the farms must have produced at least 50 percent of gross cash farm income from feeder steer sales. The records came from Michigan State University's TelFarm/MicroTel project, the Farm Credit Service system, or by AgriSolutions in Michigan. The values were pooled into averages for reporting purposes.

Farm records were included if a farm financial summary was completed on 2002 data including beginning and ending balance sheets, plus income and expenses. The data were checked to verify that cash discrepancy was less than 10% of gross cash inflow and that debt discrepancy was less than \$1,000. While considerable variation in the data exists, average values are reported in the summary tables below.

Data Sorting

The 2002 Business Summary uses different sort criteria than previous summaries. In the past, farm financial data were sorted on Net Farm Income (NFI), which is a dollar measure of profit. For 2002, the sort uses the Rate of Return to Assets (ROA), which is a measure of profitability adjusted for value of assets. The switch from using net farm income to rate of return on assets for sorting does not change the average values across all farms but does affect the average of the low 50 percent and average of the high 50 percent farm results.

ROA is calculated as the net farm income plus interest minus the value of unpaid labor and management divided by the average total farm asset. Rate of return on assets is a measure of how much profit the farm business assets generated. Accounting for total farm assets allows for a meaningful comparison across all farm sizes (e.g., operations 50 steers and those with 1000 steers). ROA reveals how both equity and borrowed capital are performing, that is ROA is calculated as if the farm had no debt. ROA is the return to all assets.

Summary of Results

In 2002, the average feeder steer farm in the business analysis sold 1352 head with an average price per head of \$833 (Table 1), the price per hundredweight was not available from the data. The average net farm income for the 10 feeder steer farms in this business analysis was a negative \$66,812 and the median was \$36,857.

Table 1. Average 2002 Michigan Feeder Steer Farm Characteristics

Average number of head	1352
Average price sold (\$/head)	833
Total acres owned	535
Total crop acres	1312
Number of farms	10

An income statement calculates profits, which are net farm income in this case. The net farm income value is the return to operator unpaid management, labor and capital invested. Net farm income in 2002 averaged a negative \$66,812, Table 2. This average somewhat obscures a very large range of net farm income values. For example, the farms in the top 50 percent of the net farm income distribution averaged \$54,487 while those in the bottom 50 percent had a negative \$188,111. The average does illustrate that 2002 was a tough year.

Gross cash farm income averaged \$1,354,980 in 2002. The largest component of these revenues were beef, finish yearling steers, these sales averaged \$1,104,094. The second largest of the revenues are soybeans at \$74,701 and the third was corn at \$48,055. Government payments added additional revenue of \$32,924.

Average total cash expenses were \$1,172,214 in 2002 and average net cash farm income was \$182,766. Crops and feed inventories, market livestock, prepaid expenses and supplies, and accounts receivable decreased, the average total inventories change was a negative \$187,760.

Table 2. Average 2002 Michigan Feeder Steer Farm Income Statement

	2002
	(\$)
Gross cash farm income	1,354,980
Total cash expense	1,172,214
Net cash farm income	182,766
Inventory change	-187,760
Depreciation and capital adjustments	-61,818
Net farm income	-66,812

Four key financial performance indicators are presented in Table 3. The rate of return on assets (ROA) is calculated as the net farm income plus interest minus the value of unpaid labor and management divided by the average total farm asset. ROA indicates the farm earnings, as a percentage of invested assets and ROA provides the key summary performance indicator for your farm. The rate of return on equity (ROE) is calculated as the net farm income plus interest minus the value of unpaid labor and management divided by the total net farm worth. ROE represents the farm's earnings on net worth and is expressed as a percentage of own equity capital. Ideally the ROE should be greater than the ROA indicating that money is being made on borrowed capital (conversely which is the case in Table 3). Operating profit margin (OPM) is the operating profit (as defined in ROA above) divided by gross revenues. Operating profit margin measures the dollars of profit generated per dollar of revenue. The return on assets depends on asset turnover rate (ATR), which is the gross farm revenues divided by average asset value. Asset turnover measures the efficiency with which farm assets generate revenue.

The average 2002 (Table 3) feeder steer farm ROA was a negative 7.4 percent which was 535 percent below the 2001 average feeder steer farm ROA of 1.7 percent. Return on equity had similar losses at 481 percent. The operating profit margin for 2002, feeder steer farms generated a negative 18.9 cents of profit per dollar of revenue. In 2001 and 2000 the average operating profit margins were 4.3 and 17.7, respectively. Asset turnover ratio in 2002, this ratio was 39.1 percent remained very close to 2001 and 2000 value, meaning that the farm assets were a little less efficient than in 2001. It should be noted that the profitability indicators for the three years in Table 3 were calculated from the same 10 feeder steer farms, providing a more meaningful analysis over time.

Table 3. Average Michigan Feeder Steer Farm Profitability Indicators, 2000-2002

	2000	2001	2002
	(percent)		
Rate of return on assets*	6.7	1.7	-7.4
Rate of return on equity	10.5	-0.6	-29.5
Operating profit margin	17.7	4.3	-18.9
Asset turnover rate*	37.7	40.8	39.1

* Assets valued at **cost** value (rather than market value).

Table 4

Crop Production and Marketing Summary
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Acreage Summary			
Total acres owned	525	730	320
Total crop acres	1,312	1,390	1,233
Crop acres owned	374	586	162
Crop acres cash rented	937	804	1,071
Crop acres share rented	-	-	-
Total pasture acres	-	-	-
Average Price Received (Cash Sales Only)			
Corn per bushel	2.20	-	-
Soybeans per bushel	5.02	-	-

Table 5

Farm Income Statement
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Cash Farm Income			
Corn	48,055	24,793	71,317
Corn Silage	7,216	14,432	-
Hay, Alfalfa	1,795	1,211	2,378
Hay, Mixed	53	-	105
Haylage, Alfalfa	7,461	772	14,150
Haylage, Mixed	921	1,843	-
Oats	387	774	-
Soybeans	74,701	76,172	73,229
Wheat, Winter	6,960	6,420	7,500
Other crops	7,633	-	15,266
Miscellaneous crop income	17	15	18
Beef Bulls	1,205	2,410	-
Beef Cow-Calf, Beef Calves	334	669	-
Beef, Finish Yrlg Steers	1,104,094	1,460,673	747,516
Hogs, Farrow-Fin, Raised Hogs	17,919	-	35,838
Sheep, Feeder Lambs, Fdr Lambs	577	1,153	-
Beef, Finish Cull Cows	168	336	-
Cull breeding livestock	553	-	1,105
Misc. livestock income	32	63	-
Direct & CC govt payments	4,206	6,462	1,950
Other government payments	28,718	30,700	26,736
Custom work income	14,610	26,460	2,760
Insurance income	15,205	19,059	11,351
Contract livestock income	5,942	11,885	-
Other farm income	6,219	10,853	1,585
Gross Cash Farm Income	1,354,980	1,697,155	1,012,805

Table 5 (continued)

Farm Income Statement

Michigan Feeder Steer Report, 2002

(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Cash Farm Expense			
Seed	28,865	37,036	20,693
Fertilizer	49,561	48,406	50,716
Crop chemicals	27,557	32,280	22,833
Crop insurance	2,221	4,202	240
Drying fuel	1,055	261	1,849
Hauling and trucking	203	-	406
Crop marketing	406	195	616
Crop miscellaneous	2,173	3,743	603
Feeder livestock purchase	661,639	881,453	441,825
Purchased feed	101,725	133,444	70,007
Breeding fees	426	434	417
Veterinary	6,798	9,740	3,856
Livestock supplies	2,765	3,854	1,675
Livestock marketing	5,429	4,142	6,715
Livestock miscellaneous	88	-	177
Interest	33,571	32,880	34,263
Packaging and supplies	2,330	4,659	-
Fuel & oil	18,469	20,942	15,996
Repairs	30,681	34,234	27,128
Custom hire	23,046	34,127	11,966
Hired labor	52,911	57,997	47,824
Land rent	47,943	45,516	50,370
Machinery & bldg leases	3,670	7,325	15
Real estate taxes	8,365	11,276	5,453
Farm insurance	11,952	11,968	11,936
Utilities	8,273	9,207	7,339
Dues & professional fees	14,191	16,514	11,867
Miscellaneous	25,903	49,126	2,680
Total cash expense	1,172,214	1,494,962	849,466
Net cash farm income	182,766	202,194	163,339
Inventory Changes			
Crops and feed	-5,349	-14,154	3,457
Market livestock	-184,110	-283,299	-84,922
Accounts receivable	-1,530	-2,621	-438
Prepaid expenses and supplies	-6,517	522	-13,555
Accounts payable	9,745	-26,669	46,159
Total inventory change	-187,760	-326,221	-49,299
Net operating profit	-4,994	-124,027	114,039
Depreciation and Other Capital Adjustments			
Breeding livestock	3,776	8,067	-515
Machinery and equipment	-59,721	-68,118	-51,324
Buildings and improvements	-6,673	-4,032	-9,314
Other farm capital	801	-	1,601
Total depr. and other capital adj	-61,818	-64,084	-59,553
Net farm income	-66,812	-188,111	54,487

Table 6

Inventory Changes
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Net cash farm income	182,766	202,194	163,339
Crops and Feed			
Ending inventory	158,543	165,927	151,159
Beginning inventory	163,892	180,081	147,702
Inventory change	-5,349	-14,154	3,457
Market Livestock			
Ending inventory	204,721	124,993	284,448
Beginning inventory	388,831	408,292	369,370
Inventory change	-184,110	-283,299	-84,922
Accts Receivable & Other Current Assets			
Ending inventory	9,157	14,882	3,433
Beginning inventory	10,687	17,502	3,871
Inventory change	-1,530	-2,621	-438
Prepaid Expenses and Supplies			
Ending inventory	15,717	28,360	3,075
Beginning inventory	22,234	27,838	16,630
Inventory change	-6,517	522	-13,555
Accounts Payable & Accrued Expenses			
Beginning inventory	77,132	85,153	69,110
Ending inventory	67,387	111,822	22,951
Inventory change	9,745	-26,669	46,159
Total inventory change	-187,760	-326,221	-49,299
Net operating profit	-4,994	-124,027	114,039

Table 7

Depreciation and Other Capital Adjustments
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Net operating profit	-4,994	-124,027	114,039
Breeding Livestock			
Ending inventory	35,476	70,510	441
Capital sales	13	-	25
Beginning inventory	27,046	53,650	441
Capital purchases	4,667	8,793	540
Depreciation, capital adjust.	3,776	8,067	-515
Machinery and Equipment			
Ending inventory	146,343	135,638	157,047
Capital sales	1,600	3,201	-
Beginning inventory	147,693	172,554	122,832
Capital purchases	59,971	34,403	85,540
Depreciation, capital adjust.	-59,721	-68,118	-51,324
Buildings and Improvements			
Ending inventory	72,737	47,122	98,351
Capital sales	-	-	-
Beginning inventory	56,747	50,004	63,489
Capital purchases	22,663	1,150	44,176
Depreciation, capital adjust.	-6,673	-4,032	-9,314
Other Capital Assets			
Ending inventory	20,554	37,227	3,880
Capital sales	11,503	2,575	20,431
Beginning inventory	20,720	37,691	3,749
Capital purchases	10,536	2,111	18,961
Depreciation, capital adjust.	801	-	1,601
Total depreciation, capital adj.	-61,818	-64,084	-59,553
Net farm income	-66,812	-188,111	54,487

Table 8

Profitability Measures
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Profitability (assets valued at cost)			
Net farm income	-66,812	-188,111	54,487
Labor and management earnings	-93,290	-223,020	36,439
Rate of return on assets	-7.4 %	-19.2 %	6.4 %
Rate of return on equity	-29.5 %	-55.8 %	9.0 %
Operating profit margin	-18.9 %	-54.8 %	14.6 %
Asset turnover rate	39.1 %	35.0 %	43.9 %
Interest on farm net worth	26,478	34,909	18,047
Farm interest expense	32,963	31,704	34,223
Value of operator lbr and mgmt.	42,496	57,527	27,465
Return on farm assets	-76,344	-213,933	61,244
Average farm assets	1,033,983	1,114,781	953,185
Return on farm equity	-109,308	-245,638	27,022
Average farm equity	370,483	440,179	300,787
Value of farm production	404,403	390,251	418,554
	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Profitability (assets valued at market)			
Net farm income	-30,692	-208,988	147,604
Labor and management earnings	-108,049	-310,388	94,290
Rate of return on assets	-2.1 %	-9.9 %	10.0 %
Rate of return on equity	-5.7 %	-15.8 %	13.5 %
Operating profit margin	-9.9 %	-60.2 %	36.9 %
Asset turnover rate	20.7 %	16.5 %	27.2 %
Interest on farm net worth	77,357	101,400	53,314
Farm interest expense	32,963	31,704	34,223
Value of operator lbr and mgmt.	42,496	57,527	27,465
Return on farm assets	-40,224	-234,810	154,362
Average farm assets	1,952,789	2,364,604	1,540,973
Return on farm equity	-73,187	-266,514	120,139
Average farm equity	1,289,289	1,690,003	888,575
Value of farm production	404,403	390,251	418,554

Table 9

Liquidity Measures
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Liquidity (cash)			
Net cash farm income	182,766	202,194	163,339
Net nonfarm income	11,961	22,044	1,877
Family living and taxes	40,810	37,256	44,365
Real estate principal payments	9,702	17,123	2,281
Cash available for interm. debt	144,214	169,858	118,570
Average intermediate debt	222,753	237,620	207,887
Years to turnover interm. debt	1.5	1.4	1.8
Expense as a % of income	87 %	88 %	84 %
Interest as a % of income	2 %	2 %	3 %
Liquidity (accrual)			
Total accrual farm income	1,163,991	1,397,082	930,901
Total accrual operating expense	1,168,985	1,521,109	816,862
Net accrual operating income	-4,994	-124,027	114,039
Net nonfarm income	11,961	22,044	1,877
Family living and taxes	40,810	37,256	44,365
Real estate principal payments	9,702	17,123	2,281
Available for intermediate debt	-43,546	-156,362	69,271
Average intermediate debt	222,753	237,620	207,887
Years to turnover interm. debt	**	**	3.0
Expense as a % of income	100 %	109 %	88 %
Interest as a % of income	3 %	2 %	4 %

** Income insufficient to meet debt servicing requirements

Table 10

Balance Sheet at Cost Values
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms		Low 50%		High 50%	
	10		5		5	
Number of farms	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	24,699	20,856	24,126	15,622	25,271	26,089
Prepaid expenses & supplies	22,234	15,717	27,838	28,360	16,630	3,075
Growing crops	3,427	4,722	4,619	6,741	2,235	2,703
Accounts receivable	7,035	4,210	12,883	8,141	1,186	280
Hedging accounts	0	0	0	0	0	0
Crops held for sale or feed	163,892	158,543	180,081	165,927	147,702	151,159
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	388,831	204,721	408,292	124,993	369,370	284,448
Other current assets	225	225	0	0	450	450
Total current farm assets	610,342	408,994	657,839	349,784	562,845	468,203
Intermediate Farm Assets						
Breeding livestock	27,046	35,476	53,650	70,510	441	441
Machinery and equipment	147,693	146,343	172,554	135,638	122,832	157,047
Titled vehicles	0	0	0	0	0	0
Other intermediate assets	18,845	18,613	37,691	37,227	0	0
Total intermediate farm assets	193,584	200,432	263,895	243,375	123,274	157,489
Long Term Farm Assets						
Farm land	246,871	274,446	308,771	308,771	184,971	240,121
Buildings and improvements	56,747	72,737	50,004	47,122	63,489	98,351
Other long-term assets	1,875	1,940	0	0	3,749	3,880
Total long-term farm assets	305,492	349,123	358,776	355,894	252,209	342,352
Total Farm Assets	1,109,418	958,548	1,280,509	949,052	938,327	968,044
Total Nonfarm Assets	11,277	11,129	19,354	19,058	3,200	3,200
Total Assets	1,120,695	969,677	1,299,863	968,111	941,527	971,244
Liabilities						
Current Farm Liabilities						
Accrued interest	4,727	4,120	9,354	8,179	100	60
Accounts payable	72,405	63,267	75,799	103,643	69,010	22,891
Current notes	218,497	145,439	214,265	91,090	222,728	199,787
Government crop loans	0	0	0	0	0	0
Principal due on term debt	27,912	29,739	51,225	57,133	4,598	2,345
Total current farm liabilities	323,540	242,564	350,644	260,045	296,436	225,084
Total intermediate farm liabs	209,831	196,906	211,495	190,867	208,168	202,944
Total long term farm liabilities	157,736	196,423	175,770	160,382	139,701	232,464
Total farm liabilities	691,107	635,893	737,909	611,294	644,305	660,492
Total nonfarm liabilities	0	0	0	0	0	0
Total liabilities	691,107	635,893	737,909	611,294	644,305	660,492
Net worth (farm and nonfarm)	429,588	333,785	561,954	356,817	297,222	310,752
Net worth change		-95,803		-205,137		13,531
Ratio Analysis						
Current farm liabilities / assets	53 %	59 %	53 %	74 %	53 %	48 %
Curr. & interm farm liab. / assets	66 %	72 %	61 %	76 %	74 %	68 %
Long term farm liab. / assets	52 %	56 %	49 %	45 %	55 %	68 %
Total debt to asset ratio	62 %	66 %	57 %	63 %	68 %	68 %

Table 11

Balance Sheet at Market Values
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

Number of farms	Avg. Of All Farms 10		Low 50% 5		High 50% 5	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	24,699	20,856	24,126	15,622	25,271	26,089
Prepaid expenses & supplies	22,234	15,717	27,838	28,360	16,630	3,075
Growing crops	3,427	4,722	4,619	6,741	2,235	2,703
Accounts receivable	7,035	4,210	12,883	8,141	1,186	280
Hedging accounts	0	0	0	0	0	0
Crops held for sale or feed	163,892	158,543	180,081	165,927	147,702	151,159
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	388,831	204,721	408,292	124,993	369,370	284,448
Other current assets	225	225	0	0	450	450
Total current farm assets	610,342	408,994	657,839	349,784	562,845	468,203
Intermediate Farm Assets						
Breeding livestock	28,718	37,540	53,650	70,510	3,786	4,570
Machinery and equipment	479,146	508,011	454,883	465,532	503,410	550,491
Titled vehicles	0	0	0	0	0	0
Other intermediate assets	19,845	19,613	39,691	39,227	0	0
Total intermediate farm assets	527,710	565,165	548,224	575,268	507,196	555,061
Long Term Farm Assets						
Farm land	787,100	805,863	1,259,200	1,186,726	315,000	425,000
Buildings and improvements	83,138	113,453	75,509	76,659	90,766	150,246
Other long-term assets	1,875	1,940	0	0	3,749	3,880
Total long-term farm assets	872,112	921,256	1,334,709	1,263,385	409,516	579,127
Total Farm Assets	2,010,164	1,895,414	2,540,771	2,188,437	1,479,556	1,602,391
Total Nonfarm Assets	39,930	39,936	20,614	19,827	59,245	60,045
Total Assets	2,050,093	1,935,350	2,561,385	2,208,265	1,538,801	1,662,436
Liabilities						
Current Farm Liabilities						
Accrued interest	4,727	4,120	9,354	8,179	100	60
Accounts payable	72,405	63,267	75,799	103,643	69,010	22,891
Current notes	218,497	145,439	214,265	91,090	222,728	199,787
Government crop loans	0	0	0	0	0	0
Principal due on term debt	27,912	29,739	51,225	57,133	4,598	2,345
Total current farm liabilities	323,540	242,564	350,644	260,045	296,436	225,084
Total intermediate farm liabs	209,831	196,906	211,495	190,867	208,168	202,944
Total long term farm liabilities	157,736	196,423	175,770	160,382	139,701	232,464
Total farm liabilities	691,107	635,893	737,909	611,294	644,305	660,492
Total nonfarm liabilities	0	0	0	0	0	0
Total liabs excluding deferreds	691,107	635,893	737,909	611,294	644,305	660,492
Total deferred liabilities	0	0	0	0	0	0
Total liabilities	691,107	635,893	737,909	611,294	644,305	660,492
Retained earnings	429,588	333,785	561,954	356,817	297,222	310,752
Market valuation equity	929,398	965,673	1,261,522	1,240,154	597,274	691,192
Net worth (farm and nonfarm)	1,358,986	1,299,458	1,823,476	1,596,971	894,496	1,001,944
Net worth excluding deferreds	1,358,986	1,299,458	1,823,476	1,596,971	894,496	1,001,944
Net worth change		-59,528		-226,505		107,448
Ratio Analysis						
Current farm liabilities / assets	53 %	59 %	53 %	74 %	53 %	48 %
Curr. & interm farm liab. / assets	47 %	45 %	47 %	49 %	47 %	42 %
Long term farm liab. / assets	18 %	21 %	13 %	13 %	34 %	40 %
Total debt to asset ratio	34 %	33 %	29 %	28 %	42 %	40 %
Debt to assets excl deferreds	34 %	33 %	29 %	28 %	42 %	40 %

Table 12

Statement Of Cash Flows
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Beginning cash (farm & nonfarm)	24,699	24,126	25,271
Cash From Operating Activities			
Gross cash farm income	1,354,980	1,697,155	1,012,805
Net nonfarm income	11,961	22,044	1,877
Total cash farm expense	-1,172,214	-1,494,962	-849,466
Apparent family living expense	-38,067	-37,256	-38,878
Income and social security tax	-2,743	-	-5,486
Cash from operations	153,916	186,982	120,851
Cash From Investing Activities			
Sale of breeding livestock	13	-	25
Sale of machinery & equipment	1,600	3,201	-
Sale of titled vehicles	-	-	-
Sale of farm land	-	-	-
Sale of farm buildings	-	-	-
Sale of other farm assets	11,503	2,575	20,431
Sale of nonfarm assets	-	-	-
Purchase of breeding livestock	-4,667	-8,793	-540
Purchase of machinery & equip.	-59,971	-34,403	-85,540
Purchase of titled vehicles	-	-	-
Purchase of farm land	-29,075	-	-58,150
Purchase of farm buildings	-22,663	-1,150	-44,176
Purchase of other farm assets	-10,536	-2,111	-18,961
Purchase of nonfarm assets	-760	-1,520	-
Cash from investing activities	-114,556	-42,201	-186,911
Cash From Financing Activities			
Money borrowed	290,282	253,287	327,278
Cash gifts and inheritances	2,266	-	4,531
Principal payments	-335,751	-406,571	-264,932
Dividends paid	-	-	-
Gifts given	-	-	-
Cash from financing activities	-43,203	-153,284	66,877
Net change in cash balance	-3,843	-8,503	817
Ending cash (farm & nonfarm)	20,856	15,622	26,089

Table 13

Financial Standards Measures
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Liquidity			
Current ratio	1.69	1.35	2.08
Working capital	166,429	89,739	243,119
Solvency (market)			
Farm debt to asset ratio	34 %	28 %	41 %
Farm equity to asset ratio	66 %	72 %	59 %
Farm debt to equity ratio	50 %	39 %	70 %
Profitability (cost)			
Rate of return on farm assets	-7.4 %	-19.2 %	6.4 %
Rate of return on farm equity	-29.5 %	-55.8 %	9.0 %
Operating profit margin	-18.9 %	-54.8 %	14.6 %
Net farm income	-66,812	-188,111	54,487
Repayment Capacity			
Term debt coverage ratio	10 %	-112 %	213 %
Capital replacement margin	-67,517	-198,465	63,430
Efficiency			
Asset turnover rate (cost)	39.1 %	35.0 %	43.9 %
Operating expense ratio	97.6 %	106.6 %	84.1 %
Depreciation expense ratio	5.3 %	4.6 %	6.4 %
Interest expense ratio	2.8 %	2.3 %	3.7 %
Net farm income ratio	-5.7 %	-13.5 %	5.9 %

Table 14

Operator and Labor Information
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Operator Information			
Average number of operators	1.5	1.4	1.6
Average age of operators	51.2	47.4	55.0
Average number of years farming	29.4	25.0	33.8
Results Per Operator			
Working capital	110,953	64,099	151,950
Total assets (market)	1,290,234	1,577,332	1,039,022
Total liabilities	423,928	436,638	412,807
Net worth (market)	866,305	1,140,694	626,215
Net worth excl deferred liabs	866,305	1,140,694	626,215
Gross farm income	775,994	997,916	581,813
Total farm expense	820,536	1,132,280	547,759
Net farm income	-44,541	-134,365	34,054
Net nonfarm income	7,974	15,746	1,173
Family living & tax withdrawals	27,207	26,611	27,728
Total acres owned	350.0	521.4	200.0
Total crop acres	874.5	993.0	770.8
Crop acres owned	249.6	418.8	101.5
Crop acres cash rented	625.0	574.2	669.3
Crop acres share rented	-	-	-
Total pasture acres	-	-	-
Labor Analysis			
Number of farms	10	5	5
Total unpaid labor hours	3,834	4,718	2,950
Total hired labor hours	3,428	3,432	3,424
Total labor hours per farm	7,262	8,150	6,374
Unpaid hours per operator	2,556	3,370	1,844
Value of farm production / hour	55.69	47.88	65.67
Net farm income / unpaid hour	-17.43	-39.87	18.47

Table 15

Financial Summary
Michigan Feeder Steer Report, 2002
(Farms Sorted By Rate of Return on Assets - Cost)

	Avg. Of All Farms	Low 50%	High 50%
Number of farms	10	5	5
Income Statement			
Gross cash farm income	1,354,980	1,697,155	1,012,805
Total cash farm expense	1,172,214	1,494,962	849,466
Net cash farm income	182,766	202,194	163,339
Inventory change	-187,760	-326,221	-49,299
Depreciation and capital adjust	-61,818	-64,084	-59,553
Net farm income	-66,812	-188,111	54,487
Profitability (cost)			
Labor and management earnings	-93,290	-223,020	36,439
Rate of return on assets	-7.4 %	-19.2 %	6.4 %
Rate of return on equity	-29.5 %	-55.8 %	9.0 %
Operating profit margin	-18.9 %	-54.8 %	14.6 %
Asset turnover rate	39.1 %	35.0 %	43.9 %
Profitability (market)			
Labor and management earnings	-108,049	-310,388	94,290
Rate of return on assets	-2.1 %	-9.9 %	10.0 %
Rate of return on equity	-5.7 %	-15.8 %	13.5 %
Operating profit margin	-9.9 %	-60.2 %	36.9 %
Asset turnover rate	20.7 %	16.5 %	27.2 %
Liquidity			
Term debt coverage ratio	9.7 %	-112.4 %	213.0 %
Expense as a percent of income	100.4 %	108.9 %	87.7 %
Interest as a percent of income	2.8 %	2.3 %	3.7 %
Solvency (cost)			
Number of farms	10	5	5
Ending farm assets	958,548	949,052	968,044
Ending farm liabilities	635,893	611,294	660,492
Ending total assets	969,677	968,111	971,244
Ending total liabilities	635,893	611,294	660,492
Ending net worth	333,785	356,817	310,752
Net worth change	-95,803	-205,137	13,531
Ending farm debt to asset ratio	66 %	64 %	68 %
Beg total debt to asset ratio	62 %	57 %	68 %
End total debt to asset ratio	66 %	63 %	68 %
Solvency (market)			
Number of farms	10	5	5
Ending farm assets	1,895,414	2,188,437	1,602,391
Ending farm liabilities	635,893	611,294	660,492
Ending total assets	1,935,350	2,208,265	1,662,436
Ending total liabilities	635,893	611,294	660,492
Ending net worth	1,299,458	1,596,971	1,001,944
Net worth change	-59,528	-226,505	107,448
Ending farm debt to asset ratio	34 %	28 %	41 %
Beg total debt to asset ratio	34 %	29 %	42 %
End total debt to asset ratio	33 %	28 %	40 %
Nonfarm Information			
Net nonfarm income	11,961	22,044	1,877
Crop Acres			
Total acres owned	525	730	320
Total crop acres	1,312	1,390	1,233
Total crop acres owned	374	586	162
Total crop acres cash rented	937	804	1,071
Total crop acres share rented	-	-	-