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**2007 Michigan Dairy Farm Business
Analysis Summary**

Eric Wittenberg
And
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Staff Paper 2008-04

December, 2008



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2007 Michigan Dairy Farm Business Analysis Summary
by

Eric Wittenberg and Christopher Wolf¹

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¹ Co-workers in the TelFarm project were: R. Betz, L. Borton, B. Battel, W. Schauer, D. Stein, and V. Varner with the assistance of Michigan State University Extension Agents. Greenstone Farm Credit Services co-workers were Kelly Tobin, Steve Eshelman, Janice Raymond, Anne Gerke, Kathleen Spranger, Sonya Pentecost, and Lynette Wood. Farm Credit Services of Wisconsin co-worker was Steve Zimmerman.

Summary

This report summarizes the financial and production records of 132 dairy farms from throughout Michigan in 2007. To be included, the farms must have produced at least 50 percent of gross cash farm income from milk and dairy animal sales. The records came from Michigan State University's TelFarm project and the Farm Credit Service system in Michigan. The values were pooled into averages for reporting purposes. The farms are larger than would be the average dairy farm in Michigan. While considerable variation in the data exists, average values are reported in the summary tables and discussion that follows.

In 2007, the average dairy farm in the business analysis had 217 cows producing an average of 21,415 pounds of milk per cow (Table 1). Milk price, based on gross income, averaged \$20.21/cwt. Average milk price was up \$6.77/cwt., while milk production was down 388 pounds per cow and average cow numbers were up from 2006.

Table 1. Average Michigan Dairy Farm Business Analysis Characteristics, 2003-2007

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------------|--------|--------|--------|--------|--------|
| Average number of cows | 196 | 199 | 194 | 208 | 217 |
| Milk sold per cow (pounds) | 20,638 | 20,341 | 20,852 | 21,803 | 21,415 |
| Average price of milk sold (\$/cwt) | 12.59 | 16.42 | 15.70 | 13.44 | 20.21 |
| Total acres owned | 452 | 440 | 439 | 468 | 486 |
| Total crop acres | 761 | 751 | 742 | 772 | 811 |
| Number of farms | 141 | 144 | 156 | 139 | 132 |

Net farm income is the return to operator unpaid management, labor and capital invested. Net farm income in 2007 averaged \$217,248 which was 158 percent increase over the 2006 average. This average obscures a very large range of net farm income values. For example, the farms in the top 25 percent of the net farm income distribution averaged \$334,278 while those in the bottom 25 percent averaged a \$39,654. Gross cash farm income averaged \$1,175,551 in 2007. The largest component of these revenues was milk sales, which averaged \$1,001,164.

Table 2. Average Michigan Dairy Farm Income Statement, 2003-2007

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Gross cash farm income | 695,048 | 838,669 | 844,096 | 856,551 | 1,175,551 |
| - Total cash expense | <u>584,107</u> | <u>672,012</u> | <u>682,286</u> | <u>720,614</u> | <u>949,092</u> |
| = Net cash farm income | 110,941 | 166,657 | 161,811 | 135,937 | 226,460 |
| + Inventory change* | 2,197 | 31,880 | 17,451 | 23,290 | 94,623 |
| + Depreciation + capital adjustments* | <u>-55,619</u> | <u>-77,417</u> | <u>-78,407</u> | <u>-75,015</u> | <u>-103,834</u> |
| = Net farm income | 57,519 | 121,120 | 100,855 | 84,212 | 217,248 |

*Changes calculated as ending value minus beginning value.

To put the profit values in perspective, we calculate profitability ratios. Rate of return on assets (ROA) is the farm operating profit (equal to net farm income plus interest expense less value of operator labor and management) divided by average total farm asset value (valued at current

market value). Rate of return on assets is a measure of how much profit the farm business assets generated. The average 2007 dairy farm ROA (Market) was 11.3 percent which was twice the average return of the last 4 years. Return on equity tells a similar story. Operating profit margin 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. In 2007, Michigan dairy farms generated 33.1 cents of profit per dollar of revenue. Asset turnover (ATO) is the gross farm revenues divided by average asset value. Asset turnover measures the efficiency with which farm assets generate revenue. The average ATO value was a strong 34.1 percent in 2007.

Table 3. Average Michigan Dairy Farm Profitability Indicators, 2003-2007

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------|------|------|------|------|------|
| | (%) | (%) | (%) | (%) | (%) |
| Rate of return on assets* | 4.3 | 7.7 | 6.3 | 5.5 | 11.3 |
| Rate of return on equity | 4.1 | 9.1 | 6.9 | 5.4 | 13.3 |
| Operating profit margin | 14.9 | 23.3 | 20.0 | 19.4 | 33.1 |
| Asset turnover rate* | 29.0 | 32.9 | 31.7 | 28.2 | 34.1 |

* Assets valued at market value.

Tables 4 and 5 display average income and expenses per hundredweight (cwt.) of milk and per cow. Income and expenses were adjusted to an accrual basis where detailed financial information was provided. Average, accrual adjusted income and expenses per cropped acre are also included. Income items related to the dairy herd are included in the first section. Government payments include all farm government payments as it was not possible to separate crop payments from dairy payments.

Table 4 contains the average income and expense items across all 132 dairy farms in the 2007 summary while Table 5 displays the average income and expense items for farms that reported that item. For example, all farms had milk income so that income is identical in the tables. In contrast, only some farms reported BST expense so that item is larger when averaged only across those farms with that expense. By reporting the income and expense items averaged two ways in the tables, it allows for comparison of individual items with farms that had that item. *These tables should not be interpreted as an estimate of the true cost of producing milk.* All farm sales are not included in the income items—only those that are related to the milking herd. Also, unpaid factors, including labor, management and capital, are not accounted for in the expense items. In addition, the allocation of resources amongst farm enterprises is not accurately reflected leaving the milking herd as the residual claimant on all expenses (especially labor costs).

The bottom of Tables 4 and 5 presents crop related expenses divided by the total cropped acres. To accurately calculate a crop cost of production requires labor and management (among other) expenses that were not separated out in the financial records.

Table 4. Average income and expenses across all farms*, 2007

| Income Items: | Per cwt. | Per Cow |
|--|-----------------|----------------|
| Milk | \$20.21 | \$4,119.98 |
| Cull Cows and Calves | \$1.98 | \$306.16 |
| Dairy Steers | \$0.40 | \$71.95 |
| Dairy Heifers | \$0.53 | \$68.72 |
| Government Payments | \$0.46 | \$82.93 |
| Patronage Dividends, cash | \$0.15 | \$30.65 |
| Crop Sales | \$2.23 | \$431.04 |
| Other Cash Income | \$0.71 | \$123.95 |
| Expense Items: | Per cwt. | Per Cow |
| Purchased Feeds | \$5.32 | \$1,087.79 |
| Breeding Fees | \$0.17 | \$36.89 |
| Veterinary | \$0.60 | \$123.26 |
| BST | \$0.02 | \$5.77 |
| Livestock Supplies | \$0.94 | \$187.12 |
| DHIA | \$0.02 | \$3.75 |
| Milk & Livestock Mkt. & Trucking | \$0.83 | \$172.10 |
| Interest | \$1.38 | \$243.18 |
| Fuel and Oil | \$1.22 | \$234.19 |
| Repairs | \$1.59 | \$315.35 |
| Custom Hire | \$0.79 | \$129.42 |
| Hired Labor | \$2.67 | \$554.00 |
| Leases | \$0.17 | \$27.02 |
| Real Estate Taxes | \$0.34 | \$64.95 |
| Farm Insurance | \$0.44 | \$80.95 |
| Utilities | \$0.62 | \$117.83 |
| Dues, Professional Fees | \$0.20 | \$34.21 |
| Miscellaneous | \$0.42 | \$86.64 |
| Machinery Depreciation | \$1.90 | \$376.66 |
| Building Depreciation | \$0.95 | \$194.11 |
| Family Living | \$2.49 | \$446.61 |
| Expense Items per Cropped Acre: | Per Acre | |
| Seed | \$36.52 | |
| Fertilizer | \$54.47 | |
| Crop Chemicals | \$18.34 | |
| Crop Insurance | \$1.80 | |
| Crop Miscellaneous | \$6.82 | |
| Land Rent | \$36.54 | |

* All income and expense items averaged across all 132 farms whether or not they had that income or expense item. Other cash income includes custom work, insurance claims, and miscellaneous income.

Table 5. Average income and expenses across farms with that item*, 2007

| Income Items: | Per cwt. | Per Cow |
|--|-----------------|----------------|
| Milk | \$20.21 | \$4,119.98 |
| Cull Cows and Calves | \$2.00 | \$308.50 |
| Dairy Steers | \$1.26 | \$226.12 |
| Dairy Heifers | \$1.16 | \$148.70 |
| Government Payments | \$0.46 | \$82.93 |
| Patronage Dividends, cash | \$0.19 | \$38.17 |
| Crop Sales | \$3.50 | \$677.35 |
| Other Cash Income | \$0.78 | \$135.22 |
| | | |
| Expense Items: | Per cwt. | Per Cow |
| Purchased Feeds | \$5.32 | \$1,087.79 |
| Breeding Fees | \$0.21 | \$44.68 |
| Veterinary | \$0.60 | \$123.26 |
| BST | \$0.28 | \$69.19 |
| Livestock Supplies | \$0.99 | \$196.03 |
| DHIA | \$0.10 | \$20.65 |
| Milk & Livestock Mkt. & Trucking | \$0.83 | \$172.10 |
| Interest | \$1.51 | \$265.29 |
| Fuel and Oil | \$1.22 | \$234.19 |
| Repairs | \$1.59 | \$315.35 |
| Custom Hire | \$0.85 | \$138.89 |
| Hired Labor | \$2.72 | \$566.89 |
| Leases | \$0.32 | \$51.68 |
| Real Estate Taxes | \$0.38 | \$73.28 |
| Farm Insurance | \$0.44 | \$82.19 |
| Utilities | \$0.62 | \$117.83 |
| Dues, Professional Fees | \$0.21 | \$35.28 |
| Miscellaneous | \$0.43 | \$89.35 |
| Machinery Depreciation | \$1.90 | \$376.66 |
| Building Depreciation | \$0.95 | \$194.11 |
| Family Living | \$2.49 | \$446.61 |
| | | |
| Expense Items per Cropped Acre: | Per Acre | |
| Seed | \$37.96 | |
| Fertilizer | \$59.43 | |
| Crop Chemicals | \$21.62 | |
| Crop Insurance | \$4.63 | |
| Crop Miscellaneous | \$25.72 | |
| Land Rent | \$39.54 | |

* Income and expense items averaged only across farms with that item. For example, all dairy farms had milk income but only some reported BST expense. Thus, milk income is the same as in Table 4 while BST is \$0.28/cwt across farms with that expense compared to \$0.02/cwt across all farms.

Results by Herd Size

To further facilitate financial comparisons and benchmarking, the financial summaries were divided into herd size categories. The smallest size category, 20 to 99 cows, included 26 herds. The medium size category, 100 to 249 cows, included 73 herds. The largest size category, 250 or more cows, contained the remaining 33 herds.

Table 6 displays some average characteristics by herd size category. As expected, average milk production per cow was correlated with herd size across the size categories. Milk price was about the same across all herd sizes. The smallest herds operated 6.3 crop acres per cow; the medium herds about 4.3 crop acres per cow; and the largest category about 2.9 crop acres per cow.

Table 6. Average 2007 Michigan Dairy Farm Characteristics by Herd Size Category

| | 20-99 cows | 100-249 cows | 250+ cows |
|-------------------------------------|---------------|-----------------|--------------|
| Average number of cows | 62 | 163 | 479 |
| Milk sold per cow (pounds) | 16,858 | 22,057 | 23,942 |
| Average price of milk sold (\$/cwt) | 18.93 | 20.86 | 19.54 |
| Total acres owned | 290 | 464 | 688 |
| Total crop acres | 391 | 693 | 1,402 |
| Number of farms | 26 | 73 | 33 |

Table 7 is the average farm income statement by herd size. Net farm income represents the returns to unpaid factors (i.e., labor, management and equity capital). The smallest farms returned \$72,924; medium sized farms \$146,878; and the largest farms \$486,626. The small herds' net farm income increased 151 percent from the 2006 average; medium sized herds' net farm income increased 194 percent over 2006; and the largest herds' net farm income increased 149 percent over 2006 average value.

**Table 7. Average
2007 Michigan Dairy Farm Income Statement by Herd Size**

| | 20-99 cows (\$) | 100-249 cows (\$) | 250+ cows (\$) |
|---|-----------------------|-------------------------|----------------------|
| Gross cash farm income | 329,796 | 825,321 | 2,616,656 |
| - Total cash expense | 248,218 | 652,407 | 2,157,597 |
| = Net cash farm income | 81,578 | 172,914 | 459,059 |
| + Inventory change * | 22,877 | 57,517 | 233,233 |
| + Depreciation and capital adjustments* | -31,531 | -83,552 | -205,666 |
| = Net farm income | 72,924 | 146,878 | 486,626 |

*Changes calculated as ending value minus beginning value.

Table 8 compares profitability measures across herd size with assets valued at market value. ROA, ROE, OPM and ATR were the highest on the largest farms in 2007. However, the small size group (20-99 cows) and medium size group (100-249 cows) realized good profitability in 2007 but when compared to the largest size operations, their profitability was slight higher.

Table 8. Average 2007 Michigan Dairy Farm Profitability Indicators by Herd Size

| | 20-99 cows | 100-249 cows | 250+ Cows |
|---------------------------|---------------|-----------------|--------------|
| | (percent) | | |
| Rate of return on assets* | 7.5 | 8.9 | 14.2 |
| Rate of return on equity | 7.8 | 10.0 | 17.9 |
| Operating profit margin | 32.9 | 29.6 | 35.7 |
| Asset turnover rate* | 22.9 | 30.2 | 39.8 |

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

A. Financial Summary Information, All 132 Herds

Table 9 Crop Production and Marketing Summary
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|--|----------------------|---------|----------|
| Dairy | | | |
| Number of farms | 132 | 32 | 34 |
| Average number of cows, | 217 | 140 | 246 |
| Milk production per cow lbs., | 21,415 | 18,925 | 22,959 |
| Average milk price per cwt., | \$20.21 | \$18.43 | \$19.32 |
| Acreage Summary | | | |
| Total acres owned | 486 | 575 | 425 |
| Total crop acres | 811 | 631 | 852 |
| Crop acres owned | 489 | 454 | 575 |
| Crop acres cash rented | 322 | 176 | 277 |
| Crop acres share rented | - | - | - |
| Total pasture acres | 3 | 3 | 1 |
| Average Price Received (Cash Sales Only) | | | |
| Corn per bushel | 3.28 | 3.64 | 3.34 |
| Wheat, Winter per bushel | 4.74 | - | 4.40 |
| Soybeans per bushel | 7.32 | - | 6.79 |
| Hay, Alfalfa per ton | 45.53 | - | - |

Table 10

Farm Income Statement
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|------------------------------|----------------------|---------|-----------|
| Number of farms | 132 | 32 | 34 |
| Cash Farm Income | | | |
| Barley | 118 | 459 | 26 |
| Beans, Black Turtle | 100 | - | 389 |
| Beans, Navy | 694 | - | 1,192 |
| Cordwood | 115 | 474 | - |
| Corn | 18,926 | 8,652 | 28,432 |
| Corn Silage | 2,448 | 596 | 6,788 |
| Hay, Alfalfa | 1,685 | 3,762 | 732 |
| Hay, Mixed | 1,131 | 934 | 203 |
| Haylage, Alfalfa | 136 | - | - |
| Haylage, Mixed | 908 | - | 1,202 |
| Oats | 59 | - | 148 |
| Soybeans | 24,812 | 6,270 | 34,160 |
| Speltz | 394 | - | - |
| Straw | 293 | 294 | 743 |
| Sugar Beets | 9,186 | - | 26,336 |
| Wheat, Winter | 6,870 | 1,392 | 13,734 |
| Miscellaneous crop income | 176 | - | - |
| Beef Bulls | 59 | - | 229 |
| Beef Cow-Calf, Beef Calves | 50 | 27 | 169 |
| Beef, Finish Beef Calves | 148 | - | - |
| Chickens, Egg Product., Eggs | 88 | 363 | - |
| Dairy, Milk | 1,001,164 | 630,376 | 1,141,960 |
| Dairy, Dairy Calves | 4,669 | 2,762 | 4,994 |
| Dairy Heifers (for sale) | 1,884 | 4,744 | 448 |
| Dairy Replacement Heifers | 1,424 | 3,955 | 1,128 |
| Dairy Steer Finishing | 11,731 | 11,179 | 13,422 |
| Honey Production, Honey | 982 | 4,051 | - |
| Chickens, Pullets | 66 | 270 | - |
| Dairy Steer Feeders | 1,944 | 1,212 | 4,295 |
| Cull breeding livestock | 40,000 | 37,472 | 35,023 |
| Misc. livestock income | 1,848 | 17 | 600 |
| Direct & CC govt payments | 6,193 | 7,676 | 5,667 |
| Other government payments | 9,831 | 7,511 | 13,267 |
| Custom work income | 6,566 | 5,864 | 7,975 |
| Patronage dividends, cash | 9,523 | 2,931 | 6,151 |
| Insurance income | 7,889 | 9,929 | 4,477 |
| Other farm income | 1,443 | 4,598 | 280 |
| Gross Cash Farm Income | 1,175,551 | 757,769 | 1,354,172 |

Table 10

Farm Income Statement (Continued)
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|--|----------------------|---------|-----------|
| Number of farms | 132 | 32 | 34 |
| Cash Farm Expense | | | |
| Seed | 29,991 | 18,147 | 32,850 |
| Fertilizer | 46,319 | 28,482 | 59,452 |
| Crop chemicals | 15,704 | 10,149 | 15,864 |
| Crop insurance | 2,044 | 935 | 3,029 |
| Drying fuel | 540 | 84 | 352 |
| Irrigation energy | 125 | 30 | - |
| Repair, machinery | 137 | 162 | - |
| Crop custom hire | 2,325 | 2,901 | 1,142 |
| Crop marketing | 117 | - | 151 |
| Crop miscellaneous | 1,972 | 619 | 906 |
| Feeder livestock purchase | 1,175 | 1,619 | 2,600 |
| Purchased feed | 270,500 | 183,351 | 320,098 |
| Breeding fees | 9,328 | 5,302 | 11,093 |
| Veterinary | 30,155 | 19,162 | 29,915 |
| BST | 1,961 | 1,176 | 468 |
| Supplies | 40,522 | 29,592 | 39,655 |
| DHIA | 678 | 215 | 691 |
| Livestock custom hire | 80 | - | 282 |
| Livestock hired labor | 658 | - | - |
| Livestock leases | 182 | - | 14 |
| Livestock utilities | 106 | 256 | - |
| Livestock hauling and trucking | 8,301 | 9,439 | 5,646 |
| Livestock marketing | 25,731 | 16,404 | 22,772 |
| Bedding | 1,610 | 1,475 | 1,142 |
| Livestock miscellaneous | 661 | 2,022 | 78 |
| Interest | 48,411 | 35,501 | 47,202 |
| Packaging and supplies | 2,784 | 182 | 4,221 |
| Fuel & oil | 46,344 | 37,706 | 50,145 |
| Repairs | 67,175 | 48,461 | 81,910 |
| Custom hire | 33,228 | 14,157 | 38,692 |
| Hired labor | 142,036 | 98,617 | 142,222 |
| Land rent | 31,435 | 14,663 | 34,080 |
| Machinery leases | 6,254 | 2,013 | 6,974 |
| Real estate taxes | 10,309 | 9,472 | 11,079 |
| Personal property taxes | 190 | 49 | 192 |
| Farm insurance | 15,746 | 12,509 | 16,608 |
| Utilities | 24,100 | 18,285 | 23,873 |
| Hauling and trucking | 212 | - | 497 |
| Marketing | 478 | - | 1,856 |
| Dues & professional fees | 5,775 | 4,024 | 4,203 |
| Hedging account deposits | 1,186 | 4,752 | - |
| Miscellaneous | 22,509 | 19,768 | 27,082 |
| Total cash expense | 949,092 | 651,681 | 1,039,036 |
| Net cash farm income | 226,460 | 106,089 | 315,135 |
| Inventory Changes | | | |
| Crops and feed | 36,120 | -11,150 | 52,684 |
| Market livestock | 1,410 | 1,034 | -786 |
| Accounts receivable | 25,206 | 1,768 | 36,174 |
| Prepaid expenses and supplies | 26,314 | 3,876 | 43,149 |
| Accounts payable | 5,573 | -1,406 | 15,410 |
| Total inventory change | 94,623 | -5,879 | 146,632 |
| Net operating profit | 321,083 | 100,210 | 461,768 |
| Depreciation and Other Capital Adjustments | | | |
| Breeding livestock | 12,488 | -4,068 | 23,487 |
| Machinery and equipment | -71,931 | -43,055 | -86,149 |
| Buildings and improvements | -45,543 | -18,257 | -65,003 |
| Other farm capital | 1,151 | 4,824 | 176 |
| Total depr. and other capital adj | -103,834 | -60,556 | -127,489 |
| Net farm income | 217,248 | 39,654 | 334,278 |

Table 11

Inventory Changes
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|---------|----------|
| Number of farms | 132 | 32 | 34 |
| Net cash farm income | 226,460 | 106,089 | 315,135 |
| Crops and Feed | | | |
| Ending inventory | 246,473 | 141,788 | 257,413 |
| Beginning inventory | 210,353 | 152,939 | 204,729 |
| Inventory change | 36,120 | -11,150 | 52,684 |
| Market Livestock | | | |
| Ending inventory | 18,578 | 18,989 | 18,652 |
| Beginning inventory | 17,169 | 17,955 | 19,438 |
| Inventory change | 1,410 | 1,034 | -786 |
| Accts Receivable & Other Current Assets | | | |
| Ending inventory | 73,733 | 44,241 | 84,259 |
| Beginning inventory | 48,527 | 42,473 | 48,085 |
| Inventory change | 25,206 | 1,768 | 36,174 |
| Prepaid Expenses and Supplies | | | |
| Ending inventory | 55,190 | 9,623 | 87,161 |
| Beginning inventory | 28,876 | 5,747 | 44,012 |
| Inventory change | 26,314 | 3,876 | 43,149 |
| Accounts Payable & Accrued Expenses | | | |
| Beginning inventory | 24,200 | 24,538 | 22,594 |
| Ending inventory | 18,627 | 25,944 | 7,184 |
| Inventory change | 5,573 | -1,406 | 15,410 |
| Total inventory change | 94,623 | -5,879 | 146,632 |
| Net operating profit | 321,083 | 100,210 | 461,768 |

Table 12

Depreciation and Other Capital Adjustments
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|---------|----------|
| Number of farms | 132 | 32 | 34 |
| Net operating profit | 321,083 | 100,210 | 461,768 |
| Breeding Livestock | | | |
| Ending inventory | 561,850 | 394,453 | 588,995 |
| Capital sales | 3,917 | 341 | 6,496 |
| Beginning inventory | 525,617 | 376,064 | 553,090 |
| Capital purchases | 27,662 | 22,799 | 18,915 |
| Depreciation, capital adjust. | 12,488 | -4,068 | 23,487 |
| Machinery and Equipment | | | |
| Ending inventory | 189,310 | 116,809 | 192,764 |
| Capital sales | 4,047 | 8,027 | 1,814 |
| Beginning inventory | 181,264 | 127,402 | 187,671 |
| Capital purchases | 84,023 | 40,489 | 93,056 |
| Depreciation, capital adjust. | -71,931 | -43,055 | -86,149 |
| Buildings and Improvements | | | |
| Ending inventory | 228,482 | 160,700 | 215,883 |
| Capital sales | 128 | 387 | 115 |
| Beginning inventory | 203,475 | 138,541 | 245,173 |
| Capital purchases | 70,678 | 40,803 | 35,829 |
| Depreciation, capital adjust. | -45,543 | -18,257 | -65,003 |
| Other Capital Assets | | | |
| Ending inventory | 59,321 | 39,404 | 47,796 |
| Capital sales | 10,962 | 2,397 | 12,135 |
| Beginning inventory | 50,705 | 35,391 | 50,936 |
| Capital purchases | 18,427 | 1,586 | 8,820 |
| Depreciation, capital adjust. | 1,151 | 4,824 | 176 |
| Total depreciation, capital adj. | -103,834 | -60,556 | -127,489 |
| Net farm income | 217,248 | 39,654 | 334,278 |

Table 13

Profitability Measures
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|-----------|-----------|
| Number of farms | 132 | 32 | 34 |
| Profitability (assets valued at cost) | | | |
| Net farm income | 217,248 | 39,654 | 334,278 |
| Labor and management earnings | 160,235 | 104 | 275,860 |
| Rate of return on assets | 12.0 % | 2.0 % | 19.1 % |
| Rate of return on equity | 16.8 % | -1.6 % | 29.6 % |
| Operating profit margin | 21.1 % | 4.4 % | 28.8 % |
| Asset turnover rate | 56.9 % | 44.3 % | 66.2 % |
| Interest on farm net worth | 57,014 | 39,550 | 58,418 |
| Farm interest expense | 48,553 | 35,201 | 47,282 |
| Value of operator lbr and mgmt. | 59,345 | 50,192 | 51,829 |
| Return on farm assets | 206,457 | 24,664 | 329,731 |
| Average farm assets | 1,721,491 | 1,264,718 | 1,725,953 |
| Return on farm equity | 157,904 | -10,538 | 282,449 |
| Average farm equity | 939,576 | 658,347 | 953,137 |
| Value of farm production | 979,101 | 560,383 | 1,143,033 |
| | Avg. Of All Farms | Low 25% | High 25% |
| Number of farms | 132 | 32 | 34 |
| Profitability (assets valued at market) | | | |
| Net farm income | 335,174 | 43,216 | 633,869 |
| Labor and management earnings | 210,529 | -54,145 | 502,511 |
| Rate of return on assets | 11.3 % | 1.3 % | 21.2 % |
| Rate of return on equity | 13.3 % | -0.4 % | 26.6 % |
| Operating profit margin | 33.1 % | 5.0 % | 55.1 % |
| Asset turnover rate | 34.1 % | 25.1 % | 38.5 % |
| Interest on farm net worth | 124,645 | 97,361 | 131,358 |
| Farm interest expense | 48,553 | 35,201 | 47,282 |
| Value of operator lbr and mgmt. | 59,345 | 50,192 | 51,829 |
| Return on farm assets | 324,383 | 28,226 | 629,322 |
| Average farm assets | 2,870,950 | 2,234,135 | 2,965,264 |
| Return on farm equity | 275,830 | -6,976 | 582,040 |
| Average farm equity | 2,077,420 | 1,622,691 | 2,189,298 |
| Value of farm production | 979,101 | 560,383 | 1,143,033 |

Table 14

Liquidity Measures
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|---------|-----------|
| Number of farms | 132 | 32 | 34 |
| Liquidity (cash) | | | |
| Net cash farm income | 226,460 | 106,089 | 315,135 |
| Net nonfarm income | 12,981 | 16,867 | 2,019 |
| Family living and taxes | 75,148 | 47,076 | 89,274 |
| Principal due on long term debt | 24,076 | 18,987 | 22,106 |
| Cash available for interm. debt | 140,217 | 56,893 | 205,774 |
| Average intermediate debt | 207,631 | 153,695 | 177,468 |
| Years to turnover interm. debt | 1.5 | 2.7 | 0.9 |
| Expense as a % of income | 81 % | 86 % | 77 % |
| Interest as a % of income | 4 % | 5 % | 3 % |
| Working capital to gross income | 23 % | 13 % | 25 % |
| Liquidity (accrual) | | | |
| Total accrual farm income | 1,238,287 | 749,421 | 1,442,244 |
| Total accrual operating expense | 917,205 | 649,211 | 980,476 |
| Net accrual operating income | 321,083 | 100,210 | 461,768 |
| Net nonfarm income | 12,981 | 16,867 | 2,019 |
| Family living and taxes | 75,148 | 47,076 | 89,274 |
| Principal due on long term debt | 24,076 | 18,987 | 22,106 |
| Available for intermediate debt | 234,840 | 51,015 | 352,406 |
| Average intermediate debt | 207,631 | 153,695 | 177,468 |
| Years to turnover interm. debt | 0.9 | 3.0 | 0.5 |
| Expense as a % of income | 74 % | 87 % | 68 % |
| Interest as a % of income | 4 % | 5 % | 3 % |
| Working capital to gross income | 22 % | 13 % | 23 % |

Table 15

Balance Sheet at Cost Values
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | | Low 25% | | High 25% | |
|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Number of farms | 132 | | 32 | | 34 | |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 27,785 | 32,589 | 16,958 | 22,946 | 31,138 | 41,891 |
| Prepaid expenses & supplies | 28,876 | 55,190 | 5,747 | 9,623 | 44,012 | 87,161 |
| Growing crops | 12,259 | 15,661 | 9,512 | 10,005 | 12,705 | 17,839 |
| Accounts receivable | 31,669 | 53,800 | 24,236 | 28,928 | 27,606 | 58,713 |
| Hedging accounts | 568 | 17 | 34 | 34 | 1,475 | 5 |
| Crops held for sale or feed | 208,199 | 245,190 | 150,052 | 141,485 | 204,729 | 257,413 |
| Crops under government loan | 2,155 | 1,283 | 2,887 | 304 | 0 | 0 |
| Market livestock held for sale | 17,169 | 18,578 | 17,955 | 18,989 | 19,438 | 18,652 |
| Other current assets | 4,031 | 4,255 | 8,691 | 5,274 | 6,298 | 7,703 |
| Total current farm assets | 332,710 | 426,564 | 236,072 | 237,588 | 347,401 | 489,376 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 525,617 | 561,850 | 376,064 | 394,453 | 553,090 | 588,995 |
| Machinery and equipment | 179,685 | 188,188 | 127,402 | 116,809 | 183,069 | 189,969 |
| Titled vehicles | 1,579 | 1,122 | 0 | 0 | 4,603 | 2,796 |
| Other intermediate assets | 36,519 | 40,918 | 18,716 | 18,241 | 34,473 | 32,362 |
| Total intermediate farm assets | 743,400 | 792,078 | 522,182 | 529,503 | 775,234 | 814,122 |
| Long Term Farm Assets | | | | | | |
| Farm land | 336,523 | 347,162 | 332,425 | 334,587 | 272,530 | 260,290 |
| Buildings and improvements | 203,475 | 228,482 | 138,541 | 160,700 | 245,173 | 215,883 |
| Other long-term assets | 14,186 | 18,404 | 16,675 | 21,163 | 16,463 | 15,434 |
| Total long-term farm assets | 554,184 | 594,048 | 487,641 | 516,450 | 534,165 | 491,607 |
| Total Farm Assets | 1,630,294 | 1,812,689 | 1,245,895 | 1,283,541 | 1,656,800 | 1,795,106 |
| Total Nonfarm Assets | 135,380 | 146,873 | 79,975 | 87,232 | 59,658 | 72,309 |
| Total Assets | 1,765,674 | 1,959,562 | 1,325,871 | 1,370,773 | 1,716,458 | 1,867,415 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 1,994 | 2,136 | 1,391 | 1,091 | 839 | 919 |
| Accounts payable | 22,206 | 16,490 | 23,147 | 24,853 | 21,756 | 6,265 |
| Current notes | 72,459 | 67,668 | 59,629 | 65,611 | 70,258 | 74,418 |
| Government crop loans | 1,804 | 980 | 1,819 | 304 | 0 | 0 |
| Principal due on term debt | 61,201 | 70,041 | 47,152 | 46,264 | 60,714 | 73,563 |
| Total current farm liabilities | 159,664 | 157,316 | 133,138 | 138,123 | 153,566 | 155,165 |
| Total intermediate farm liabs | 159,195 | 175,613 | 144,006 | 108,845 | 151,097 | 124,456 |
| Total long term farm liabilities | 441,194 | 470,847 | 319,087 | 369,544 | 481,418 | 479,931 |
| Total farm liabilities | 760,053 | 803,777 | 596,231 | 616,512 | 786,082 | 759,551 |
| Total nonfarm liabilities | 6,822 | 7,585 | 9,137 | 8,832 | 2,063 | 1,862 |
| Total liabilities | 766,875 | 811,362 | 605,368 | 625,343 | 788,145 | 761,413 |
| Net worth (farm and nonfarm) | 998,799 | 1,148,201 | 720,503 | 745,430 | 928,313 | 1,106,002 |
| Net worth change | | 149,402 | | 24,927 | | 177,689 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 48 % | 37 % | 56 % | 58 % | 44 % | 32 % |
| Curr. & interm farm liab. / assets | 30 % | 27 % | 37 % | 32 % | 27 % | 21 % |
| Long term farm liab. / assets | 80 % | 79 % | 65 % | 72 % | 90 % | 98 % |
| Total debt to asset ratio | 43 % | 41 % | 46 % | 46 % | 46 % | 41 % |

Table 16

Balance Sheet at Market Values
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | | Low 25% | | High 25% | |
|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Number of farms | 132 | | 32 | | 34 | |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 27,785 | 32,589 | 16,958 | 22,946 | 31,138 | 41,891 |
| Prepaid expenses & supplies | 28,876 | 55,190 | 5,747 | 9,623 | 44,012 | 87,161 |
| Growing crops | 12,259 | 15,661 | 9,512 | 10,005 | 12,705 | 17,839 |
| Accounts receivable | 31,669 | 53,800 | 24,236 | 28,928 | 27,606 | 58,713 |
| Hedging accounts | 568 | 17 | 34 | 34 | 1,475 | 5 |
| Crops held for sale or feed | 208,199 | 245,190 | 150,052 | 141,485 | 204,729 | 257,413 |
| Crops under government loan | 2,155 | 1,283 | 2,887 | 304 | 0 | 0 |
| Market livestock held for sale | 17,169 | 18,578 | 17,955 | 18,989 | 19,438 | 18,652 |
| Other current assets | 4,031 | 4,255 | 8,691 | 5,274 | 6,298 | 7,703 |
| Total current farm assets | 332,710 | 426,564 | 236,072 | 237,588 | 347,401 | 489,376 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 567,380 | 619,312 | 390,541 | 400,635 | 627,063 | 715,763 |
| Machinery and equipment | 432,264 | 467,799 | 306,699 | 323,005 | 494,746 | 540,335 |
| Titled vehicles | 8,087 | 10,181 | 6,375 | 6,250 | 17,719 | 23,285 |
| Other intermediate assets | 43,574 | 48,617 | 18,716 | 18,241 | 52,925 | 53,182 |
| Total intermediate farm assets | 1,051,305 | 1,145,909 | 722,331 | 748,131 | 1,192,452 | 1,332,565 |
| Long Term Farm Assets | | | | | | |
| Farm land | 946,740 | 997,120 | 1,009,387 | 1,005,181 | 808,906 | 937,698 |
| Buildings and improvements | 373,897 | 431,996 | 229,068 | 241,955 | 377,849 | 406,352 |
| Other long-term assets | 15,774 | 19,887 | 17,041 | 21,516 | 19,708 | 18,221 |
| Total long-term farm assets | 1,336,411 | 1,449,003 | 1,255,496 | 1,268,652 | 1,206,463 | 1,362,271 |
| Total Farm Assets | 2,720,425 | 3,021,476 | 2,213,900 | 2,254,371 | 2,746,316 | 3,184,212 |
| Total Nonfarm Assets | 218,193 | 237,152 | 151,666 | 170,582 | 93,121 | 114,316 |
| Total Assets | 2,938,618 | 3,258,627 | 2,365,566 | 2,424,953 | 2,839,437 | 3,298,527 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 1,994 | 2,136 | 1,391 | 1,091 | 839 | 919 |
| Accounts payable | 22,206 | 16,490 | 23,147 | 24,853 | 21,756 | 6,265 |
| Current notes | 72,459 | 67,668 | 59,629 | 65,611 | 70,258 | 74,418 |
| Government crop loans | 1,804 | 980 | 1,819 | 304 | 0 | 0 |
| Principal due on term debt | 61,201 | 70,041 | 47,152 | 46,264 | 60,714 | 73,563 |
| Total current farm liabilities | 159,664 | 157,316 | 133,138 | 138,123 | 153,566 | 155,165 |
| Total intermediate farm liabs | 159,195 | 175,613 | 144,006 | 108,845 | 151,097 | 124,456 |
| Total long term farm liabilities | 441,194 | 470,847 | 319,087 | 369,544 | 481,418 | 479,931 |
| Total farm liabilities | 760,053 | 803,777 | 596,231 | 616,512 | 786,082 | 759,551 |
| Total nonfarm liabilities | 6,822 | 7,585 | 9,137 | 8,832 | 2,063 | 1,862 |
| Total liabs excluding deferreds | 766,875 | 811,362 | 605,368 | 625,343 | 788,145 | 761,413 |
| Total deferred liabilities | 11,688 | 12,417 | 5,365 | 4,629 | 3,149 | 3,149 |
| Total liabilities | 778,564 | 823,779 | 610,733 | 629,972 | 791,294 | 764,562 |
| Retained earnings | 998,799 | 1,148,201 | 720,503 | 745,430 | 928,313 | 1,106,002 |
| Market valuation equity | 1,161,256 | 1,286,647 | 1,034,330 | 1,049,551 | 1,119,829 | 1,427,963 |
| Net worth (farm and nonfarm) | 2,160,055 | 2,434,848 | 1,754,833 | 1,794,981 | 2,048,142 | 2,533,965 |
| Net worth excluding deferreds | 2,171,743 | 2,447,266 | 1,760,198 | 1,799,610 | 2,051,292 | 2,537,114 |
| Net worth change | | 274,793 | | 40,148 | | 485,823 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 48 % | 37 % | 56 % | 58 % | 44 % | 32 % |
| Curr. & interm farm liab. / assets | 23 % | 21 % | 29 % | 25 % | 20 % | 15 % |
| Long term farm liab. / assets | 33 % | 32 % | 25 % | 29 % | 40 % | 35 % |
| Total debt to asset ratio | 26 % | 25 % | 26 % | 26 % | 28 % | 23 % |
| Debt to assets excl deferreds | 26 % | 25 % | 26 % | 26 % | 28 % | 23 % |

Table 17

Statement Of Cash Flows
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------------|----------------------|----------|------------|
| Number of farms | 132 | 32 | 34 |
| Beginning cash (farm & nonfarm) | 28,503 | 17,230 | 32,599 |
| Cash From Operating Activities | | | |
| Gross cash farm income | 1,175,551 | 757,769 | 1,354,172 |
| Net nonfarm income | 12,981 | 16,867 | 2,019 |
| Total cash farm expense | -949,092 | -651,681 | -1,039,036 |
| Apparent family living expense | -70,646 | -45,698 | -86,002 |
| Income and social security tax | -4,501 | -1,378 | -3,273 |
| Cash from operations | 164,293 | 75,880 | 227,880 |
| Cash From Investing Activities | | | |
| Sale of breeding livestock | 3,917 | 341 | 6,496 |
| Sale of machinery & equipment | 4,047 | 8,027 | 1,814 |
| Sale of titled vehicles | - | - | - |
| Sale of farm land | 3,652 | 11,250 | 3,471 |
| Sale of farm buildings | 128 | 387 | 115 |
| Sale of other farm assets | 10,962 | 2,397 | 12,135 |
| Sale of nonfarm assets | 565 | - | 414 |
| Purchase of breeding livestock | -27,662 | -22,799 | -18,915 |
| Purchase of machinery & equip. | -83,786 | -40,489 | -92,387 |
| Purchase of titled vehicles | -237 | - | -669 |
| Purchase of farm land | -25,538 | -5,756 | -49,794 |
| Purchase of farm buildings | -70,678 | -40,803 | -35,829 |
| Purchase of other farm assets | -18,427 | -1,586 | -8,820 |
| Purchase of nonfarm assets | -6,635 | -1,289 | -9,171 |
| Cash from investing activities | -209,692 | -90,319 | -191,141 |
| Cash From Financing Activities | | | |
| Money borrowed | 237,843 | 133,149 | 171,096 |
| Cash gifts and inheritances | 10,561 | 5,654 | 16,249 |
| Principal payments | -187,688 | -114,579 | -182,420 |
| Dividends paid | - | - | - |
| Gifts given | -9,243 | -3,671 | -27,158 |
| Cash from financing activities | 51,474 | 20,553 | -22,233 |
| Net change in cash balance | 6,075 | 6,114 | 14,506 |
| Ending cash (farm & nonfarm) | 34,578 | 23,343 | 47,105 |

Table 18

Financial Standards Measures
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|-------------------------------|----------------------|---------|----------|
| Number of farms | 132 | 32 | 34 |
| Liquidity | | | |
| Current ratio | 2.71 | 1.72 | 3.15 |
| Working capital | 269,247 | 99,466 | 334,212 |
| Solvency (market) | | | |
| Farm debt to asset ratio | 27 % | 28 % | 24 % |
| Farm equity to asset ratio | 73 % | 72 % | 76 % |
| Farm debt to equity ratio | 37 % | 38 % | 31 % |
| Profitability (cost) | | | |
| Rate of return on farm assets | 12.0 % | 2.0 % | 19.1 % |
| Rate of return on farm equity | 16.8 % | -1.6 % | 29.6 % |
| Operating profit margin | 21.1 % | 4.4 % | 28.8 % |
| Net farm income | 217,248 | 39,654 | 334,278 |
| Repayment Capacity | | | |
| Term debt coverage ratio | 312 % | 133 % | 435 % |
| Capital replacement margin | 196,645 | 21,797 | 311,140 |
| Efficiency | | | |
| Asset turnover rate (cost) | 56.9 % | 44.3 % | 66.2 % |
| Operating expense ratio | 70.1 % | 81.9 % | 64.7 % |
| Depreciation expense ratio | 8.4 % | 8.1 % | 8.8 % |
| Interest expense ratio | 3.9 % | 4.7 % | 3.3 % |
| Net farm income ratio | 17.5 % | 5.3 % | 23.2 % |

Table 19

Operator and Labor Information
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|-----------|-----------|
| Number of farms | 132 | 32 | 34 |
| Operator Information | | | |
| Average number of operators | 1.5 | 1.4 | 1.6 |
| Average age of operators | 51.7 | 51.2 | 48.7 |
| Average number of years farming | 28.1 | 28.1 | 24.2 |
| Results Per Operator | | | |
| Working capital | 173,793 | 72,339 | 214,400 |
| Total assets (market) | 2,103,368 | 1,763,602 | 2,116,036 |
| Total liabilities | 531,730 | 458,161 | 490,474 |
| Net worth (market) | 1,571,638 | 1,305,441 | 1,625,562 |
| Net worth excl deferred liabs | 1,579,653 | 1,308,807 | 1,627,583 |
| Gross farm income | 799,286 | 545,034 | 925,213 |
| Total farm expense | 659,057 | 516,194 | 710,770 |
| Net farm income | 140,229 | 28,839 | 214,443 |
| Net nonfarm income | 8,379 | 12,267 | 1,295 |
| Family living & tax withdrawals | 48,506 | 34,237 | 57,270 |
| Total acres owned | 313.4 | 418.2 | 272.6 |
| Total crop acres | 523.2 | 458.7 | 546.2 |
| Crop acres owned | 315.6 | 330.5 | 368.6 |
| Crop acres cash rented | 207.6 | 128.2 | 177.7 |
| Crop acres share rented | - | - | - |
| Total pasture acres | 2.2 | 2.0 | 0.5 |
| Labor Analysis | | | |
| Number of farms | 132 | 32 | 34 |
| Total unpaid labor hours | 4,493 | 4,126 | 4,661 |
| Total hired labor hours | 9,630 | 7,011 | 9,932 |
| Total labor hours per farm | 14,122 | 11,137 | 14,593 |
| Unpaid hours per operator | 2,900 | 3,001 | 2,990 |
| Value of farm production / hour | 69.33 | 50.32 | 78.33 |
| Net farm income / unpaid hour | 48.36 | 9.61 | 71.72 |
| Average hourly hired labor wage | 14.40 | 13.62 | 14.32 |
| Partnerships & LLCs | | | |
| Number of farms | 49 | 8 | 16 |
| Number of operators | 2.1 | 1.8 | 2.1 |
| Owner withdrawals per farm | - | - | - |
| Withdrawals per operator | - | - | - |
| Corporations | | | |
| Number of farms | 6 | 1 | 3 |
| Number of operators | 2.0 | - | - |

Table 20

Financial Summary
2007 MI Dairy (All Dairy Farms)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|-----------|-----------|
| Number of farms | 132 | 32 | 34 |
| Income Statement | | | |
| Gross cash farm income | 1,175,551 | 757,769 | 1,354,172 |
| Total cash farm expense | 949,092 | 651,681 | 1,039,036 |
| Net cash farm income | 226,460 | 106,089 | 315,135 |
| Inventory change | 94,623 | -5,879 | 146,632 |
| Depreciation and capital adjust | -103,834 | -60,556 | -127,489 |
| Average net farm income | 217,248 | 39,654 | 334,278 |
| Median net farm income | 131,238 | 45,916 | 237,592 |
| Profitability (cost) | | | |
| Labor and management earnings | 160,235 | 104 | 275,860 |
| Rate of return on assets | 12.0 % | 2.0 % | 19.1 % |
| Rate of return on equity | 16.8 % | -1.6 % | 29.6 % |
| Operating profit margin | 21.1 % | 4.4 % | 28.8 % |
| Asset turnover rate | 56.9 % | 44.3 % | 66.2 % |
| Profitability (market) | | | |
| Labor and management earnings | 210,529 | -54,145 | 502,511 |
| Rate of return on assets | 11.3 % | 1.3 % | 21.2 % |
| Rate of return on equity | 13.3 % | -0.4 % | 26.6 % |
| Operating profit margin | 33.1 % | 5.0 % | 55.1 % |
| Asset turnover rate | 34.1 % | 25.1 % | 38.5 % |
| Liquidity | | | |
| Ending current ratio | 2.71 | 1.72 | 3.15 |
| Ending working capital | 269,247 | 99,466 | 334,212 |
| End working capital to gross inc | 22.9 % | 13.1 % | 24.7 % |
| Term debt coverage ratio | 312.0 % | 132.9 % | 435.4 % |
| Expense as a percent of income | 74.1 % | 86.6 % | 68.0 % |
| Interest as a percent of income | 3.9 % | 4.7 % | 3.3 % |
| Solvency (cost) | | | |
| Number of farms | 132 | 32 | 34 |
| Ending farm assets | 1,812,689 | 1,283,541 | 1,795,106 |
| Ending farm liabilities | 803,777 | 616,512 | 759,551 |
| Ending total assets | 1,959,562 | 1,370,773 | 1,867,415 |
| Ending total liabilities | 811,362 | 625,343 | 761,413 |
| Ending net worth | 1,148,201 | 745,430 | 1,106,002 |
| Net worth change | 149,402 | 24,927 | 177,689 |
| Ending farm debt to asset ratio | 44 % | 48 % | 42 % |
| Beg total debt to asset ratio | 43 % | 46 % | 46 % |
| End total debt to asset ratio | 41 % | 46 % | 41 % |
| Solvency (market) | | | |
| Number of farms | 132 | 32 | 34 |
| Ending farm assets | 3,021,476 | 2,254,371 | 3,184,212 |
| Ending farm liabilities | 815,756 | 621,216 | 762,701 |
| Ending total assets | 3,258,627 | 2,424,953 | 3,298,527 |
| Ending total liabilities | 823,779 | 629,972 | 764,562 |
| Ending net worth | 2,434,848 | 1,794,981 | 2,533,965 |
| Net worth change | 274,793 | 40,148 | 485,823 |
| Ending farm debt to asset ratio | 27 % | 28 % | 24 % |
| Beg total debt to asset ratio | 26 % | 26 % | 28 % |
| End total debt to asset ratio | 25 % | 26 % | 23 % |
| Nonfarm Information | | | |
| Net nonfarm income | 12,981 | 16,867 | 2,019 |
| Farms reporting living expenses | 10 | 4 | 1 |
| Total family living expense | 26,920 | - | - |
| Total living, invest, & capital | 74,634 | - | - |
| Crop Acres | | | |
| Total acres owned | 486 | 575 | 425 |
| Total crop acres | 811 | 631 | 852 |
| Total crop acres owned | 489 | 454 | 575 |
| Total crop acres cash rented | 322 | 176 | 277 |
| Total crop acres share rented | - | - | - |

Table 22

Farm Income Statement
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|------------------------------|----------------------|---------|----------|
| Number of farms | 26 | 6 | 7 |
| Cash Farm Income | | | |
| Beans, Navy | 1,559 | - | 5,790 |
| Cordwood | 462 | 2,000 | - |
| Corn | 14,415 | - | 25,167 |
| Hay, Alfalfa | 3,274 | - | 152 |
| Hay, Grass | 118 | - | - |
| Hay, Mixed | 2,674 | - | 2,032 |
| Soybeans | 16,304 | 2,412 | 22,161 |
| Sugar Beets | 4,104 | - | 15,243 |
| Wheat, Winter | 3,552 | - | 10,299 |
| Miscellaneous crop income | 71 | - | 96 |
| Chickens, Egg Product., Eggs | 447 | 1,937 | - |
| Dairy, Milk | 217,167 | 191,513 | 246,846 |
| Dairy, Dairy Calves | 1,180 | 1,271 | 956 |
| Dairy Heifers (for sale) | 4,861 | - | - |
| Dairy Replacement Heifers | 4,195 | 16,976 | 1,030 |
| Dairy Steer Finishing | 4,575 | 6,729 | 6,229 |
| Honey Production, Honey | 4,986 | 21,606 | - |
| Chickens, Pullets | 333 | 1,441 | - |
| Cull breeding livestock | 26,339 | 26,310 | 9,250 |
| Misc. livestock income | 5,711 | - | 342 |
| Direct & CC govt payments | 2,106 | 2,150 | - |
| Other government payments | 4,188 | 2,212 | 5,794 |
| Custom work income | 561 | 1,200 | 84 |
| Patronage dividends, cash | 1,436 | 1,401 | 2,365 |
| Insurance income | 1,102 | - | - |
| Other farm income | 4,079 | 6,974 | 4,212 |
| Gross Cash Farm Income | 329,796 | 286,131 | 358,049 |

Table 22

Farm Income Statement (Continued)
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|---------|----------|
| Number of farms | 26 | 6 | 7 |
| Cash Farm Expense | | | |
| Seed | 11,549 | 4,858 | 13,986 |
| Fertilizer | 15,413 | 5,786 | 19,011 |
| Crop chemicals | 5,956 | 2,902 | 8,767 |
| Crop insurance | 577 | 383 | 1,457 |
| Irrigation energy | 37 | 162 | - |
| Repair, machinery | 696 | 862 | - |
| Crop custom hire | 549 | 643 | - |
| Crop marketing | 159 | - | 590 |
| Crop miscellaneous | 338 | 102 | 155 |
| Feeder livestock purchase | 570 | - | - |
| Purchased feed | 60,738 | 82,894 | 67,959 |
| Breeding fees | 1,769 | 3,205 | 1,236 |
| Veterinary | 5,649 | 6,940 | 6,917 |
| BST | 409 | - | - |
| Supplies | 7,757 | 9,127 | 10,012 |
| DHIA | 437 | 186 | 887 |
| Livestock utilities | 536 | 312 | - |
| Hauling and trucking | 3,200 | 2,677 | 3,580 |
| Livestock marketing | 6,433 | 6,550 | 5,823 |
| Bedding | 444 | - | 90 |
| Livestock miscellaneous | 2,489 | 10,786 | - |
| Interest | 15,011 | 19,642 | 12,826 |
| Packaging and supplies | 1,620 | - | 6,019 |
| Fuel & oil | 15,639 | 17,702 | 15,884 |
| Repairs | 20,947 | 22,152 | 28,129 |
| Custom hire | 3,491 | 936 | 5,760 |
| Hired labor | 26,486 | 36,692 | 24,717 |
| Land rent | 9,736 | 7,570 | 11,622 |
| Machinery leases | 446 | - | 762 |
| Real estate taxes | 5,165 | 1,883 | 6,423 |
| Personal property taxes | 86 | 103 | 232 |
| Farm insurance | 6,086 | 4,545 | 5,809 |
| Utilities | 8,165 | 8,952 | 10,833 |
| Marketing | 97 | - | 362 |
| Dues & professional fees | 3,525 | 2,539 | 1,492 |
| Miscellaneous | 6,010 | 7,272 | 3,951 |
| Total cash expense | 248,218 | 268,362 | 275,289 |
| Net cash farm income | 81,578 | 17,770 | 82,760 |
| Inventory Changes | | | |
| Crops and feed | 11,574 | -4,393 | 33,749 |
| Market livestock | 4,312 | 3,881 | -13 |
| Accounts receivable | 5,968 | 6,776 | 7,796 |
| Prepaid expenses and supplies | 6,053 | 1,852 | 9,663 |
| Accounts payable | -5,030 | -7,608 | -7,836 |
| Total inventory change | 22,877 | 508 | 43,359 |
| Net operating profit | 104,455 | 18,278 | 126,120 |
| Depreciation and Other Capital Adjustments | | | |
| Breeding livestock | -2,780 | 1,382 | 1,063 |
| Machinery and equipment | -24,761 | -20,665 | -27,644 |
| Buildings and improvements | -5,634 | -2,586 | -1,572 |
| Other farm capital | 1,644 | 1,700 | 250 |
| Total depr. and other capital adj | -31,531 | -20,170 | -27,903 |
| Net farm income | 72,924 | -1,892 | 98,217 |

Table 23

Inventory Changes
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|---------|----------|
| Number of farms | 26 | 6 | 7 |
| Net cash farm income | 81,578 | 17,770 | 82,760 |
| Crops and Feed | | | |
| Ending inventory | 82,710 | 38,296 | 104,196 |
| Beginning inventory | 71,135 | 42,689 | 70,447 |
| Inventory change | 11,574 | -4,393 | 33,749 |
| Market Livestock | | | |
| Ending inventory | 18,052 | 26,514 | 7,359 |
| Beginning inventory | 13,740 | 22,633 | 7,372 |
| Inventory change | 4,312 | 3,881 | -13 |
| Accts Receivable & Other Current Assets | | | |
| Ending inventory | 19,096 | 32,562 | 13,185 |
| Beginning inventory | 13,128 | 25,785 | 5,389 |
| Inventory change | 5,968 | 6,776 | 7,796 |
| Prepaid Expenses and Supplies | | | |
| Ending inventory | 14,193 | 5,213 | 25,380 |
| Beginning inventory | 8,140 | 3,361 | 15,718 |
| Inventory change | 6,053 | 1,852 | 9,663 |
| Accounts Payable & Accrued Expenses | | | |
| Beginning inventory | 5,941 | 10,520 | 7,749 |
| Ending inventory | 10,970 | 18,129 | 15,585 |
| Inventory change | -5,030 | -7,608 | -7,836 |
| Total inventory change | 22,877 | 508 | 43,359 |
| Net operating profit | 104,455 | 18,278 | 126,120 |

Table 24

Depreciation and Other Capital Adjustments
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|---------|----------|
| Number of farms | 26 | 6 | 7 |
| Net operating profit | 104,455 | 18,278 | 126,120 |
| Breeding Livestock | | | |
| Ending inventory | 166,506 | 207,464 | 151,386 |
| Capital sales | 1,149 | - | 271 |
| Beginning inventory | 165,951 | 195,037 | 148,129 |
| Capital purchases | 4,485 | 11,046 | 2,465 |
| Depreciation, capital adjust. | -2,780 | 1,382 | 1,063 |
| Machinery and Equipment | | | |
| Ending inventory | 48,072 | 66,658 | 43,374 |
| Capital sales | 6,232 | 383 | 97 |
| Beginning inventory | 54,637 | 70,698 | 42,590 |
| Capital purchases | 24,427 | 17,008 | 28,524 |
| Depreciation, capital adjust. | -24,761 | -20,665 | -27,644 |
| Buildings and Improvements | | | |
| Ending inventory | 50,468 | 28,438 | 49,825 |
| Capital sales | 476 | - | - |
| Beginning inventory | 52,536 | 30,823 | 47,928 |
| Capital purchases | 4,042 | 201 | 3,469 |
| Depreciation, capital adjust. | -5,634 | -2,586 | -1,572 |
| Other Capital Assets | | | |
| Ending inventory | 16,168 | 33,745 | 6,970 |
| Capital sales | 779 | 1,875 | - |
| Beginning inventory | 13,886 | 33,174 | 6,720 |
| Capital purchases | 1,417 | 746 | - |
| Depreciation, capital adjust. | 1,644 | 1,700 | 250 |
| Total depreciation, capital adj. | -31,531 | -20,170 | -27,903 |
| Net farm income | 72,924 | -1,892 | 98,217 |

Table 25

Profitability Measures
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|-----------|-----------|
| Number of farms | 26 | 6 | 7 |
| Profitability (assets valued at cost) | | | |
| Net farm income | 72,924 | -1,892 | 98,217 |
| Labor and management earnings | 52,958 | -24,931 | 79,509 |
| Rate of return on assets | 10.1 % | -0.2 % | 16.6 % |
| Rate of return on equity | 12.5 % | -5.6 % | 22.5 % |
| Operating profit margin | 19.7 % | -0.6 % | 24.8 % |
| Asset turnover rate | 51.1 % | 32.6 % | 66.8 % |
| Interest on farm net worth | 19,966 | 23,039 | 18,708 |
| Farm interest expense | 15,066 | 20,020 | 12,589 |
| Value of operator lbr and mgmt. | 31,410 | 19,465 | 28,194 |
| Return on farm assets | 56,579 | -1,338 | 82,611 |
| Average farm assets | 562,777 | 646,305 | 498,327 |
| Return on farm equity | 41,513 | -21,357 | 70,023 |
| Average farm equity | 331,768 | 379,642 | 311,794 |
| Value of farm production | 287,562 | 210,884 | 332,687 |
| | Avg. Of All Farms | Low 25% | High 25% |
| Number of farms | 26 | 6 | 7 |
| Profitability (assets valued at market) | | | |
| Net farm income | 110,928 | -16,583 | 230,553 |
| Labor and management earnings | 49,619 | -73,549 | 167,044 |
| Rate of return on assets | 7.5 % | -1.3 % | 17.1 % |
| Rate of return on equity | 7.8 % | -3.8 % | 19.1 % |
| Operating profit margin | 32.9 % | -7.6 % | 64.6 % |
| Asset turnover rate | 22.9 % | 17.3 % | 26.4 % |
| Interest on farm net worth | 61,309 | 56,965 | 63,508 |
| Farm interest expense | 15,066 | 20,020 | 12,589 |
| Value of operator lbr and mgmt. | 31,410 | 19,465 | 28,194 |
| Return on farm assets | 94,583 | -16,029 | 214,947 |
| Average farm assets | 1,256,943 | 1,216,084 | 1,260,303 |
| Return on farm equity | 79,518 | -36,048 | 202,358 |
| Average farm equity | 1,021,816 | 949,421 | 1,058,473 |
| Value of farm production | 287,562 | 210,884 | 332,687 |

Table 26

Liquidity Measures
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|---------|----------|
| Number of farms | 26 | 6 | 7 |
| Liquidity (cash) | | | |
| Net cash farm income | 81,578 | 17,770 | 82,760 |
| Net nonfarm income | 16,044 | 39,385 | -1,660 |
| Family living and taxes | 51,159 | 33,227 | 49,736 |
| Principal due on long term debt | 8,568 | 3,622 | 8,077 |
| Cash available for interm. debt | 37,895 | 20,306 | 23,287 |
| Average intermediate debt | 48,874 | 76,215 | 38,506 |
| Years to turnover interm. debt | 1.3 | 3.8 | 1.7 |
| Expense as a % of income | 75 % | 94 % | 77 % |
| Interest as a % of income | 5 % | 7 % | 4 % |
| Working capital to gross income | 32 % | 23 % | 29 % |
| Liquidity (accrual) | | | |
| Total accrual farm income | 351,650 | 292,396 | 399,582 |
| Total accrual operating expense | 247,195 | 274,118 | 273,463 |
| Net accrual operating income | 104,455 | 18,278 | 126,120 |
| Net nonfarm income | 16,044 | 39,385 | -1,660 |
| Family living and taxes | 51,159 | 33,227 | 49,736 |
| Principal due on long term debt | 8,568 | 3,622 | 8,077 |
| Available for intermediate debt | 60,772 | 20,814 | 66,646 |
| Average intermediate debt | 48,874 | 76,215 | 38,506 |
| Years to turnover interm. debt | 0.8 | 3.7 | 0.6 |
| Expense as a % of income | 70 % | 94 % | 68 % |
| Interest as a % of income | 4 % | 7 % | 3 % |
| Working capital to gross income | 30 % | 22 % | 26 % |

Table 27

Balance Sheet at Cost Values
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | | Low 25% | | High 25% | |
|---|----------------------|----------------|----------------|----------------|----------------|----------------|
| | 26 | | 6 | | 7 | |
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 9,162 | 19,029 | 6,826 | 4,786 | 8,214 | 14,528 |
| Prepaid expenses & supplies | 8,140 | 14,193 | 3,361 | 5,213 | 15,718 | 25,380 |
| Growing crops | 5,256 | 5,907 | 8,047 | 6,608 | 4,580 | 6,644 |
| Accounts receivable | 4,316 | 7,626 | 5,718 | 9,134 | 643 | 6,375 |
| Hedging accounts | 6 | 6 | 0 | 0 | 23 | 24 |
| Crops held for sale or feed | 71,135 | 82,710 | 42,689 | 38,296 | 70,447 | 104,196 |
| Crops under government loan | 0 | 0 | 0 | 0 | 0 | 0 |
| Market livestock held for sale | 13,740 | 18,052 | 22,633 | 26,514 | 7,372 | 7,359 |
| Other current assets | 3,549 | 5,557 | 12,020 | 16,820 | 143 | 143 |
| Total current farm assets | 115,305 | 153,079 | 101,293 | 107,369 | 107,140 | 164,649 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 165,951 | 166,506 | 195,037 | 207,464 | 148,129 | 151,386 |
| Machinery and equipment | 53,637 | 45,943 | 70,698 | 66,658 | 38,876 | 36,697 |
| Titled vehicles | 1,000 | 2,129 | 0 | 0 | 3,714 | 6,676 |
| Other intermediate assets | 10,220 | 12,514 | 27,341 | 27,911 | 6,720 | 6,970 |
| Total intermediate farm assets | 230,808 | 227,091 | 293,076 | 302,033 | 197,439 | 201,730 |
| Long Term Farm Assets | | | | | | |
| Farm land | 144,473 | 144,473 | 208,956 | 208,956 | 113,972 | 113,972 |
| Buildings and improvements | 52,536 | 50,468 | 30,823 | 28,438 | 47,928 | 49,825 |
| Other long-term assets | 3,666 | 3,654 | 5,833 | 5,833 | 0 | 0 |
| Total long-term farm assets | 200,675 | 198,595 | 245,613 | 243,227 | 161,900 | 163,797 |
| Total Farm Assets | 546,788 | 578,765 | 639,981 | 652,630 | 466,479 | 530,176 |
| Total Nonfarm Assets | 55,199 | 61,500 | 85,944 | 102,345 | 42,600 | 43,600 |
| Total Assets | 601,988 | 640,265 | 725,925 | 754,975 | 509,079 | 573,776 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 710 | 765 | 61 | 438 | 2,165 | 1,927 |
| Accounts payable | 5,231 | 10,206 | 10,460 | 17,690 | 5,584 | 13,658 |
| Current notes | 26,468 | 18,655 | 9,312 | 9,374 | 26,823 | 24,943 |
| Government crop loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal due on term debt | 16,679 | 16,424 | 11,689 | 14,496 | 16,315 | 19,151 |
| Total current farm liabilities | 49,088 | 46,049 | 31,521 | 41,999 | 50,887 | 59,679 |
| Total intermediate farm liabs | 44,305 | 36,730 | 65,817 | 64,844 | 28,039 | 29,620 |
| Total long term farm liabilities | 141,424 | 144,421 | 163,117 | 166,029 | 107,641 | 97,201 |
| Total farm liabilities | 234,817 | 227,200 | 260,455 | 272,872 | 186,567 | 186,500 |
| Total nonfarm liabilities | 2,274 | 8,233 | 3,392 | 4,968 | 5,537 | 26,321 |
| Total liabilities | 237,090 | 235,433 | 263,846 | 277,840 | 192,104 | 212,822 |
| Net worth (farm and nonfarm) | 364,897 | 404,832 | 462,079 | 477,135 | 316,975 | 360,954 |
| Net worth change | | 39,935 | | 15,056 | | 43,979 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 43 % | 30 % | 31 % | 39 % | 47 % | 36 % |
| Curr. & interm farm liab. / assets | 27 % | 22 % | 25 % | 26 % | 26 % | 24 % |
| Long term farm liab. / assets | 70 % | 73 % | 66 % | 68 % | 66 % | 59 % |
| Total debt to asset ratio | 39 % | 37 % | 36 % | 37 % | 38 % | 37 % |

Table 28

Balance Sheet at Market Values
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | | Low 25% | | High 25% | |
|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| | 26 | | 6 | | 7 | |
| Number of farms | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 9,162 | 19,029 | 6,826 | 4,786 | 8,214 | 14,528 |
| Prepaid expenses & supplies | 8,140 | 14,193 | 3,361 | 5,213 | 15,718 | 25,380 |
| Growing crops | 5,256 | 5,907 | 8,047 | 6,608 | 4,580 | 6,644 |
| Accounts receivable | 4,316 | 7,626 | 5,718 | 9,134 | 643 | 6,375 |
| Hedging accounts | 6 | 6 | 0 | 0 | 23 | 24 |
| Crops held for sale or feed | 71,135 | 82,710 | 42,689 | 38,296 | 70,447 | 104,196 |
| Crops under government loan | 0 | 0 | 0 | 0 | 0 | 0 |
| Market livestock held for sale | 13,740 | 18,052 | 22,633 | 26,514 | 7,372 | 7,359 |
| Other current assets | 3,549 | 5,557 | 12,020 | 16,820 | 143 | 143 |
| Total current farm assets | 115,305 | 153,079 | 101,293 | 107,369 | 107,140 | 164,649 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 181,994 | 184,698 | 228,062 | 214,997 | 171,239 | 204,429 |
| Machinery and equipment | 212,412 | 210,801 | 191,042 | 195,416 | 213,106 | 221,453 |
| Titled vehicles | 2,988 | 4,142 | 0 | 0 | 11,100 | 14,457 |
| Other intermediate assets | 10,742 | 13,145 | 27,341 | 27,911 | 8,660 | 9,316 |
| Total intermediate farm assets | 408,136 | 412,787 | 446,444 | 438,325 | 404,105 | 449,654 |
| Long Term Farm Assets | | | | | | |
| Farm land | 578,862 | 606,382 | 604,495 | 604,495 | 515,571 | 606,607 |
| Buildings and improvements | 114,793 | 114,820 | 54,874 | 54,874 | 134,624 | 136,481 |
| Other long-term assets | 4,856 | 4,866 | 10,000 | 10,000 | 848 | 929 |
| Total long-term farm assets | 698,511 | 726,067 | 669,369 | 669,369 | 651,043 | 744,016 |
| Total Farm Assets | 1,221,952 | 1,291,933 | 1,217,105 | 1,215,062 | 1,162,287 | 1,358,319 |
| Total Nonfarm Assets | 110,270 | 130,432 | 122,711 | 139,112 | 93,244 | 142,591 |
| Total Assets | 1,332,222 | 1,422,365 | 1,339,817 | 1,354,175 | 1,255,531 | 1,500,910 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 710 | 765 | 61 | 438 | 2,165 | 1,927 |
| Accounts payable | 5,231 | 10,206 | 10,460 | 17,690 | 5,584 | 13,658 |
| Current notes | 26,468 | 18,655 | 9,312 | 9,374 | 26,823 | 24,943 |
| Government crop loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal due on term debt | 16,679 | 16,424 | 11,689 | 14,496 | 16,315 | 19,151 |
| Total current farm liabilities | 49,088 | 46,049 | 31,521 | 41,999 | 50,887 | 59,679 |
| Total intermediate farm liabs | 44,305 | 36,730 | 65,817 | 64,844 | 28,039 | 29,620 |
| Total long term farm liabilities | 141,424 | 144,421 | 163,117 | 166,029 | 107,641 | 97,201 |
| Total farm liabilities | 234,817 | 227,200 | 260,455 | 272,872 | 186,567 | 186,500 |
| Total nonfarm liabilities | 2,274 | 8,233 | 3,392 | 4,968 | 5,537 | 26,321 |
| Total liabs excluding deferreds | 237,090 | 235,433 | 263,846 | 277,840 | 192,104 | 212,822 |
| Total deferred liabilities | 4,118 | 4,118 | 0 | 0 | 15,297 | 15,297 |
| Total liabilities | 241,209 | 239,551 | 263,846 | 277,840 | 207,401 | 228,118 |
| Retained earnings | 364,897 | 404,832 | 462,079 | 477,135 | 316,975 | 360,954 |
| Market valuation equity | 726,116 | 777,982 | 613,891 | 599,200 | 731,155 | 911,838 |
| Net worth (farm and nonfarm) | 1,091,013 | 1,182,814 | 1,075,970 | 1,076,335 | 1,048,130 | 1,272,792 |
| Net worth excluding deferreds | 1,095,131 | 1,186,933 | 1,075,970 | 1,076,335 | 1,063,427 | 1,288,088 |
| Net worth change | | 91,802 | | 365 | | 224,662 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 43 % | 30 % | 31 % | 39 % | 47 % | 36 % |
| Curr. & interm farm liab. / assets | 18 % | 15 % | 18 % | 20 % | 15 % | 15 % |
| Long term farm liab. / assets | 20 % | 20 % | 24 % | 25 % | 17 % | 13 % |
| Total debt to asset ratio | 18 % | 17 % | 20 % | 21 % | 17 % | 15 % |
| Debt to assets excl deferreds | 18 % | 17 % | 20 % | 21 % | 15 % | 14 % |

Table 29

Statement Of Cash Flows
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|----------|----------|
| Number of farms | 26 | 6 | 7 |
| Beginning cash (farm & nonfarm) | 10,170 | 6,826 | 10,718 |
| Cash From Operating Activities | | | |
| Gross cash farm income | 329,796 | 286,131 | 358,049 |
| Net nonfarm income | 16,044 | 39,385 | -1,660 |
| Total cash farm expense | -248,218 | -268,362 | -275,289 |
| Apparent family living expense | -48,677 | -32,282 | -47,232 |
| Income and social security tax | -2,482 | -944 | -2,503 |
| Cash from operations | 46,464 | 23,928 | 31,364 |
| Cash From Investing Activities | | | |
| Sale of breeding livestock | 1,149 | - | 271 |
| Sale of machinery & equipment | 6,232 | 383 | 97 |
| Sale of titled vehicles | - | - | - |
| Sale of farm land | - | - | - |
| Sale of farm buildings | 476 | - | - |
| Sale of other farm assets | 779 | 1,875 | - |
| Sale of nonfarm assets | - | - | - |
| Purchase of breeding livestock | -4,485 | -11,046 | -2,465 |
| Purchase of machinery & equip. | -23,222 | -17,008 | -25,276 |
| Purchase of titled vehicles | -1,206 | - | -3,248 |
| Purchase of farm land | - | - | - |
| Purchase of farm buildings | -4,042 | -201 | -3,469 |
| Purchase of other farm assets | -1,417 | -746 | - |
| Purchase of nonfarm assets | -2,859 | -5,333 | -70 |
| Cash from investing activities | -28,593 | -32,075 | -34,160 |
| Cash From Financing Activities | | | |
| Money borrowed | 51,854 | 34,079 | 58,716 |
| Cash gifts and inheritances | 2,845 | 393 | 4,629 |
| Principal payments | -58,541 | -27,695 | -45,835 |
| Dividends paid | - | - | - |
| Gifts given | -1,887 | - | -527 |
| Cash from financing activities | -5,729 | 6,778 | 16,983 |
| Net change in cash balance | 12,142 | -1,370 | 14,188 |
| Ending cash (farm & nonfarm) | 22,312 | 5,456 | 24,906 |

Table 30

Financial Standards Measures
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|-------------------------------|----------------------|---------|----------|
| Number of farms | 26 | 6 | 7 |
| Liquidity | | | |
| Current ratio | 3.32 | 2.56 | 2.76 |
| Working capital | 107,030 | 65,371 | 104,969 |
| Solvency (market) | | | |
| Farm debt to asset ratio | 18 % | 22 % | 15 % |
| Farm equity to asset ratio | 82 % | 78 % | 85 % |
| Farm debt to equity ratio | 22 % | 29 % | 17 % |
| Profitability (cost) | | | |
| Rate of return on farm assets | 10.1 % | -0.2 % | 16.6 % |
| Rate of return on farm equity | 12.5 % | -5.6 % | 22.5 % |
| Operating profit margin | 19.7 % | -0.6 % | 24.8 % |
| Net farm income | 72,924 | -1,892 | 98,217 |
| Repayment Capacity | | | |
| Term debt coverage ratio | 306 % | 136 % | 313 % |
| Capital replacement margin | 51,517 | 8,600 | 57,715 |
| Efficiency | | | |
| Asset turnover rate (cost) | 51.1 % | 32.6 % | 66.8 % |
| Operating expense ratio | 66.0 % | 86.9 % | 65.3 % |
| Depreciation expense ratio | 9.0 % | 6.9 % | 7.0 % |
| Interest expense ratio | 4.3 % | 6.8 % | 3.2 % |
| Net farm income ratio | 20.7 % | -0.6 % | 24.6 % |

Table 31

Operator and Labor Information

2007 MI Dairy (20-99 Cows)

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

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|-----------|-----------|
| Number of farms | 26 | 6 | 7 |
| Operator Information | | | |
| Average number of operators | 1.4 | 1.2 | 1.4 |
| Average age of operators | 51.3 | 52.3 | 43.3 |
| Average number of years farming | 28.3 | 27.3 | 22.0 |
| Results Per Operator | | | |
| Working capital | 77,299 | 56,032 | 73,478 |
| Total assets (market) | 1,027,264 | 1,160,721 | 1,050,637 |
| Total liabilities | 173,009 | 238,148 | 159,683 |
| Net worth (market) | 854,255 | 922,573 | 890,954 |
| Net worth excl deferred liabs | 857,229 | 922,573 | 901,662 |
| Gross farm income | 253,970 | 250,625 | 279,708 |
| Total farm expense | 201,303 | 252,247 | 210,956 |
| Net farm income | 52,667 | -1,622 | 68,752 |
| Net nonfarm income | 11,588 | 33,758 | -1,162 |
| Family living & tax withdrawals | 36,948 | 28,480 | 34,815 |
| Total acres owned | 209.1 | 198.3 | 179.7 |
| Total crop acres | 282.3 | 267.1 | 249.9 |
| Crop acres owned | 181.6 | 154.3 | 214.9 |
| Crop acres cash rented | 100.7 | 112.7 | 35.0 |
| Crop acres share rented | - | - | - |
| Total pasture acres | - | - | - |
| Labor Analysis | | | |
| Number of farms | 26 | 6 | 7 |
| Total unpaid labor hours | 3,865 | 3,471 | 3,552 |
| Total hired labor hours | 2,023 | 2,664 | 1,925 |
| Total labor hours per farm | 5,888 | 6,135 | 5,477 |
| Unpaid hours per operator | 2,791 | 2,975 | 2,486 |
| Value of farm production / hour | 48.84 | 34.38 | 60.75 |
| Net farm income / unpaid hour | 18.87 | -0.55 | 27.65 |
| Average hourly hired labor wage | 12.34 | 13.72 | 12.77 |
| Partnerships & LLCs | | | |
| Number of farms | 8 | 2 | 2 |
| Number of operators | 1.9 | - | - |
| Owner withdrawals per farm | - | - | - |
| Withdrawals per operator | - | - | - |

Table 32

Financial Summary
2007 MI Dairy (20-99 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|-----------|-----------|
| Number of farms | 26 | 6 | 7 |
| Income Statement | | | |
| Gross cash farm income | 329,796 | 286,131 | 358,049 |
| Total cash farm expense | 248,218 | 268,362 | 275,289 |
| Net cash farm income | 81,578 | 17,770 | 82,760 |
| Inventory change | 22,877 | 508 | 43,359 |
| Depreciation and capital adjust | -31,531 | -20,170 | -27,903 |
| Average net farm income | 72,924 | -1,892 | 98,217 |
| Median net farm income | 74,378 | -4,546 | 106,684 |
| Profitability (cost) | | | |
| Labor and management earnings | 52,958 | -24,931 | 79,509 |
| Rate of return on assets | 10.1 % | -0.2 % | 16.6 % |
| Rate of return on equity | 12.5 % | -5.6 % | 22.5 % |
| Operating profit margin | 19.7 % | -0.6 % | 24.8 % |
| Asset turnover rate | 51.1 % | 32.6 % | 66.8 % |
| Profitability (market) | | | |
| Labor and management earnings | 49,619 | -73,549 | 167,044 |
| Rate of return on assets | 7.5 % | -1.3 % | 17.1 % |
| Rate of return on equity | 7.8 % | -3.8 % | 19.1 % |
| Operating profit margin | 32.9 % | -7.6 % | 64.6 % |
| Asset turnover rate | 22.9 % | 17.3 % | 26.4 % |
| Liquidity | | | |
| Ending current ratio | 3.32 | 2.56 | 2.76 |
| Ending working capital | 107,030 | 65,371 | 104,969 |
| End working capital to gross inc | 32.5 % | 22.8 % | 29.3 % |
| Term debt coverage ratio | 306.1 % | 136.4 % | 312.6 % |
| Expense as a percent of income | 70.3 % | 93.7 % | 68.4 % |
| Interest as a percent of income | 4.3 % | 6.8 % | 3.2 % |
| Solvency (cost) | | | |
| Number of farms | 26 | 6 | 7 |
| Ending farm assets | 578,765 | 652,630 | 530,176 |
| Ending farm liabilities | 227,200 | 272,872 | 186,500 |
| Ending total assets | 640,265 | 754,975 | 573,776 |
| Ending total liabilities | 235,433 | 277,840 | 212,822 |
| Ending net worth | 404,832 | 477,135 | 360,954 |
| Net worth change | 39,935 | 15,056 | 43,979 |
| Ending farm debt to asset ratio | 39 % | 42 % | 35 % |
| Beg total debt to asset ratio | 39 % | 36 % | 38 % |
| End total debt to asset ratio | 37 % | 37 % | 37 % |
| Solvency (market) | | | |
| Number of farms | 26 | 6 | 7 |
| Ending farm assets | 1,291,933 | 1,215,062 | 1,358,319 |
| Ending farm liabilities | 231,318 | 272,872 | 201,797 |
| Ending total assets | 1,422,365 | 1,354,175 | 1,500,910 |
| Ending total liabilities | 239,551 | 277,840 | 228,118 |
| Ending net worth | 1,182,814 | 1,076,335 | 1,272,792 |
| Net worth change | 91,802 | 365 | 224,662 |
| Ending farm debt to asset ratio | 18 % | 22 % | 15 % |
| Beg total debt to asset ratio | 18 % | 20 % | 17 % |
| End total debt to asset ratio | 17 % | 21 % | 15 % |
| Nonfarm Information | | | |
| Net nonfarm income | 16,044 | 39,385 | -1,660 |
| Crop Acres | | | |
| Total acres owned | 290 | 231 | 257 |
| Total crop acres | 391 | 312 | 357 |
| Total crop acres owned | 252 | 180 | 307 |
| Total crop acres cash rented | 139 | 132 | 50 |
| Total crop acres share rented | - | - | - |

Table 34

Farm Income Statement
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|-------------------------------|----------------------|---------|----------|
| Number of farms | 73 | 18 | 19 |
| Cash Farm Income | | | |
| Barley | 213 | 816 | 47 |
| Cordwood | 43 | 176 | - |
| Corn | 10,548 | 13,330 | 14,149 |
| Corn Silage | 926 | 1,059 | - |
| Hay, Alfalfa | 1,852 | 4,273 | 1,254 |
| Hay, Mixed | 389 | 1,140 | 262 |
| Haylage, Mixed | 673 | - | - |
| Oats | 96 | - | 265 |
| Soybeans | 10,662 | 6,923 | 17,316 |
| Straw | 192 | 523 | 58 |
| Sugar Beets | 5,118 | - | 19,663 |
| Wheat, Winter | 5,891 | 2,059 | 13,169 |
| Miscellaneous crop income | 100 | - | - |
| Beef Bulls | 32 | - | 122 |
| Beef Cow-Calf, Beef Calves | 75 | 48 | 241 |
| Beef, Finish Beef Calves | 268 | - | - |
| Dairy, Milk | 703,636 | 664,827 | 725,287 |
| Dairy, Dairy Calves | 3,539 | 3,645 | 2,971 |
| Dairy Heifers (for sale) | 1,675 | 4,266 | 802 |
| Dairy Replacement Heifers | 614 | 1,373 | 534 |
| Dairy Steer Finishing | 5,768 | 6,508 | 9,458 |
| Hogs, Farrow-Fin, Raised Hogs | 104 | - | - |
| Dairy Steer Feeders | 827 | 2,154 | - |
| Cull breeding livestock | 32,135 | 37,583 | 29,104 |
| Misc. livestock income | 1,203 | 30 | 948 |
| Direct & CC govt payments | 6,284 | 10,888 | 4,992 |
| Other government payments | 6,274 | 9,213 | 5,533 |
| Custom work income | 7,357 | 8,972 | 3,205 |
| Patronage dividends, cash | 4,820 | 2,896 | 3,800 |
| Insurance income | 9,935 | 15,927 | 3,466 |
| Other farm income | 4,072 | 3,149 | 3,133 |
| Gross Cash Farm Income | 825,321 | 801,776 | 859,778 |

Table 34

Farm Income Statement (Continued)
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|---------|----------|
| Number of farms | 73 | 18 | 19 |
| Cash Farm Expense | | | |
| Seed | 22,065 | 21,497 | 21,943 |
| Fertilizer | 33,040 | 28,084 | 42,489 |
| Crop chemicals | 12,142 | 13,156 | 15,087 |
| Crop insurance | 756 | 515 | 441 |
| Drying fuel | 390 | 150 | 514 |
| Crop custom hire | 3,478 | 4,396 | 647 |
| Crop miscellaneous | 841 | 1,054 | 701 |
| Feeder livestock purchase | 1,183 | 2,739 | 1,951 |
| Purchased feed | 178,944 | 177,878 | 179,683 |
| Breeding fees | 6,209 | 6,239 | 7,840 |
| Veterinary | 19,913 | 19,217 | 22,226 |
| BST | 662 | 913 | 837 |
| Livestock supplies | 30,077 | 29,571 | 24,246 |
| DHIA | 506 | - | 647 |
| Livestock hired labor | 1,190 | - | - |
| Livestock leases | 330 | - | 25 |
| Livestock hauling and trucking | 7,866 | 8,139 | 6,434 |
| Marketing | 18,783 | 20,483 | 14,095 |
| Bedding | 1,131 | 1,824 | 1,148 |
| Livestock miscellaneous | 283 | - | 39 |
| Interest | 33,271 | 40,702 | 22,662 |
| Packaging and supplies | 1,212 | - | 3,209 |
| Supplies | 160 | 94 | - |
| Fuel & oil | 36,504 | 43,982 | 33,220 |
| Repairs | 47,633 | 53,561 | 43,689 |
| Custom hire | 18,580 | 18,808 | 13,380 |
| Hired labor | 89,298 | 107,637 | 86,566 |
| Land rent | 20,891 | 10,267 | 27,730 |
| Machinery leases | 5,325 | 1,410 | 4,999 |
| Real estate taxes | 10,081 | 13,083 | 9,389 |
| Personal property taxes | 117 | - | 158 |
| Farm insurance | 12,918 | 12,892 | 12,097 |
| Utilities | 17,710 | 19,083 | 16,261 |
| Hauling and trucking | 190 | - | 691 |
| Dues & professional fees | 5,123 | 4,670 | 5,071 |
| Miscellaneous | 13,606 | 17,901 | 11,159 |
| Total cash expense | 652,407 | 679,943 | 631,278 |
| Net cash farm income | 172,914 | 121,833 | 228,499 |
| Inventory Changes | | | |
| Crops and feed | 17,017 | -21,216 | 19,714 |
| Market livestock | 279 | 534 | -2,436 |
| Accounts receivable | 18,892 | 3,851 | 30,358 |
| Prepaid expenses and supplies | 12,212 | 5,771 | 18,793 |
| Accounts payable | 9,117 | -645 | 27,131 |
| Total inventory change | 57,517 | -11,705 | 93,560 |
| Net operating profit | 230,430 | 110,127 | 322,060 |
| Depreciation and Other Capital Adjustments | | | |
| Breeding livestock | 9,736 | -2,669 | 9,920 |
| Machinery and equipment | -60,676 | -44,012 | -89,037 |
| Buildings and improvements | -35,031 | -23,454 | -57,149 |
| Other farm capital | 2,418 | 8,087 | 653 |
| Total depr. and other capital adj | -83,552 | -62,048 | -135,613 |
| Net farm income | 146,878 | 48,079 | 186,447 |

Table 35

Inventory Changes
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|---------|----------|
| Number of farms | 73 | 18 | 19 |
| Net cash farm income | 172,914 | 121,833 | 228,499 |
| Crops and Feed | | | |
| Ending inventory | 168,022 | 162,132 | 139,371 |
| Beginning inventory | 151,004 | 183,349 | 119,657 |
| Inventory change | 17,017 | -21,216 | 19,714 |
| Market Livestock | | | |
| Ending inventory | 10,978 | 17,719 | 4,693 |
| Beginning inventory | 10,699 | 17,185 | 7,129 |
| Inventory change | 279 | 534 | -2,436 |
| Accts Receivable & Other Current Assets | | | |
| Ending inventory | 54,209 | 45,724 | 59,523 |
| Beginning inventory | 35,317 | 41,873 | 29,164 |
| Inventory change | 18,892 | 3,851 | 30,358 |
| Prepaid Expenses and Supplies | | | |
| Ending inventory | 28,324 | 13,540 | 39,248 |
| Beginning inventory | 16,112 | 7,769 | 20,455 |
| Inventory change | 12,212 | 5,771 | 18,793 |
| Accounts Payable & Accrued Expenses | | | |
| Beginning inventory | 21,249 | 22,556 | 34,304 |
| Ending inventory | 12,133 | 23,202 | 7,173 |
| Inventory change | 9,117 | -645 | 27,131 |
| Total inventory change | 57,517 | -11,705 | 93,560 |
| Net operating profit | 230,430 | 110,127 | 322,060 |

Table 36

Depreciation and Other Capital Adjustments
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|---------|----------|
| Number of farms | 73 | 18 | 19 |
| Net operating profit | 230,430 | 110,127 | 322,060 |
| Breeding Livestock | | | |
| Ending inventory | 442,781 | 437,557 | 380,939 |
| Capital sales | 739 | 206 | 453 |
| Beginning inventory | 411,967 | 425,883 | 363,727 |
| Capital purchases | 21,817 | 14,550 | 7,745 |
| Depreciation, capital adjust. | 9,736 | -2,669 | 9,920 |
| Machinery and Equipment | | | |
| Ending inventory | 137,104 | 133,303 | 130,291 |
| Capital sales | 2,253 | 1,032 | 1,658 |
| Beginning inventory | 140,830 | 132,434 | 166,046 |
| Capital purchases | 59,203 | 45,912 | 54,940 |
| Depreciation, capital adjust. | -60,676 | -44,012 | -89,037 |
| Buildings and Improvements | | | |
| Ending inventory | 189,931 | 174,163 | 151,033 |
| Capital sales | 9 | - | - |
| Beginning inventory | 152,216 | 161,549 | 177,997 |
| Capital purchases | 72,754 | 36,068 | 30,185 |
| Depreciation, capital adjust. | -35,031 | -23,454 | -57,149 |
| Other Capital Assets | | | |
| Ending inventory | 39,123 | 54,548 | 24,598 |
| Capital sales | 5,207 | 3,637 | 1,790 |
| Beginning inventory | 37,461 | 47,552 | 27,071 |
| Capital purchases | 4,451 | 2,546 | -1,336 |
| Depreciation, capital adjust. | 2,418 | 8,087 | 653 |
| Total depreciation, capital adj. | -83,552 | -62,048 | -135,613 |
| Net farm income | 146,878 | 48,079 | 186,447 |

Table 37

Profitability Measures
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|-----------|-----------|
| Number of farms | 73 | 18 | 19 |
| Profitability (assets valued at cost) | | | |
| Net farm income | 146,878 | 48,079 | 186,447 |
| Labor and management earnings | 98,727 | -1,330 | 139,591 |
| Rate of return on assets | 9.1 % | 1.8 % | 14.4 % |
| Rate of return on equity | 11.3 % | -1.6 % | 18.6 % |
| Operating profit margin | 17.8 % | 4.5 % | 22.7 % |
| Asset turnover rate | 50.9 % | 40.8 % | 63.3 % |
| Interest on farm net worth | 48,151 | 49,409 | 46,856 |
| Farm interest expense | 33,399 | 39,864 | 22,913 |
| Value of operator lbr and mgmt. | 57,163 | 61,135 | 42,258 |
| Return on farm assets | 123,115 | 26,808 | 167,101 |
| Average farm assets | 1,357,679 | 1,472,925 | 1,161,351 |
| Return on farm equity | 89,715 | -13,055 | 144,189 |
| Average farm equity | 791,714 | 823,487 | 775,390 |
| Value of farm production | 691,117 | 601,659 | 735,699 |
| | Avg. Of All Farms | Low 25% | High 25% |
| Number of farms | 73 | 18 | 19 |
| Profitability (assets valued at market) | | | |
| Net farm income | 228,279 | 42,090 | 409,312 |
| Labor and management earnings | 125,143 | -81,609 | 306,970 |
| Rate of return on assets | 8.9 % | 0.8 % | 18.6 % |
| Rate of return on equity | 10.0 % | -0.9 % | 21.5 % |
| Operating profit margin | 29.6 % | 3.5 % | 53.0 % |
| Asset turnover rate | 30.2 % | 22.1 % | 35.2 % |
| Interest on farm net worth | 103,136 | 123,699 | 102,341 |
| Farm interest expense | 33,399 | 39,864 | 22,913 |
| Value of operator lbr and mgmt. | 57,163 | 61,135 | 42,258 |
| Return on farm assets | 204,515 | 20,819 | 389,966 |
| Average farm assets | 2,291,287 | 2,720,112 | 2,091,646 |
| Return on farm equity | 171,116 | -19,045 | 367,053 |
| Average farm equity | 1,718,930 | 2,061,656 | 1,705,685 |
| Value of farm production | 691,117 | 601,659 | 735,699 |

Table 38

Liquidity Measures
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|---------|----------|
| Number of farms | 73 | 18 | 19 |
| Liquidity (cash) | | | |
| Net cash farm income | 172,914 | 121,833 | 228,499 |
| Net nonfarm income | 7,680 | 14,541 | 2,040 |
| Family living and taxes | 65,918 | 49,996 | 91,826 |
| Principal due on long term debt | 20,019 | 23,665 | 14,554 |
| Cash available for interm. debt | 94,657 | 62,713 | 124,159 |
| Average intermediate debt | 185,110 | 201,093 | 119,745 |
| Years to turnover interm. debt | 2.0 | 3.2 | 1.0 |
| Expense as a % of income | 79 % | 85 % | 73 % |
| Interest as a % of income | 4 % | 5 % | 3 % |
| Working capital to gross income | 24 % | 16 % | 23 % |
| Liquidity (accrual) | | | |
| Total accrual farm income | 861,509 | 784,945 | 907,414 |
| Total accrual operating expense | 631,079 | 674,818 | 585,354 |
| Net accrual operating income | 230,430 | 110,127 | 322,060 |
| Net nonfarm income | 7,680 | 14,541 | 2,040 |
| Family living and taxes | 65,918 | 49,996 | 91,826 |
| Principal due on long term debt | 20,019 | 23,665 | 14,554 |
| Available for intermediate debt | 152,174 | 51,008 | 217,720 |
| Average intermediate debt | 185,110 | 201,093 | 119,745 |
| Years to turnover interm. debt | 1.2 | 3.9 | 0.5 |
| Expense as a % of income | 73 % | 86 % | 65 % |
| Interest as a % of income | 4 % | 5 % | 3 % |
| Working capital to gross income | 23 % | 17 % | 21 % |

Table 39

Balance Sheet at Cost Values
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | | Low 25% | | High 25% | |
|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Number of farms | 73 | | 18 | | 19 | |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 30,692 | 40,980 | 21,873 | 28,010 | 44,354 | 55,254 |
| Prepaid expenses & supplies | 16,112 | 28,324 | 7,769 | 13,540 | 20,455 | 39,248 |
| Growing crops | 9,881 | 12,247 | 9,307 | 10,479 | 10,267 | 14,166 |
| Accounts receivable | 23,658 | 39,414 | 28,786 | 33,635 | 17,734 | 41,686 |
| Hedging accounts | 94 | 28 | 60 | 60 | 0 | 0 |
| Crops held for sale or feed | 150,118 | 167,137 | 183,349 | 162,132 | 119,657 | 139,371 |
| Crops under government loan | 886 | 884 | 0 | 0 | 0 | 0 |
| Market livestock held for sale | 10,699 | 10,978 | 17,185 | 17,719 | 7,129 | 4,693 |
| Other current assets | 1,684 | 2,519 | 3,721 | 1,551 | 1,163 | 3,671 |
| Total current farm assets | 243,824 | 302,513 | 272,049 | 267,125 | 220,759 | 298,089 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 411,967 | 442,781 | 425,883 | 437,557 | 363,727 | 380,939 |
| Machinery and equipment | 138,897 | 136,209 | 132,434 | 133,303 | 159,985 | 127,928 |
| Titled vehicles | 1,932 | 894 | 0 | 0 | 6,062 | 2,363 |
| Other intermediate assets | 19,013 | 20,200 | 22,549 | 21,639 | 9,473 | 8,566 |
| Total intermediate farm assets | 571,809 | 600,084 | 580,866 | 592,499 | 539,246 | 519,796 |
| Long Term Farm Assets | | | | | | |
| Farm land | 310,127 | 307,482 | 417,921 | 421,765 | 210,944 | 171,207 |
| Buildings and improvements | 152,216 | 189,931 | 161,549 | 174,163 | 177,997 | 151,033 |
| Other long-term assets | 18,448 | 18,923 | 25,004 | 32,909 | 17,598 | 16,032 |
| Total long-term farm assets | 480,791 | 516,336 | 604,473 | 628,837 | 406,539 | 338,273 |
| Total Farm Assets | 1,296,425 | 1,418,934 | 1,457,388 | 1,488,461 | 1,166,544 | 1,156,158 |
| Total Nonfarm Assets | 125,083 | 132,349 | 95,964 | 103,397 | 86,684 | 108,324 |
| Total Assets | 1,421,507 | 1,551,282 | 1,553,352 | 1,591,858 | 1,253,229 | 1,264,482 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 1,242 | 1,370 | 2,243 | 1,405 | 258 | 509 |
| Accounts payable | 20,008 | 10,763 | 20,313 | 21,797 | 34,046 | 6,664 |
| Current notes | 47,736 | 36,229 | 60,035 | 53,644 | 62,327 | 50,114 |
| Government crop loans | 721 | 337 | 0 | 0 | 0 | 0 |
| Principal due on term debt | 51,219 | 54,565 | 61,050 | 60,247 | 39,360 | 46,051 |
| Total current farm liabilities | 120,924 | 103,265 | 143,642 | 137,092 | 135,991 | 103,337 |
| Total intermediate farm liabs | 136,218 | 167,250 | 184,201 | 144,714 | 87,106 | 96,892 |
| Total long term farm liabilities | 281,036 | 323,238 | 319,132 | 370,096 | 164,306 | 184,290 |
| Total farm liabilities | 538,178 | 593,753 | 646,974 | 651,902 | 387,403 | 384,519 |
| Total nonfarm liabilities | 9,488 | 8,882 | 15,113 | 14,044 | 2,258 | 2,093 |
| Total liabilities | 547,666 | 602,635 | 662,087 | 665,946 | 389,661 | 386,612 |
| Net worth (farm and nonfarm) | 873,842 | 948,647 | 891,264 | 925,912 | 863,567 | 877,871 |
| Net worth change | | 74,805 | | 34,648 | | 14,303 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 50 % | 34 % | 53 % | 51 % | 62 % | 35 % |
| Curr. & interm farm liab. / assets | 32 % | 30 % | 38 % | 33 % | 29 % | 24 % |
| Long term farm liab. / assets | 58 % | 63 % | 53 % | 59 % | 40 % | 54 % |
| Total debt to asset ratio | 39 % | 39 % | 43 % | 42 % | 31 % | 31 % |

Table 40

Balance Sheet at Market Values
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of | | Low 25% | | High 25% | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | All Farms | | | | | |
| Number of farms | 73 | | 18 | | 19 | |
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 30,692 | 40,980 | 21,873 | 28,010 | 44,354 | 55,254 |
| Prepaid expenses & supplies | 16,112 | 28,324 | 7,769 | 13,540 | 20,455 | 39,248 |
| Growing crops | 9,881 | 12,247 | 9,307 | 10,479 | 10,267 | 14,166 |
| Accounts receivable | 23,658 | 39,414 | 28,786 | 33,635 | 17,734 | 41,686 |
| Hedging accounts | 94 | 28 | 60 | 60 | 0 | 0 |
| Crops held for sale or feed | 150,118 | 167,137 | 183,349 | 162,132 | 119,657 | 139,371 |
| Crops under government loan | 886 | 884 | 0 | 0 | 0 | 0 |
| Market livestock held for sale | 10,699 | 10,978 | 17,185 | 17,719 | 7,129 | 4,693 |
| Other current assets | 1,684 | 2,519 | 3,721 | 1,551 | 1,163 | 3,671 |
| Total current farm assets | 243,824 | 302,513 | 272,049 | 267,125 | 220,759 | 298,089 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 430,822 | 468,138 | 431,783 | 437,207 | 412,050 | 457,255 |
| Machinery and equipment | 366,938 | 397,781 | 348,321 | 359,532 | 424,441 | 465,074 |
| Titled vehicles | 10,366 | 9,979 | 11,333 | 11,111 | 19,197 | 18,078 |
| Other intermediate assets | 22,759 | 24,422 | 22,549 | 21,639 | 9,056 | 9,476 |
| Total intermediate farm assets | 830,885 | 900,321 | 813,986 | 829,490 | 864,744 | 949,883 |
| Long Term Farm Assets | | | | | | |
| Farm land | 803,894 | 820,023 | 1,303,827 | 1,295,057 | 581,583 | 616,112 |
| Buildings and improvements | 289,753 | 348,949 | 293,414 | 307,468 | 294,914 | 312,782 |
| Other long-term assets | 21,062 | 21,350 | 24,948 | 32,859 | 23,406 | 21,019 |
| Total long-term farm assets | 1,114,709 | 1,190,322 | 1,622,189 | 1,635,384 | 899,904 | 949,913 |
| Total Farm Assets | 2,189,418 | 2,393,156 | 2,708,224 | 2,731,999 | 1,985,407 | 2,197,885 |
| Total Nonfarm Assets | 225,365 | 244,360 | 188,858 | 216,740 | 105,308 | 137,011 |
| Total Assets | 2,414,784 | 2,637,515 | 2,897,082 | 2,948,739 | 2,090,715 | 2,334,896 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 1,242 | 1,370 | 2,243 | 1,405 | 258 | 509 |
| Accounts payable | 20,008 | 10,763 | 20,313 | 21,797 | 34,046 | 6,664 |
| Current notes | 47,736 | 36,229 | 60,035 | 53,644 | 62,327 | 50,114 |
| Government crop loans | 721 | 337 | 0 | 0 | 0 | 0 |
| Principal due on term debt | 51,219 | 54,565 | 61,050 | 60,247 | 39,360 | 46,051 |
| Total current farm liabilities | 120,924 | 103,265 | 143,642 | 137,092 | 135,991 | 103,337 |
| Total intermediate farm liabs | 136,218 | 167,250 | 184,201 | 144,714 | 87,106 | 96,892 |
| Total long term farm liabilities | 281,036 | 323,238 | 319,132 | 370,096 | 164,306 | 184,290 |
| Total farm liabilities | 538,178 | 593,753 | 646,974 | 651,902 | 387,403 | 384,519 |
| Total nonfarm liabilities | 9,488 | 8,882 | 15,113 | 14,044 | 2,258 | 2,093 |
| Total liabs excluding deferreds | 547,666 | 602,635 | 662,087 | 665,946 | 389,661 | 386,612 |
| Total deferred liabilities | 7,269 | 7,097 | 9,538 | 8,229 | 0 | 0 |
| Total liabilities | 554,935 | 609,733 | 671,625 | 674,175 | 389,661 | 386,612 |
| Retained earnings | 873,842 | 948,647 | 891,264 | 925,912 | 863,567 | 877,871 |
| Market valuation equity | 986,007 | 1,079,135 | 1,334,192 | 1,348,652 | 837,486 | 1,070,414 |
| Net worth (farm and nonfarm) | 1,859,849 | 2,027,783 | 2,225,456 | 2,274,565 | 1,701,054 | 1,948,285 |
| Net worth excluding deferreds | 1,867,118 | 2,034,880 | 2,234,994 | 2,282,793 | 1,701,054 | 1,948,285 |
| Net worth change | | 167,934 | | 49,108 | | 247,231 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 50 % | 34 % | 53 % | 51 % | 62 % | 35 % |
| Curr. & interm farm liab. / assets | 24 % | 22 % | 30 % | 26 % | 21 % | 16 % |
| Long term farm liab. / assets | 25 % | 27 % | 20 % | 23 % | 18 % | 19 % |
| Total debt to asset ratio | 23 % | 23 % | 23 % | 23 % | 19 % | 17 % |
| Debt to assets excl deferreds | 23 % | 23 % | 23 % | 23 % | 19 % | 17 % |

Table 41

Statement Of Cash Flows
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|----------|----------|
| Number of farms | 73 | 18 | 19 |
| Beginning cash (farm & nonfarm) | 31,632 | 21,873 | 46,913 |
| Cash From Operating Activities | | | |
| Gross cash farm income | 825,321 | 801,776 | 859,778 |
| Net nonfarm income | 7,680 | 14,541 | 2,040 |
| Total cash farm expense | -652,407 | -679,943 | -631,278 |
| Apparent family living expense | -63,947 | -48,829 | -89,978 |
| Income and social security tax | -1,970 | -1,167 | -1,848 |
| Cash from operations | 114,676 | 86,378 | 138,713 |
| Cash From Investing Activities | | | |
| Sale of breeding livestock | 739 | 206 | 453 |
| Sale of machinery & equipment | 2,253 | 1,032 | 1,658 |
| Sale of titled vehicles | - | - | - |
| Sale of farm land | 6,548 | 20,000 | 6,211 |
| Sale of farm buildings | 9 | - | - |
| Sale of other farm assets | 5,207 | 3,637 | 1,790 |
| Sale of nonfarm assets | 690 | - | 174 |
| Purchase of breeding livestock | -21,817 | -14,550 | -7,745 |
| Purchase of machinery & equip. | -59,203 | -45,912 | -54,940 |
| Purchase of titled vehicles | - | - | - |
| Purchase of farm land | -15,986 | -9,400 | -28,690 |
| Purchase of farm buildings | -72,754 | -36,068 | -30,185 |
| Purchase of other farm assets | -4,451 | -2,546 | 1,336 |
| Purchase of nonfarm assets | -6,144 | - | -16,412 |
| Cash from investing activities | -164,910 | -83,601 | -126,351 |
| Cash From Financing Activities | | | |
| Money borrowed | 196,657 | 137,947 | 157,051 |
| Cash gifts and inheritances | 10,054 | 6,671 | 15,942 |
| Principal payments | -132,506 | -134,733 | -132,969 |
| Dividends paid | - | - | - |
| Gifts given | -12,195 | -6,527 | -35,771 |
| Cash from financing activities | 62,010 | 3,359 | 4,253 |
| Net change in cash balance | 11,776 | 6,136 | 16,615 |
| Ending cash (farm & nonfarm) | 43,408 | 28,010 | 63,528 |

Table 42

Financial Standards Measures
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|-------------------------------|----------------------|---------|----------|
| Number of farms | 73 | 18 | 19 |
| Liquidity | | | |
| Current ratio | 2.93 | 1.95 | 2.88 |
| Working capital | 199,248 | 130,033 | 194,752 |
| Solvency (market) | | | |
| Farm debt to asset ratio | 25 % | 24 % | 17 % |
| Farm equity to asset ratio | 75 % | 76 % | 83 % |
| Farm debt to equity ratio | 33 % | 32 % | 21 % |
| Profitability (cost) | | | |
| Rate of return on farm assets | 9.1 % | 1.8 % | 14.4 % |
| Rate of return on farm equity | 11.3 % | -1.6 % | 18.6 % |
| Operating profit margin | 17.8 % | 4.5 % | 22.7 % |
| Net farm income | 146,878 | 48,079 | 186,447 |
| Repayment Capacity | | | |
| Term debt coverage ratio | 260 % | 116 % | 455 % |
| Capital replacement margin | 120,640 | 13,135 | 192,914 |
| Efficiency | | | |
| Asset turnover rate (cost) | 50.9 % | 40.8 % | 63.3 % |
| Operating expense ratio | 69.4 % | 80.9 % | 62.0 % |
| Depreciation expense ratio | 9.7 % | 7.9 % | 14.9 % |
| Interest expense ratio | 3.9 % | 5.1 % | 2.5 % |
| Net farm income ratio | 17.0 % | 6.1 % | 20.5 % |

Table 43

Operator and Labor Information
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|-----------|-----------|
| Number of farms | 73 | 18 | 19 |
| Operator Information | | | |
| Average number of operators | 1.5 | 1.4 | 1.5 |
| Average age of operators | 50.5 | 49.7 | 47.9 |
| Average number of years farming | 26.8 | 26.9 | 24.2 |
| Results Per Operator | | | |
| Working capital | 132,832 | 93,624 | 127,596 |
| Total assets (market) | 1,758,343 | 2,123,092 | 1,529,760 |
| Total liabilities | 406,488 | 485,406 | 253,297 |
| Net worth (market) | 1,351,855 | 1,637,687 | 1,276,462 |
| Net worth excl deferred liabs | 1,356,587 | 1,643,611 | 1,276,462 |
| Gross farm income | 574,339 | 565,160 | 594,512 |
| Total farm expense | 476,420 | 530,543 | 472,357 |
| Net farm income | 97,919 | 34,617 | 122,155 |
| Net nonfarm income | 5,120 | 10,470 | 1,337 |
| Family living & tax withdrawals | 43,945 | 35,997 | 60,162 |
| Total acres owned | 309.3 | 570.1 | 189.0 |
| Total crop acres | 461.8 | 567.4 | 429.5 |
| Crop acres owned | 267.3 | 421.3 | 248.3 |
| Crop acres cash rented | 194.5 | 146.1 | 181.2 |
| Crop acres share rented | - | - | - |
| Total pasture acres | 3.0 | 3.5 | 0.9 |
| Labor Analysis | | | |
| Number of farms | 73 | 18 | 19 |
| Total unpaid labor hours | 4,467 | 4,029 | 4,443 |
| Total hired labor hours | 6,237 | 7,224 | 6,246 |
| Total labor hours per farm | 10,704 | 11,254 | 10,689 |
| Unpaid hours per operator | 2,978 | 2,901 | 2,911 |
| Value of farm production / hour | 64.57 | 53.46 | 68.83 |
| Net farm income / unpaid hour | 32.88 | 11.93 | 41.97 |
| Average hourly hired labor wage | 13.89 | 14.43 | 13.86 |
| Partnerships & LLCs | | | |
| Number of farms | 22 | 3 | 9 |
| Number of operators | 2.3 | - | 2.1 |
| Owner withdrawals per farm | - | - | - |
| Withdrawals per operator | - | - | - |

Table 44

Financial Summary
2007 MI Dairy (100-249 Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|-----------|-----------|
| Number of farms | 73 | 18 | 19 |
| Income Statement | | | |
| Gross cash farm income | 825,321 | 801,776 | 859,778 |
| Total cash farm expense | 652,407 | 679,943 | 631,278 |
| Net cash farm income | 172,914 | 121,833 | 228,499 |
| Inventory change | 57,517 | -11,705 | 93,560 |
| Depreciation and capital adjust | -83,552 | -62,048 | -135,613 |
| Average net farm income | 146,878 | 48,079 | 186,447 |
| Median net farm income | 133,652 | 52,629 | 173,039 |
| Profitability (cost) | | | |
| Labor and management earnings | 98,727 | -1,330 | 139,591 |
| Rate of return on assets | 9.1 % | 1.8 % | 14.4 % |
| Rate of return on equity | 11.3 % | -1.6 % | 18.6 % |
| Operating profit margin | 17.8 % | 4.5 % | 22.7 % |
| Asset turnover rate | 50.9 % | 40.8 % | 63.3 % |
| Profitability (market) | | | |
| Labor and management earnings | 125,143 | -81,609 | 306,970 |
| Rate of return on assets | 8.9 % | 0.8 % | 18.6 % |
| Rate of return on equity | 10.0 % | -0.9 % | 21.5 % |
| Operating profit margin | 29.6 % | 3.5 % | 53.0 % |
| Asset turnover rate | 30.2 % | 22.1 % | 35.2 % |
| Liquidity | | | |
| Ending current ratio | 2.93 | 1.95 | 2.88 |
| Ending working capital | 199,248 | 130,033 | 194,752 |
| End working capital to gross inc | 24.1 % | 16.2 % | 22.7 % |
| Term debt coverage ratio | 259.7 % | 115.8 % | 454.7 % |
| Expense as a percent of income | 73.3 % | 86.0 % | 64.5 % |
| Interest as a percent of income | 3.9 % | 5.1 % | 2.5 % |
| Solvency (cost) | | | |
| Number of farms | 73 | 18 | 19 |
| Ending farm assets | 1,418,934 | 1,488,461 | 1,156,158 |
| Ending farm liabilities | 593,753 | 651,902 | 384,519 |
| Ending total assets | 1,551,282 | 1,591,858 | 1,264,482 |
| Ending total liabilities | 602,635 | 665,946 | 386,612 |
| Ending net worth | 948,647 | 925,912 | 877,871 |
| Net worth change | 74,805 | 34,648 | 14,303 |
| Ending farm debt to asset ratio | 42 % | 44 % | 33 % |
| Beg total debt to asset ratio | 39 % | 43 % | 31 % |
| End total debt to asset ratio | 39 % | 42 % | 31 % |
| Solvency (market) | | | |
| Number of farms | 73 | 18 | 19 |
| Ending farm assets | 2,393,156 | 2,731,999 | 2,197,885 |
| Ending farm liabilities | 600,059 | 660,265 | 384,519 |
| Ending total assets | 2,637,515 | 2,948,739 | 2,334,896 |
| Ending total liabilities | 609,733 | 674,175 | 386,612 |
| Ending net worth | 2,027,783 | 2,274,565 | 1,948,285 |
| Net worth change | 167,934 | 49,108 | 247,231 |
| Ending farm debt to asset ratio | 25 % | 24 % | 17 % |
| Beg total debt to asset ratio | 23 % | 23 % | 19 % |
| End total debt to asset ratio | 23 % | 23 % | 17 % |
| Nonfarm Information | | | |
| Net nonfarm income | 7,680 | 14,541 | 2,040 |
| Farms reporting living expenses | 7 | 3 | 1 |
| Total family living expense | 25,322 | - | - |
| Total living, invest, & capital | 80,196 | - | - |
| Crop Acres | | | |
| Total acres owned | 464 | 792 | 288 |
| Total crop acres | 693 | 788 | 656 |
| Total crop acres owned | 401 | 585 | 379 |
| Total crop acres cash rented | 292 | 203 | 277 |
| Total crop acres share rented | - | - | - |

Table 46

Farm Income Statement
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------|----------------------|-----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Cash Farm Income | | | |
| Beans, Black Turtle | 401 | - | 1,471 |
| Beans, Green | 183 | 754 | - |
| Beans, Navy | 1,546 | 6,379 | - |
| Corn | 41,011 | 39,859 | 52,817 |
| Corn Silage | 7,744 | 1,909 | 25,644 |
| Corn, Seed | 206 | - | - |
| Hay, Mixed | 1,556 | 5,745 | - |
| Haylage, Alfalfa | 545 | - | - |
| Haylage, Mixed | 2,142 | 3,008 | 4,539 |
| Soybeans | 62,815 | 38,481 | 80,744 |
| Speltz | 1,575 | 6,499 | - |
| Straw | 712 | - | 2,609 |
| Sugar Beets | 22,189 | - | 46,127 |
| Wheat, Winter | 11,652 | 765 | 19,231 |
| Miscellaneous crop income | 64 | - | - |
| Beef Bulls | 165 | - | 606 |
| Beef Cow-Calf, Beef Calves | 35 | - | 129 |
| Dairy, Milk | 2,277,029 | 1,525,056 | 2,163,470 |
| Dairy, Dairy Calves | 9,919 | 5,514 | 10,114 |
| Dairy Replacement Heifers | 1,034 | - | 1,549 |
| Dairy Steer Finishing | 30,559 | 41,877 | 20,452 |
| Dairy Steer Feeders | 5,948 | - | 16,226 |
| Cull breeding livestock | 68,160 | 44,042 | 50,247 |
| Direct & CC govt payments | 9,211 | 8,130 | 6,073 |
| Other government payments | 22,145 | 11,655 | 29,850 |
| Custom work income | 9,548 | 5,295 | 23,297 |
| Patronage dividends, cash | 26,300 | 11,488 | 11,705 |
| Insurance income | 8,713 | 12,992 | 6,529 |
| Other farm income | -6,449 | 4,549 | 15,633 |
| Gross Cash Farm Income | 2,616,656 | 1,773,995 | 2,589,063 |

Table 46

Farm Income Statement (Continued)
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|-----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Cash Farm Expense | | | |
| Seed | 62,056 | 48,665 | 57,634 |
| Fertilizer | 100,046 | 77,129 | 90,267 |
| Crop chemicals | 31,265 | 21,761 | 22,229 |
| Crop insurance | 6,051 | 5,803 | 7,414 |
| Drying fuel | 1,297 | 2,119 | 240 |
| Irrigation energy | 471 | 1,941 | - |
| Crop custom hire | 1,172 | 1,232 | 3,202 |
| Crop marketing | 316 | 668 | 107 |
| Crop miscellaneous | 5,760 | 3,964 | 1,819 |
| Feeder livestock purchase | 1,632 | 316 | 1,207 |
| Purchased feed | 638,297 | 445,365 | 663,217 |
| Breeding fees | 22,182 | 14,132 | 22,300 |
| Veterinary | 72,118 | 57,892 | 58,858 |
| BST | 6,056 | 2,651 | - |
| Supplies | 89,443 | 72,155 | 60,138 |
| DHIA | 1,246 | 683 | 1,105 |
| Livestock custom hire | 290 | - | 1,065 |
| Livestock hauling and trucking | 13,284 | 16,183 | 8,618 |
| Livestock marketing | 56,305 | 33,057 | 45,767 |
| Bedding | 3,589 | 1,761 | 1,893 |
| Livestock miscellaneous | 58 | - | 212 |
| Interest | 108,219 | 66,384 | 101,067 |
| Packaging and supplies | 7,178 | 730 | 5,420 |
| Fuel & oil | 92,302 | 67,419 | 105,124 |
| Repairs | 146,827 | 107,784 | 169,729 |
| Custom hire | 89,061 | 44,352 | 68,284 |
| Hired labor | 349,741 | 254,663 | 271,979 |
| Land rent | 71,854 | 58,551 | 58,865 |
| Machinery leases | 12,883 | 12,493 | 11,547 |
| Real estate taxes | 14,864 | 13,023 | 18,139 |
| Personal property taxes | 431 | 959 | 290 |
| Farm insurance | 29,611 | 28,385 | 24,241 |
| Utilities | 50,791 | 38,452 | 41,930 |
| Hauling and trucking | 428 | - | 418 |
| Marketing | 1,835 | - | - |
| Dues & professional fees | 8,989 | 7,612 | 4,943 |
| Hedging account deposits | 4,744 | 19,006 | - |
| Miscellaneous | 54,906 | 44,572 | 49,069 |
| Total cash expense | 2,157,597 | 1,571,856 | 1,978,335 |
| Net cash farm income | 459,059 | 202,139 | 610,729 |
| Inventory Changes | | | |
| Crops and feed | 97,715 | 75,960 | 117,540 |
| Market livestock | 1,625 | -2,221 | 3,195 |
| Accounts receivable | 54,332 | 11,259 | 73,455 |
| Prepaid expenses and supplies | 73,472 | 20,284 | 97,151 |
| Accounts payable | 6,089 | -1,239 | 8,316 |
| Total inventory change | 233,233 | 104,043 | 299,658 |
| Net operating profit | 692,292 | 306,182 | 910,386 |
| Depreciation and Other Capital Adjustments | | | |
| Breeding livestock | 30,604 | -4,483 | 60,403 |
| Machinery and equipment | -133,992 | -77,893 | -119,223 |
| Buildings and improvements | -100,239 | -38,675 | -106,139 |
| Other farm capital | -2,039 | -7,343 | -263 |
| Total depr. and other capital adj | -205,666 | -128,394 | -165,222 |
| Net farm income | 486,626 | 177,787 | 745,164 |

Table 47

Inventory Changes
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|---------|----------|
| Number of farms | 33 | 8 | 9 |
| Net cash farm income | 459,059 | 202,139 | 610,729 |
| Crops and Feed | | | |
| Ending inventory | 549,042 | 466,193 | 547,064 |
| Beginning inventory | 451,327 | 390,233 | 429,524 |
| Inventory change | 97,715 | 75,960 | 117,540 |
| Market Livestock | | | |
| Ending inventory | 35,807 | 28,949 | 49,445 |
| Beginning inventory | 34,182 | 31,170 | 46,250 |
| Inventory change | 1,625 | -2,221 | 3,195 |
| Accts Receivable & Other Current Assets | | | |
| Ending inventory | 159,970 | 115,286 | 178,532 |
| Beginning inventory | 105,638 | 104,027 | 105,077 |
| Inventory change | 54,332 | 11,259 | 73,455 |
| Prepaid Expenses and Supplies | | | |
| Ending inventory | 146,921 | 41,650 | 205,329 |
| Beginning inventory | 73,449 | 21,366 | 108,178 |
| Inventory change | 73,472 | 20,284 | 97,151 |
| Accounts Payable & Accrued Expenses | | | |
| Beginning inventory | 45,114 | 73,042 | 12,753 |
| Ending inventory | 39,025 | 74,281 | 4,436 |
| Inventory change | 6,089 | -1,239 | 8,316 |
| Total inventory change | 233,233 | 104,043 | 299,658 |
| Net operating profit | 692,292 | 306,182 | 910,386 |

Table 48

Depreciation and Other Capital Adjustments
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Net operating profit | 692,292 | 306,182 | 910,386 |
| Breeding Livestock | | | |
| Ending inventory | 1,136,728 | 637,245 | 1,038,717 |
| Capital sales | 13,125 | 6,678 | 22,444 |
| Beginning inventory | 1,060,398 | 588,871 | 960,431 |
| Capital purchases | 58,851 | 59,535 | 40,327 |
| Depreciation, capital adjust. | 30,604 | -4,483 | 60,403 |
| Machinery and Equipment | | | |
| Ending inventory | 416,075 | 180,897 | 372,055 |
| Capital sales | 6,292 | 10,010 | 2,167 |
| Beginning inventory | 370,475 | 207,140 | 294,522 |
| Capital purchases | 185,884 | 61,660 | 198,922 |
| Depreciation, capital adjust. | -133,992 | -77,893 | -119,223 |
| Buildings and Improvements | | | |
| Ending inventory | 454,016 | 312,992 | 405,207 |
| Capital sales | 118 | - | 433 |
| Beginning inventory | 435,789 | 201,308 | 447,628 |
| Capital purchases | 118,584 | 150,359 | 64,152 |
| Depreciation, capital adjust. | -100,239 | -38,675 | -106,139 |
| Other Capital Assets | | | |
| Ending inventory | 138,002 | 36,035 | 93,458 |
| Capital sales | 31,717 | 8,221 | 27,691 |
| Beginning inventory | 109,013 | 36,927 | 86,093 |
| Capital purchases | 62,745 | 14,672 | 35,319 |
| Depreciation, capital adjust. | -2,039 | -7,343 | -263 |
| Total depreciation, capital adj. | -205,666 | -128,394 | -165,222 |
| Net farm income | 486,626 | 177,787 | 745,164 |

Table 49

Profitability Measures
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---|----------------------|-----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Profitability (assets valued at cost) | | | |
| Net farm income | 486,626 | 177,787 | 745,164 |
| Labor and management earnings | 380,818 | 120,831 | 655,334 |
| Rate of return on assets | 14.8 % | 7.4 % | 24.2 % |
| Rate of return on equity | 22.9 % | 10.8 % | 44.3 % |
| Operating profit margin | 23.5 % | 12.0 % | 35.1 % |
| Asset turnover rate | 62.8 % | 61.4 % | 68.9 % |
| Interest on farm net worth | 105,809 | 56,956 | 89,830 |
| Farm interest expense | 108,460 | 66,566 | 101,035 |
| Value of operator lbr and mgmt. | 86,179 | 75,515 | 82,065 |
| Return on farm assets | 508,907 | 168,839 | 764,135 |
| Average farm assets | 3,439,215 | 2,296,172 | 3,161,925 |
| Return on farm equity | 400,447 | 102,273 | 663,099 |
| Average farm equity | 1,745,545 | 949,270 | 1,497,161 |
| Value of farm production | 2,161,003 | 1,408,830 | 2,179,232 |
| | Avg. Of All Farms | Low 25% | High 25% |
| Number of farms | 33 | 8 | 9 |
| Profitability (assets valued at market) | | | |
| Net farm income | 748,319 | 241,825 | 1,239,685 |
| Labor and management earnings | 526,191 | 105,508 | 1,032,841 |
| Rate of return on assets | 14.2 % | 6.2 % | 24.6 % |
| Rate of return on equity | 17.9 % | 7.3 % | 33.6 % |
| Operating profit margin | 35.7 % | 16.5 % | 57.8 % |
| Asset turnover rate | 39.8 % | 37.7 % | 42.6 % |
| Interest on farm net worth | 222,128 | 136,318 | 206,844 |
| Farm interest expense | 108,460 | 66,566 | 101,035 |
| Value of operator lbr and mgmt. | 86,179 | 75,515 | 82,065 |
| Return on farm assets | 770,600 | 232,877 | 1,258,656 |
| Average farm assets | 5,424,879 | 3,738,801 | 5,112,162 |
| Return on farm equity | 662,140 | 166,311 | 1,157,621 |
| Average farm equity | 3,702,133 | 2,271,959 | 3,447,398 |
| Value of farm production | 2,161,003 | 1,408,830 | 2,179,232 |

Table 50

Liquidity Measures
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|-----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Liquidity (cash) | | | |
| Net cash farm income | 459,059 | 202,139 | 610,729 |
| Net nonfarm income | 22,295 | 17,041 | 6,390 |
| Family living and taxes | 114,467 | 63,312 | 136,560 |
| Principal due on long term debt | 45,269 | 24,100 | 53,216 |
| Cash available for interm. debt | 321,619 | 131,768 | 427,342 |
| Average intermediate debt | 382,533 | 229,550 | 388,256 |
| Years to turnover interm. debt | 1.2 | 1.7 | 0.9 |
| Expense as a % of income | 82 % | 89 % | 76 % |
| Interest as a % of income | 4 % | 4 % | 4 % |
| Working capital to gross income | 21 % | 14 % | 27 % |
| Liquidity (accrual) | | | |
| Total accrual farm income | 2,770,328 | 1,858,994 | 2,783,254 |
| Total accrual operating expense | 2,078,036 | 1,552,812 | 1,872,867 |
| Net accrual operating income | 692,292 | 306,182 | 910,386 |
| Net nonfarm income | 22,295 | 17,041 | 6,390 |
| Family living and taxes | 114,467 | 63,312 | 136,560 |
| Principal due on long term debt | 45,269 | 24,100 | 53,216 |
| Available for intermediate debt | 554,852 | 235,811 | 727,000 |
| Average intermediate debt | 382,533 | 229,550 | 388,256 |
| Years to turnover interm. debt | 0.7 | 1.0 | 0.5 |
| Expense as a % of income | 75 % | 84 % | 67 % |
| Interest as a % of income | 4 % | 4 % | 4 % |
| Working capital to gross income | 20 % | 13 % | 25 % |

Table 51

Balance Sheet at Cost Values
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of | | Low 25% | | High 25% | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | All Farms | | | | | |
| Number of farms | 33 | | 8 | | 9 | |
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 36,026 | 24,712 | 18,029 | 17,654 | 24,622 | 31,503 |
| Prepaid expenses & supplies | 73,449 | 146,921 | 21,366 | 41,650 | 108,178 | 205,329 |
| Growing crops | 23,037 | 30,898 | 22,223 | 36,711 | 21,016 | 31,294 |
| Accounts receivable | 70,940 | 122,003 | 63,830 | 77,055 | 57,278 | 126,001 |
| Hedging accounts | 2,061 | 0 | 2,250 | 0 | 5,556 | 0 |
| Crops held for sale or feed | 444,668 | 545,868 | 362,766 | 453,100 | 429,524 | 547,064 |
| Crops under government loan | 6,659 | 3,174 | 27,467 | 13,093 | 0 | 0 |
| Market livestock held for sale | 34,182 | 35,807 | 31,170 | 28,949 | 46,250 | 49,445 |
| Other current assets | 9,601 | 7,070 | 15,724 | 1,521 | 21,228 | 21,238 |
| Total current farm assets | 700,623 | 916,452 | 564,824 | 669,732 | 713,651 | 1,011,874 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 1,060,398 | 1,136,728 | 588,871 | 637,245 | 960,431 | 1,038,717 |
| Machinery and equipment | 369,223 | 415,245 | 207,140 | 180,897 | 289,931 | 369,009 |
| Titled vehicles | 1,252 | 831 | 0 | 0 | 4,591 | 3,046 |
| Other intermediate assets | 95,966 | 109,128 | 32,016 | 31,057 | 58,336 | 65,701 |
| Total intermediate farm assets | 1,526,839 | 1,661,931 | 828,026 | 849,198 | 1,313,290 | 1,476,473 |
| Long Term Farm Assets | | | | | | |
| Farm land | 546,225 | 594,633 | 532,705 | 623,668 | 431,283 | 468,931 |
| Buildings and improvements | 435,789 | 454,016 | 201,308 | 312,992 | 447,628 | 405,207 |
| Other long-term assets | 13,048 | 28,875 | 4,911 | 4,978 | 27,757 | 27,757 |
| Total long-term farm assets | 995,062 | 1,077,523 | 738,925 | 941,638 | 906,668 | 901,895 |
| Total Farm Assets | 3,222,523 | 3,655,906 | 2,131,775 | 2,460,568 | 2,933,609 | 3,390,242 |
| Total Nonfarm Assets | 221,334 | 246,267 | 70,130 | 71,415 | 19,111 | 19,111 |
| Total Assets | 3,443,857 | 3,902,173 | 2,201,905 | 2,531,984 | 2,952,720 | 3,409,353 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 4,672 | 4,913 | 852 | 1,034 | 649 | 617 |
| Accounts payable | 40,442 | 34,112 | 72,190 | 73,248 | 12,104 | 3,819 |
| Current notes | 163,383 | 175,832 | 211,381 | 259,707 | 115,492 | 143,614 |
| Government crop loans | 5,623 | 3,174 | 23,194 | 13,093 | 0 | 0 |
| Principal due on term debt | 118,361 | 146,519 | 78,237 | 81,732 | 142,819 | 154,904 |
| Total current farm liabilities | 332,481 | 364,550 | 385,854 | 428,814 | 271,064 | 302,953 |
| Total intermediate farm liabs | 300,542 | 303,537 | 156,757 | 204,474 | 355,135 | 257,551 |
| Total long term farm liabilities | 1,031,667 | 1,054,562 | 708,346 | 809,559 | 1,073,449 | 1,069,377 |
| Total farm liabilities | 1,664,691 | 1,722,648 | 1,250,957 | 1,442,847 | 1,699,648 | 1,629,882 |
| Total nonfarm liabilities | 4,510 | 4,204 | 0 | 0 | 0 | 0 |
| Total liabilities | 1,669,200 | 1,726,852 | 1,250,957 | 1,442,847 | 1,699,648 | 1,629,882 |
| Net worth (farm and nonfarm) | 1,774,657 | 2,175,322 | 950,948 | 1,089,137 | 1,253,072 | 1,779,471 |
| Net worth change | | 400,665 | | 138,189 | | 526,399 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 47 % | 40 % | 68 % | 64 % | 38 % | 30 % |
| Curr. & interm farm liab. / assets | 28 % | 26 % | 39 % | 42 % | 31 % | 23 % |
| Long term farm liab. / assets | 104 % | 98 % | 96 % | 86 % | 118 % | 119 % |
| Total debt to asset ratio | 48 % | 44 % | 57 % | 57 % | 58 % | 48 % |

Table 52

Balance Sheet at Market Values
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | | Low 25% | | High 25% | |
|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Number of farms | 33 | | 8 | | 9 | |
| Assets | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 36,026 | 24,712 | 18,029 | 17,654 | 24,622 | 31,503 |
| Prepaid expenses & supplies | 73,449 | 146,921 | 21,366 | 41,650 | 108,178 | 205,329 |
| Growing crops | 23,037 | 30,898 | 22,223 | 36,711 | 21,016 | 31,294 |
| Accounts receivable | 70,940 | 122,003 | 63,830 | 77,055 | 57,278 | 126,001 |
| Hedging accounts | 2,061 | 0 | 2,250 | 0 | 5,556 | 0 |
| Crops held for sale or feed | 444,668 | 545,868 | 362,766 | 453,100 | 429,524 | 547,064 |
| Crops under government loan | 6,659 | 3,174 | 27,467 | 13,093 | 0 | 0 |
| Market livestock held for sale | 34,182 | 35,807 | 31,170 | 28,949 | 46,250 | 49,445 |
| Other current assets | 9,601 | 7,070 | 15,724 | 1,521 | 21,228 | 21,238 |
| Total current farm assets | 700,623 | 916,452 | 564,824 | 669,732 | 713,651 | 1,011,874 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 1,173,101 | 1,296,149 | 710,608 | 772,108 | 1,122,876 | 1,289,317 |
| Machinery and equipment | 749,991 | 825,172 | 486,097 | 540,478 | 784,502 | 862,675 |
| Titled vehicles | 7,061 | 15,386 | 1,625 | 1,406 | 21,667 | 38,111 |
| Other intermediate assets | 115,489 | 130,085 | 32,016 | 31,057 | 112,412 | 125,923 |
| Total intermediate farm assets | 2,045,642 | 2,266,791 | 1,230,346 | 1,345,049 | 2,041,456 | 2,316,026 |
| Long Term Farm Assets | | | | | | |
| Farm land | 1,552,576 | 1,696,732 | 1,350,648 | 1,459,900 | 1,238,209 | 1,556,610 |
| Buildings and improvements | 764,176 | 865,603 | 386,393 | 463,958 | 615,513 | 675,473 |
| Other long-term assets | 12,676 | 28,486 | 3,376 | 3,376 | 27,757 | 27,757 |
| Total long-term farm assets | 2,329,429 | 2,590,822 | 1,740,417 | 1,927,234 | 1,881,478 | 2,259,839 |
| Total Farm Assets | 5,075,693 | 5,774,065 | 3,535,587 | 3,942,014 | 4,636,585 | 5,587,739 |
| Total Nonfarm Assets | 287,357 | 305,288 | 104,362 | 105,647 | 88,045 | 94,495 |
| Total Assets | 5,363,050 | 6,079,354 | 3,639,949 | 4,047,662 | 4,724,630 | 5,682,235 |
| Liabilities | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 4,672 | 4,913 | 852 | 1,034 | 649 | 617 |
| Accounts payable | 40,442 | 34,112 | 72,190 | 73,248 | 12,104 | 3,819 |
| Current notes | 163,383 | 175,832 | 211,381 | 259,707 | 115,492 | 143,614 |
| Government crop loans | 5,623 | 3,174 | 23,194 | 13,093 | 0 | 0 |
| Principal due on term debt | 118,361 | 146,519 | 78,237 | 81,732 | 142,819 | 154,904 |
| Total current farm liabilities | 332,481 | 364,550 | 385,854 | 428,814 | 271,064 | 302,953 |
| Total intermediate farm liabs | 300,542 | 303,537 | 156,757 | 204,474 | 355,135 | 257,551 |
| Total long term farm liabilities | 1,031,667 | 1,054,562 | 708,346 | 809,559 | 1,073,449 | 1,069,377 |
| Total farm liabilities | 1,664,691 | 1,722,648 | 1,250,957 | 1,442,847 | 1,699,648 | 1,629,882 |
| Total nonfarm liabilities | 4,510 | 4,204 | 0 | 0 | 0 | 0 |
| Total liabs excluding deferreds | 1,669,200 | 1,726,852 | 1,250,957 | 1,442,847 | 1,699,648 | 1,629,882 |
| Total deferred liabilities | 27,428 | 30,724 | 113,142 | 126,738 | 0 | 0 |
| Total liabilities | 1,696,628 | 1,757,576 | 1,364,099 | 1,569,585 | 1,699,648 | 1,629,882 |
| Retained earnings | 1,774,657 | 2,175,322 | 950,948 | 1,089,137 | 1,253,072 | 1,779,471 |
| Market valuation equity | 1,891,765 | 2,146,456 | 1,324,902 | 1,388,940 | 1,771,910 | 2,272,882 |
| Net worth (farm and nonfarm) | 3,666,422 | 4,321,777 | 2,275,850 | 2,478,077 | 3,024,982 | 4,052,353 |
| Net worth excluding deferreds | 3,693,850 | 4,352,502 | 2,388,992 | 2,604,815 | 3,024,982 | 4,052,353 |
| Net worth change | | 655,356 | | 202,227 | | 1,027,371 |
| Ratio Analysis | | | | | | |
| Current farm liabilities / assets | 47 % | 40 % | 68 % | 64 % | 38 % | 30 % |
| Curr. & interm farm liab. / assets | 23 % | 21 % | 30 % | 31 % | 23 % | 17 % |
| Long term farm liab. / assets | 44 % | 41 % | 41 % | 42 % | 57 % | 47 % |
| Total debt to asset ratio | 32 % | 29 % | 37 % | 39 % | 36 % | 29 % |
| Debt to assets excl deferreds | 31 % | 28 % | 34 % | 36 % | 36 % | 29 % |

Table 53

Statement Of Cash Flows
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|------------|------------|
| Number of farms | 33 | 8 | 9 |
| Beginning cash (farm & nonfarm) | 36,026 | 18,029 | 24,622 |
| Cash From Operating Activities | | | |
| Gross cash farm income | 2,616,656 | 1,773,995 | 2,589,063 |
| Net nonfarm income | 22,295 | 17,041 | 6,390 |
| Total cash farm expense | -2,157,597 | -1,571,856 | -1,978,335 |
| Apparent family living expense | -102,774 | -62,257 | -130,044 |
| Income and social security tax | -11,692 | -1,055 | -6,516 |
| Cash from operations | 366,888 | 155,868 | 480,559 |
| Cash From Investing Activities | | | |
| Sale of breeding livestock | 13,125 | 6,678 | 22,444 |
| Sale of machinery & equipment | 6,292 | 10,010 | 2,167 |
| Sale of titled vehicles | - | - | - |
| Sale of farm land | 121 | - | - |
| Sale of farm buildings | 118 | - | 433 |
| Sale of other farm assets | 31,717 | 8,221 | 27,691 |
| Sale of nonfarm assets | 734 | - | 1,196 |
| Purchase of breeding livestock | -58,851 | -59,535 | -40,327 |
| Purchase of machinery & equip. | -185,884 | -61,660 | -198,922 |
| Purchase of titled vehicles | - | - | - |
| Purchase of farm land | -66,787 | -95,434 | -127,543 |
| Purchase of farm buildings | -118,584 | -150,359 | -64,152 |
| Purchase of other farm assets | -62,745 | -14,672 | -35,319 |
| Purchase of nonfarm assets | -10,695 | -2,870 | - |
| Cash from investing activities | -451,439 | -359,622 | -412,332 |
| Cash From Financing Activities | | | |
| Money borrowed | 475,489 | 436,904 | 284,997 |
| Cash gifts and inheritances | 17,762 | 12,729 | 24,104 |
| Principal payments | -411,508 | -246,254 | -346,446 |
| Dividends paid | - | - | - |
| Gifts given | -8,506 | - | -24,000 |
| Cash from financing activities | 73,237 | 203,379 | -61,345 |
| Net change in cash balance | -11,314 | -375 | 6,881 |
| Ending cash (farm & nonfarm) | 24,712 | 17,654 | 31,503 |

Table 54

Financial Standards Measures
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|-------------------------------|----------------------|---------|----------|
| Number of farms | 33 | 8 | 9 |
| Liquidity | | | |
| Current ratio | 2.51 | 1.56 | 3.34 |
| Working capital | 551,902 | 240,918 | 708,920 |
| Solvency (market) | | | |
| Farm debt to asset ratio | 30 % | 40 % | 29 % |
| Farm equity to asset ratio | 70 % | 60 % | 71 % |
| Farm debt to equity ratio | 44 % | 66 % | 41 % |
| Profitability (cost) | | | |
| Rate of return on farm assets | 14.8 % | 7.4 % | 24.2 % |
| Rate of return on farm equity | 22.9 % | 10.8 % | 44.3 % |
| Operating profit margin | 23.5 % | 12.0 % | 35.1 % |
| Net farm income | 486,626 | 177,787 | 745,164 |
| Repayment Capacity | | | |
| Term debt coverage ratio | 360 % | 246 % | 395 % |
| Capital replacement margin | 479,122 | 181,673 | 627,897 |
| Efficiency | | | |
| Asset turnover rate (cost) | 62.8 % | 61.4 % | 68.9 % |
| Operating expense ratio | 71.1 % | 79.9 % | 63.7 % |
| Depreciation expense ratio | 7.4 % | 6.9 % | 5.9 % |
| Interest expense ratio | 3.9 % | 3.6 % | 3.6 % |
| Net farm income ratio | 17.6 % | 9.6 % | 26.8 % |

Table 55

Operator and Labor Information
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|---------------------------------|----------------------|-----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Operator Information | | | |
| Average number of operators | 1.8 | 1.8 | 1.6 |
| Average age of operators | 54.6 | 53.6 | 54.1 |
| Average number of years farming | 30.9 | 29.6 | 28.2 |
| Results Per Operator | | | |
| Working capital | 308,691 | 137,667 | 455,734 |
| Total assets (market) | 3,400,316 | 2,312,949 | 3,652,865 |
| Total liabilities | 983,051 | 896,906 | 1,047,781 |
| Net worth (market) | 2,417,265 | 1,416,044 | 2,605,084 |
| Net worth excl deferred liabs | 2,434,450 | 1,488,466 | 2,605,084 |
| Gross farm income | 1,549,506 | 1,062,282 | 1,789,235 |
| Total farm expense | 1,277,325 | 960,690 | 1,310,200 |
| Net farm income | 272,181 | 101,593 | 479,034 |
| Net nonfarm income | 12,470 | 9,738 | 4,108 |
| Family living & tax withdrawals | 64,024 | 36,178 | 87,788 |
| Total acres owned | 384.8 | 301.6 | 426.8 |
| Total crop acres | 784.0 | 649.2 | 897.4 |
| Crop acres owned | 487.0 | 545.4 | 661.9 |
| Crop acres cash rented | 297.0 | 103.8 | 235.5 |
| Crop acres share rented | - | - | - |
| Total pasture acres | 2.0 | 8.6 | - |
| Labor Analysis | | | |
| Number of farms | 33 | 8 | 9 |
| Total unpaid labor hours | 5,044 | 5,701 | 6,339 |
| Total hired labor hours | 23,129 | 19,539 | 20,507 |
| Total labor hours per farm | 28,173 | 25,240 | 26,846 |
| Unpaid hours per operator | 2,821 | 3,258 | 4,075 |
| Value of farm production / hour | 76.71 | 55.82 | 81.18 |
| Net farm income / unpaid hour | 96.47 | 31.18 | 117.55 |
| Average hourly hired labor wage | 14.84 | 13.03 | 13.26 |
| Partnerships & LLCs | | | |
| Number of farms | 19 | 3 | 5 |
| Number of operators | 2.1 | - | - |
| Owner withdrawals per farm | - | - | - |
| Withdrawals per operator | - | - | - |

Table 56

Financial Summary
2007 MI Dairy (250 Plus Cows)
(Farms Sorted By Rate of Return on Assets - Mkt)

| | Avg. Of All Farms | Low 25% | High 25% |
|----------------------------------|----------------------|-----------|-----------|
| Number of farms | 33 | 8 | 9 |
| Income Statement | | | |
| Gross cash farm income | 2,616,656 | 1,773,995 | 2,589,063 |
| Total cash farm expense | 2,157,597 | 1,571,856 | 1,978,335 |
| Net cash farm income | 459,059 | 202,139 | 610,729 |
| Inventory change | 233,233 | 104,043 | 299,658 |
| Depreciation and capital adjust | -205,666 | -128,394 | -165,222 |
| Average net farm income | 486,626 | 177,787 | 745,164 |
| Median net farm income | 331,836 | 156,348 | 860,715 |
| Profitability (cost) | | | |
| Labor and management earnings | 380,818 | 120,831 | 655,334 |
| Rate of return on assets | 14.8 % | 7.4 % | 24.2 % |
| Rate of return on equity | 22.9 % | 10.8 % | 44.3 % |
| Operating profit margin | 23.5 % | 12.0 % | 35.1 % |
| Asset turnover rate | 62.8 % | 61.4 % | 68.9 % |
| Profitability (market) | | | |
| Labor and management earnings | 526,191 | 105,508 | 1,032,841 |
| Rate of return on assets | 14.2 % | 6.2 % | 24.6 % |
| Rate of return on equity | 17.9 % | 7.3 % | 33.6 % |
| Operating profit margin | 35.7 % | 16.5 % | 57.8 % |
| Asset turnover rate | 39.8 % | 37.7 % | 42.6 % |
| Liquidity | | | |
| Ending current ratio | 2.51 | 1.56 | 3.34 |
| Ending working capital | 551,902 | 240,918 | 708,920 |
| End working capital to gross inc | 21.1 % | 13.6 % | 27.4 % |
| Term debt coverage ratio | 360.1 % | 246.2 % | 395.1 % |
| Expense as a percent of income | 75.0 % | 83.5 % | 67.3 % |
| Interest as a percent of income | 3.9 % | 3.6 % | 3.6 % |
| Solvency (cost) | | | |
| Number of farms | 33 | 8 | 9 |
| Ending farm assets | 3,655,906 | 2,460,568 | 3,390,242 |
| Ending farm liabilities | 1,722,648 | 1,442,847 | 1,629,882 |
| Ending total assets | 3,902,173 | 2,531,984 | 3,409,353 |
| Ending total liabilities | 1,726,852 | 1,442,847 | 1,629,882 |
| Ending net worth | 2,175,322 | 1,089,137 | 1,779,471 |
| Net worth change | 400,665 | 138,189 | 526,399 |
| Ending farm debt to asset ratio | 47 % | 59 % | 48 % |
| Beg total debt to asset ratio | 48 % | 57 % | 58 % |
| End total debt to asset ratio | 44 % | 57 % | 48 % |
| Solvency (market) | | | |
| Number of farms | 33 | 8 | 9 |
| Ending farm assets | 5,774,065 | 3,942,014 | 5,587,739 |
| Ending farm liabilities | 1,753,372 | 1,569,585 | 1,629,882 |
| Ending total assets | 6,079,354 | 4,047,662 | 5,682,235 |
| Ending total liabilities | 1,757,576 | 1,569,585 | 1,629,882 |
| Ending net worth | 4,321,777 | 2,478,077 | 4,052,353 |
| Net worth change | 655,356 | 202,227 | 1,027,371 |
| Ending farm debt to asset ratio | 30 % | 40 % | 29 % |
| Beg total debt to asset ratio | 32 % | 37 % | 36 % |
| End total debt to asset ratio | 29 % | 39 % | 29 % |
| Nonfarm Information | | | |
| Net nonfarm income | 22,295 | 17,041 | 6,390 |
| Crop Acres | | | |
| Total acres owned | 688 | 528 | 664 |
| Total crop acres | 1,402 | 1,136 | 1,396 |
| Total crop acres owned | 871 | 955 | 1,030 |
| Total crop acres cash rented | 531 | 182 | 366 |
| Total crop acres share rented | - | - | - |