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2005

Annual Report

Southwestern Minnesota Farm Business Management Association

IN COOPERATION WITH:

Center For Farm Financial Management
Department of Applied Economics
Minnesota Extension Service
College of Agricultural, Food, and Environmental Sciences
University of Minnesota

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University of Minnesota
St. Paul, MN 55108
March 2006

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The entire report is available at: http://www.cffm.umn.edu/Pubs/FBMA/SW_MN_FBMA_2005.pdf

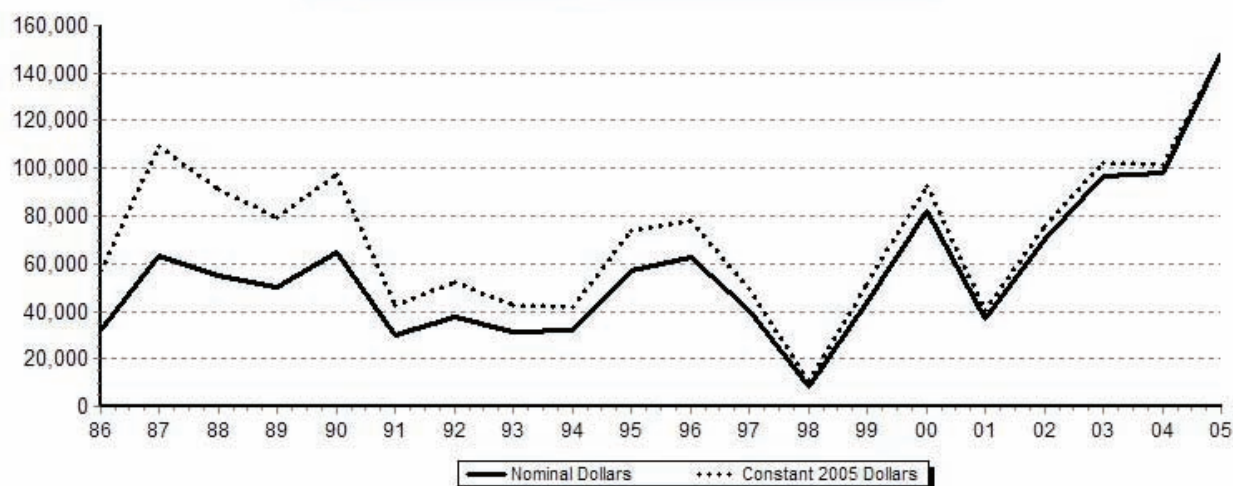
Executive Summary

2005 Annual Report of the Southwestern Minnesota Farm Business Management Association

by Dale W. Nordquist, James N. Kurtz, Rob Holcomb, and Garen J. Paulson

Average net farm income was \$147,862 in 2005 for the 107 farms¹ included in this annual report of the Southwestern Minnesota Farm Business Management Association. This is a 50% increase over the average income of \$98,362 in 2004. In constant dollars, 2005 was the most profitable year for association members in the past 20 (Figure 1). Outstanding crop yields, high profits for hog operations and higher government payments were factors that combined to make 2005 a very profitable year for the average association farm.

Figure 1. Average Net Farm Income

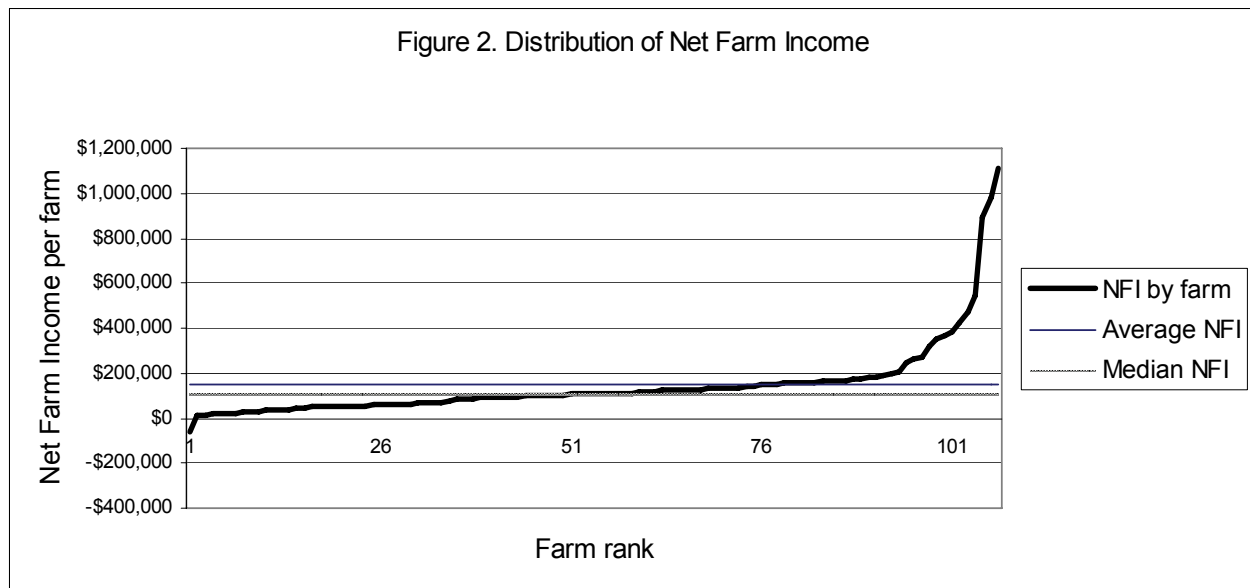


As in previous years, the actual profit levels experienced by individual farms vary greatly from the overall average profit. When the net farm incomes for the 107 farms in the report are ranked from lowest to highest, the resulting graph (Figure 2) shows how much the incomes do vary. One percent of the farms experienced negative net farm incomes in 2005; 57% had incomes over \$100,000. The median or middle income was \$108,456. The high 20% of the farms had an average net farm income of \$376,270, which is a 28% increase from 2004. The low 20% of the farms had an average net farm income of \$30,854 in 2005, as opposed to a \$-6,068 loss in 2004.

Average gross cash farm income was \$579,201, a 17% increase from 2004. Three sources of sales dominated: hogs, corn, and soybeans, followed by government payments and beef finishing (Figures 3 and 4). Total crop sales accounted for 33% while livestock sales and contracting income accounted for 47% of total cash receipts.

Entire report is available at: http://www.cffm.umn.edu/Pubs/FBMA/SW_MN_FBMA_2005.pdf

¹The number of association farms included in the 2005 report decreased from 125 in 2004 to 107 in 2005. Comparisons to previous years may be influenced by differences in size and enterprise mix of the remaining farms.



Government payments of all types averaged \$56,461 in 2005, a 103% increase from the previous year. The average farm received \$26,519 in LDP payments in 2005, mostly due to low corn prices at harvest. This compared to \$8,966 in 2004. Government payments for the average farm were \$27,798 in 2004, \$25,855 in 2003, \$15,927 in 2002, and \$48,208 in 2001. As a percentage of total income, government payments were 10% in 2005 compared to 6% in 2004, 5% in 2003, 4% in 2002, and 11% in 2001.

Cash expenses increased 18% to an average of \$477,476 in 2005. As a percentage of total expenses, feeder livestock purchases, seed, fertilizer, and crop chemicals, feed, and land rent continue to be the largest expense items (Figures 5 and 6). Fuel and oil expense accounted for 4% of total expenses, up from 3% in 2004.

Average rate of return on assets (ROA) was 14% in 2005 with assets valued at adjusted cost basis, up from 11% the previous year (Figure 7). Rate of return on equity (ROE) averaged 21%, up from 16 percent. The fact that ROE exceeded ROA indicates that debt capital earned more than its cost.

Using a market value basis, average total equity (of the 91 sole proprietors) was \$869,127 at the end of 2005 (Figure 8). This was an increase of \$106,814 during the year for these farms. The average debt-asset ratio remained constant at 42%.

The average corn yield was 191 bushels per acre, surpassing the previous year's record yield of 171 bushels for association farms. Soybeans averaged 55 bushels per acre, up from 41 bushels in 2004 (Figure 9).

Results by Type of Farm

The 107 farms in the report were classified as a certain type of farm (e.g., hog) on the basis of having 70 percent or more of their gross sales from that category. Using this criteria, there were 53 crop farms, 9 hog farms, 7 crop and hog farms, and 9 crop and beef farms. (There were 23 farms which did not have a single source (or pair of sources) of income over 70%.)

Hog farms were most profitable in 2005 (Figure 10). Hog farms were also much larger in terms of gross sales than any other farm type. Crop/hog farms also averaged incomes higher than the Association average. All types of farms categorized were more profitable than the previous year.

Hog farms also had the highest rate of return on assets (ROA) at 19% (Figure 11). Paradoxically, hog farms were the only type of farm with average rates of return lower than the previous year. (Assets are valued at adjusted cost basis for ROA calculations.)

Using assets valued on a market basis, the average farm had a debt-to-asset ratio of 42% at the end of 2005. Crop and beef farms, at 60%, carried much more debt as a percentage of assets than any other farm type (Figure 12).

The report provides additional information on profitability, liquidity, and solvency as well as other whole-farm information and detailed information on crop and livestock enterprises. Also reported are whole-farm financial condition and performance by county, sales size class, type of farm, debt-to-asset ratio, and age of operator.

Fig. 3 SW -- 2004 Income

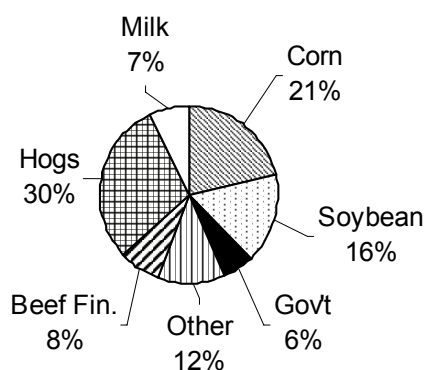


Fig. 4 SW -- 2005 Income

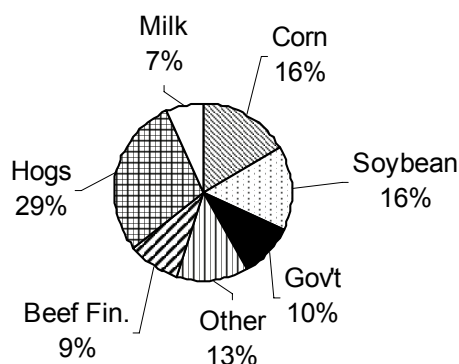


Fig. 5 SW -- 2004 Expenses

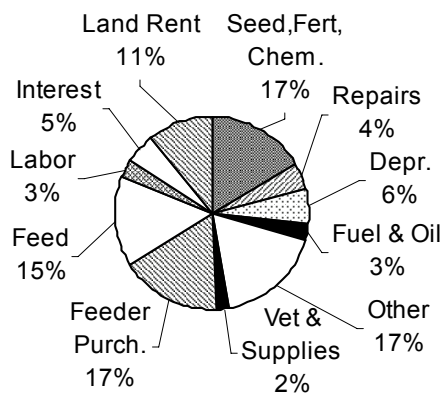


Fig. 6 SW -- 2005 Expenses

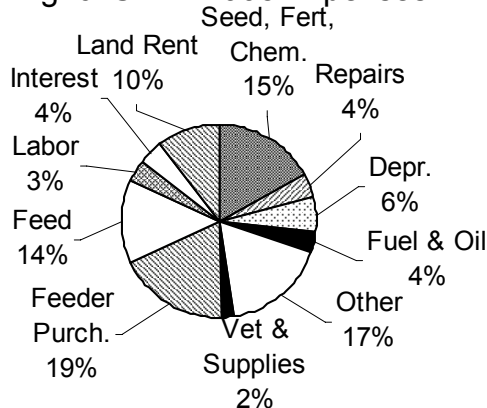


Figure 7. SW Rates of Return on Assets (ROA) and Equity (ROE)

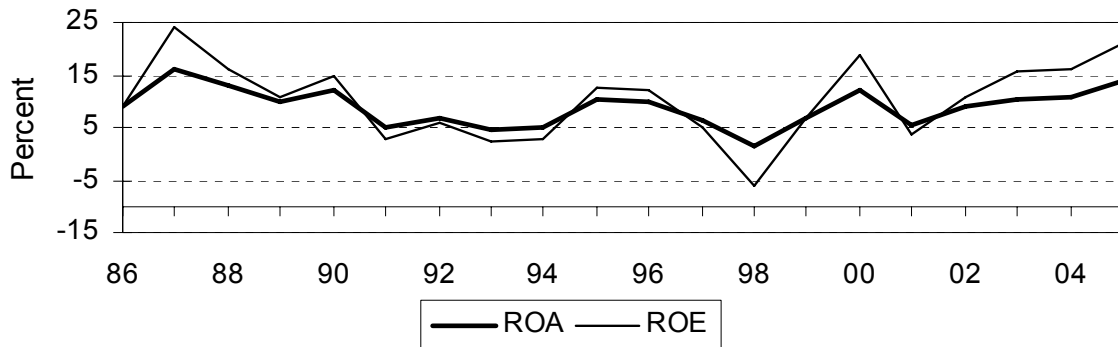


Figure 8. Ending Equity and Ending Debt-Asset Ratio

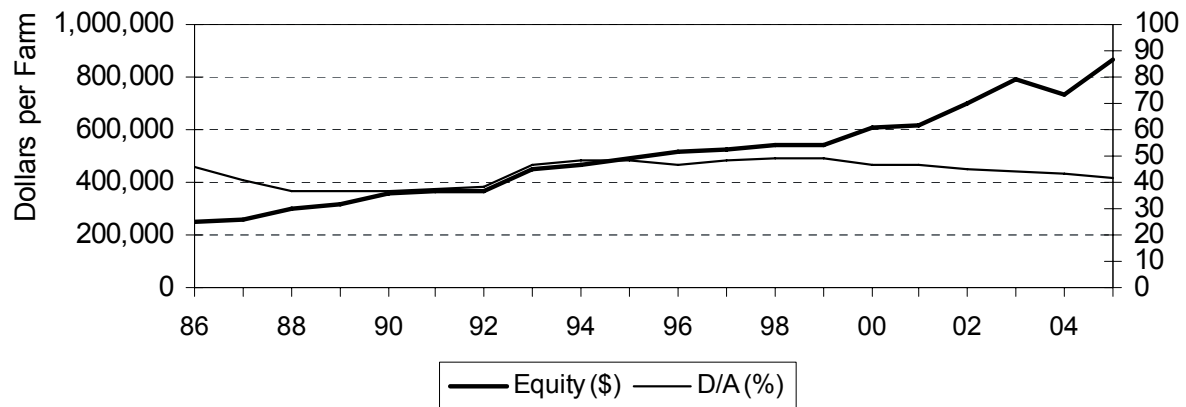


Figure 9. Average Corn & Soybean Yield

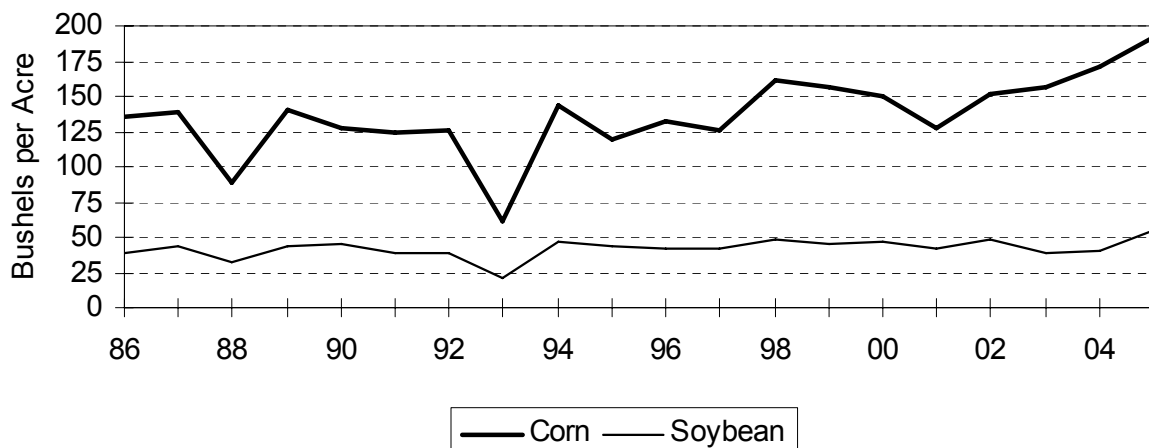


Figure 10. Net Farm Income by Type

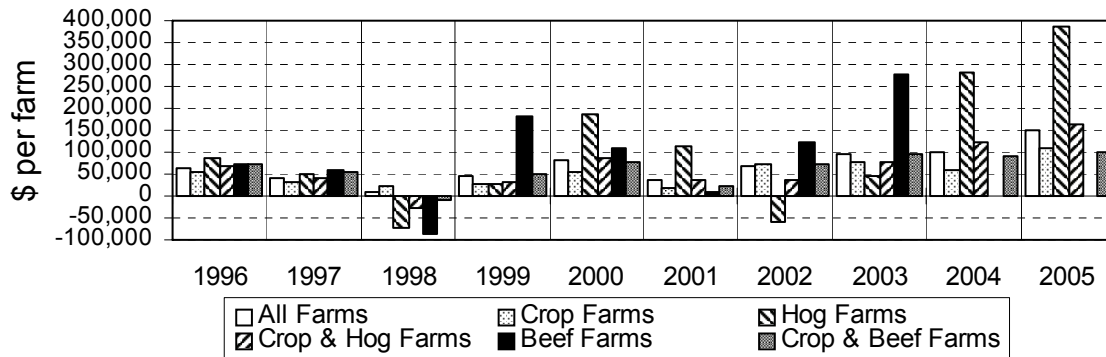


Figure 11. ROA by Type

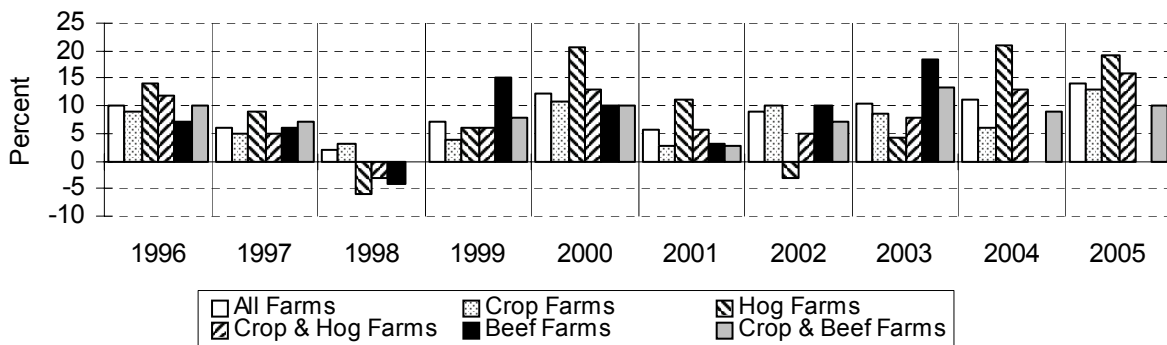
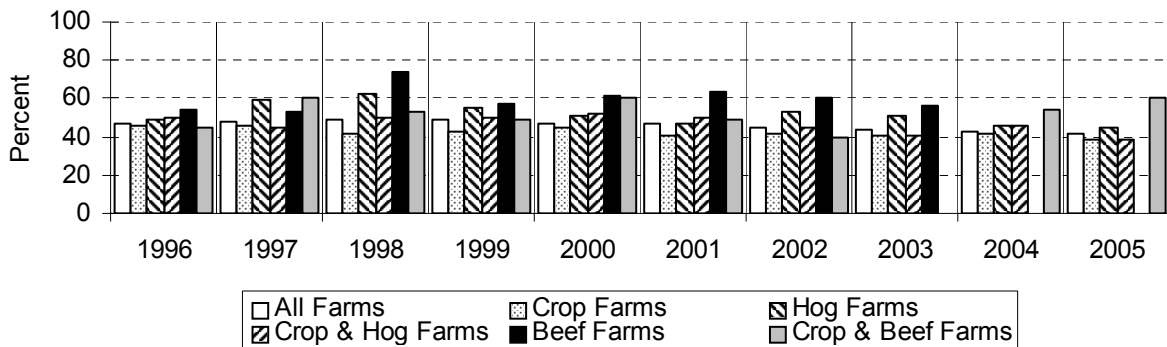


Figure 12. Debt-Asset Ratio by Type



2005 Annual Report

Southwestern Minnesota Farm Business Management Association

by

Dale W. Nordquist, James N. Kurtz, Rob Holcomb, and Garen J. Paulson²

This report summarizes the individual farm records of the members of the Southwestern Minnesota Farm Business Management Association for 2005.

Whole-farm information and enterprise costs and returns are reported. The year-end analysis of the individual farms was performed by the Association fieldmen using the FINPACK software from the Center for Farm Financial Management. The individual analyses were summarized at the Department of Applied Economics using RankEm Central. In addition to the average of all farms, the averages for the high and low income groups are also presented. The tables are divided into four major groups: whole-farm information, crop enterprises, livestock enterprises, and summary information. The summary information includes whole farm historical trends and information by county, farm size, type of farm, debt to asset ratio, and operator age.

Of the 116 farms in the Southwestern Association, the data for 107 farms are included in this report. The rest were omitted because the records were incomplete at the time that this report was prepared. The number of association farms included in the 2005 report decreased from 125 in 2004. Comparisons to previous years may be influenced by differences in size and enterprise mix of the farms included.

Consistent with statewide trends, fewer and fewer Association farms have livestock. In order to provide more complete information, the livestock enterprise reports include farms from both the Southwestern and Southeastern Associations.

In addition to this report, members receive an annual farm business analysis; on-farm instructional visits; end-of-year income tax planning and preparation; periodic meetings, tours, and seminars; a monthly newsletter; and other managerial and educational assistance. Each farmer pays an annual fee which covers the majority of the cost, with the balance defrayed by the Minnesota Extension Service and research programs of the University of Minnesota.

²Nordquist is Extension Economist--Center For Farm Financial Management, University of Minnesota, Twin Cities; Kurtz and Holcomb are Regional Extension Educators--Farm Management and Fieldmen for the Association; Paulson is an Association member and financial analyst for the Association; Rann Loppnow, Software Developer, Center For Farm Financial Management, was the programmer for RankEm Central (the analysis package used to prepare this report).

Southwestern Minnesota Farm Business Management Association

Distribution of Membership -- 2005

County	Number of Farm Units	Number of Records Submitted
Cottonwood	21	16
Jackson	20	18
Martin	2	2
Murray	18	18
Nobles	22	19
Pipestone	12	12
Redwood	10	9
Watonwan	8	7
Others ²	<u>6</u>	<u>6</u>
TOTAL	119	107

Officers and Directors

Dan Riley, President
Harold Wolle, Jr., Vice President
Janet Frosland, Secretary-Treasurer

The directors of the Southwestern Minnesota Farm Business Management Association for 2005/2006 are: Doug Bauman, Ed Freking, Don Hagen, Tom Keller, Charles Luethold, Harlan Spronk, and Mark Wiebe.

²In 2005 the Association had records submitted from members in Faribault, Lyon, and Rock counties, in addition to the counties listed individually.

Southwestern Minnesota Farm Business Management Association

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Whole-Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2005. Each table (except for the balance sheets) includes the average of the 107 farms included in the report and the average 20 percent of the farms with the lowest and highest profits (base on Net Farm Income). The Balance Sheets include only sole proprietors; partnerships and corporations are excluded because some debt is held outside of the business, causing potential misinterpretations of the average financial condition. Appendix I provides detail on how the whole-farm measures are calculated. Below is a short summary of the whole farm reports.

Farm Income Statement

The Income Statement calculates the accrual Net Farm Income generated by the average farm for year 2005. Net Farm Income represents the return to the operator's and family's unpaid labor, management, and equity capital (net worth). It is the amount the farm contributed to owner family living, income taxes, and net worth growth. However, it does not include any asset appreciation, debt forgiveness or asset repossessions. The *Inventory Changes* and *Depreciation and Other Capital Adjustments* tables provide further detail on the non-cash adjustments made to calculate the accrual Net Farm Income.

Profitability Measures

The profitability measures are calculated based on both the cost value of assets and the market value. When calculated based on the market value of assets, the profitability measures can be compared to interest rates and returns available on alternative investments. When based on cost values, the returns more closely estimate the actual returns from the actual investment. (Cost values do not reflect the tax basis of farm assets. Instead, a method of calculating depreciation is used that estimates economic depreciation over the useful life of the assets).

The *Rate of Return on Assets* (ROA) can be thought of as the interest rate earned by all investment in farm assets. *Rate of Return on Equity* (ROE) is the rate earned on the operator's equity or net worth in the farm business. If ROE is higher than ROA, borrowed funds more than paid for their cost in interest expense. *Operating Profit Margin* measures efficiency in farm operations. The higher the margin, the more of the farm income remained in pockets of the farm operator. *Asset Turnover Rate* measures efficiency in use of capital. Again, the higher the better. Farms with high investment in fixed assets will generally have a lower turnover rate than those who lease a major share of their capital.

Liquidity Measures

Liquidity reflects the ability of the farm family to meet cash obligations including family living withdrawals, income taxes, and debt repayment. Liquidity measures are calculated on both a cash and accrual basis. The cash measures reflect how cash actually flowed through the operations

during the year. The accrual measures, which adjust for changes in crop, livestock, and other inventories, more accurately reflect the income generation capacity of the businesses.

Years to Turnover Intermediate Debt reflects the ability of the business to repay short and intermediate term liabilities. Because intermediate term debt is usually scheduled for repayment over a three to seven year term, this measure is a simple way to reflect debt repayment capacity. *Expense as a Percent of Income* reflects the portion of gross income that was used to pay operating expenses. It includes interest expense but not depreciation. *Interest as a Percent of Income* shows how much of gross income went solely to pay interest expenses.

Balance Sheets

Balance sheet reports are included for both the cost and market value of assets. In both tables, current assets are identical, with crop and livestock inventories generally valued at market value. This conforms to the methodology recommended by the Farm Financial Standard Council. Intermediate and long term assets are shown at depreciated value using estimated economic depreciation, not tax, on the cost-based table. On the market table, they are valued at estimated market value.

Liabilities are the same on the cost and market tables except for the inclusion of *Deferred Liabilities* on the market statements. Deferred liabilities are the estimated taxes that would be paid if assets were liquidated at their market values.

Net Worth Change on the cost value table is the amount of earned net worth growth or loss for the year. Net worth change on the market value table includes both earned growth and changes in the market valuation of capital assets.

Statement of Cash Flows

The Statement of Cash Flows displays the sources and uses of cash for the year. *Cash From Operating Activities* includes sources and uses of cash related to normal farm operations. In the case of sole proprietors and partnerships, it also usually includes nonfarm income and expenses activities. *Cash From Investing Activities* reflect cash used to buy and sell capital assets. *Cash From Financing Activities* includes sources and uses of borrowed funds.

Financial Standards Measures

The Farm Financial Standards Council recommends that farms use these sixteen measures as standard measures of farm financial performance. They are sometimes called the *Sweet 16*. Many are repeated from the Profitability, Liquidity, and Balance Sheet tables. For a complete description, see the Financial Guidelines for Agricultural Producers at www.ffsc.org/html/guidelin.htm.

Crop Production and Marketing

This table reports farm size in acres farmed, average crop yields for major commodities, and average crop sales prices for the calendar year. Yields and prices are reported for the average of all farms for more commodities than those included in the High and Low columns because a minimum of five farms are required to report the yield or price for any group.

Household and Personal Expenses

This table reports family living and other non-farm expenditures. Only sole proprietors who keep detailed family living records are included.

Operator and Labor Information

All previous tables report results per farm, regardless of the number of families or operators involved in the operation. This report repeats several measures from previous tables on a *Per Operator* basis. It also summarizes estimated labor hours used and labor performance.

Nonfarm Summary

This table summarizes nonfarm earnings for the average farm and details nonfarm assets and liabilities.

Farm Income Statement
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Cash Farm Income			
Barley	302	239	144
Corn	95,191	72,862	108,870
Corn Silage	219	-	-
Hay, Alfalfa	2,497	76	4,482
Hay, Grass	79	72	265
Oats	263	222	184
Peas	356	-	857
Soybeans	89,850	64,100	117,185
Sweet Corn	647	452	863
Wheat, Spring	850	1,284	75
Miscellaneous crop income	1,060	190	4,317
Beef Bulls	116	-	-
Beef Cow-Calf, Beef Calves	603	433	1,938
Beef, Background Beef	1,022	2,026	-
Beef, Finish Beef Calves	42,099	68,955	-
Beef, Finish Yrlg Steers	10,695	3,208	-
Dairy, Milk	38,539	-	187,440
Dairy, Dairy Calves	1,038	-	5,047
Dairy Heifers (for sale)	2,190	-	-
Dairy Steers	1,139	-	1,301
Hogs, Farrow-Fin, Raised Hogs	19,683	9,257	57,880
Hogs, Feeder Pigs, Feeder Pigs	828	-	-
Hogs, Finish Feeder Pigs	46,542	33,399	123,327
Sheep, Market Lambs, Mkt Lambs	2,102	-	90
Hogs, Weaning to Finish	102,588	7,704	491,599
CCC market loan gain	969	616	2,590
Cull breeding livestock	3,856	1,343	11,379
Misc. livestock income	1,351	38	437
LDP payments	26,519	13,967	46,351
Direct & CC govt payments	27,012	17,397	38,365
CRP payments	865	1,108	1,077
Other government payments	1,096	642	1,127
Custom work income	17,503	12,081	32,137
Patronage dividends, cash	5,743	1,673	8,069
Insurance income	4,572	1,797	10,659
Cash from hedging accts	2,407	2,992	1,855
Contract livestock income	4,256	3,796	3,576
Other farm income	22,552	8,617	64,666
Gross Cash Farm Income	579,201	330,546	1,328,149

Farm Income Statement (Continued)
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Cash Farm Expense			
Seed	33,470	19,025	50,907
Fertilizer	31,333	18,710	42,992
Crop chemicals	20,281	13,030	30,953
Crop insurance	5,860	4,052	8,920
Drying fuel	3,261	1,752	4,141
CCC buyback	14,272	19,736	2,726
Crop hauling and trucking	217	18	455
Crop marketing	901	376	1,516
Crop miscellaneous	2,227	3,320	2,222
Feeder livestock purchase	94,901	72,775	201,650
Purchased feed	70,073	23,579	269,784
Breeding fees	888	122	3,384
Veterinary	4,762	2,280	17,076
Supplies	4,734	2,320	13,280
DHIA	32	-	154
Contract production exp.	3,874	375	18,486
Livestock hauling and trucking	944	29	2,385
Livestock marketing	1,185	360	5,053
Interest	22,210	17,845	32,658
Fuel & oil	18,323	11,114	36,478
Repairs	21,825	17,184	40,101
Custom hire	9,129	4,191	25,640
Hired labor	17,221	5,401	63,914
Land rent	51,511	34,207	79,644
Machinery & bldg leases	9,811	6,686	36,490
Real estate taxes	3,281	1,763	5,834
Farm insurance	6,392	3,451	14,298
Utilities	5,773	3,784	12,233
Dues & professional fees	1,472	726	3,075
Hedging account deposits	2,083	1,890	2,641
Miscellaneous	15,232	5,277	44,139
Total cash expense	477,476	295,379	1,073,231
Net cash farm income	101,725	35,166	254,919
Inventory Changes			
Crops and feed	42,856	4,936	81,768
Market livestock	17,356	-4,233	61,770
Accounts receivable	5,071	2,339	15,876
Prepaid expenses and supplies	10,515	3,480	27,488
Accounts payable	-1,490	1,340	-2,553
Total inventory change	74,307	7,861	184,349
Net operating profit	176,032	43,027	439,267
Depreciation and Other Capital Adjustments			
Breeding livestock	-1,437	-468	-3,890
Machinery and equipment	-17,249	-9,165	-32,703
Buildings and improvements	-7,714	-3,100	-18,852
Other farm capital	-1,770	559	-7,553
Total depr. and other capital adj	-28,170	-12,174	-62,998
Net farm income	147,862	30,854	376,270

Inventory Changes
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Net cash farm income	101,725	35,166	254,919
Crops and Feed			
Ending inventory	210,782	102,939	330,294
Beginning inventory	167,926	98,003	248,526
Inventory change	42,856	4,936	81,768
Market Livestock			
Ending inventory	119,205	73,388	302,655
Beginning inventory	101,850	77,621	240,885
Inventory change	17,356	-4,233	61,770
Accts Receivable & Other Current Assets			
Ending inventory	17,374	8,552	49,111
Beginning inventory	12,303	6,214	33,235
Inventory change	5,071	2,339	15,876
Prepaid Expenses and Supplies			
Ending inventory	41,011	18,431	85,771
Beginning inventory	30,496	14,951	58,283
Inventory change	10,515	3,480	27,488
Accounts Payable & Accrued Expenses			
Beginning inventory	15,823	14,438	20,365
Ending inventory	17,313	13,098	22,918
Inventory change	-1,490	1,340	-2,553
Total inventory change	74,307	7,861	184,349
Net operating profit	176,032	43,027	439,267

Depreciation and Other Capital Adjustments
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Net operating profit	176,032	43,027	439,267
Breeding Livestock			
Ending inventory	6,462	2,472	14,699
Capital sales	540	5	1,791
Beginning inventory	6,121	1,703	14,712
Capital purchases	2,319	1,243	5,668
Depreciation, capital adjust.	-1,437	-468	-3,890
Machinery and Equipment			
Ending inventory	156,834	83,434	272,278
Capital sales	3,133	2,155	10,543
Beginning inventory	130,877	80,302	220,783
Capital purchases	46,339	14,451	94,739
Depreciation, capital adjust.	-17,249	-9,165	-32,703
Buildings and Improvements			
Ending inventory	121,272	48,256	275,938
Capital sales	621	785	-
Beginning inventory	96,943	41,635	236,133
Capital purchases	32,664	10,506	58,656
Depreciation, capital adjust.	-7,714	-3,100	-18,852
Other Capital Assets			
Ending inventory	51,767	16,800	126,575
Capital sales	1,701	4,784	2,916
Beginning inventory	46,399	19,384	115,049
Capital purchases	8,839	1,641	21,995
Depreciation, capital adjust.	-1,770	559	-7,553
Total depreciation, capital adj.	-28,170	-12,174	-62,998
Net farm income	147,862	30,854	376,270

Profitability Measures
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Profitability (assets valued at cost)			
Net farm income	147,862	30,854	376,270
Labor and management earnings	116,809	17,554	308,448
Rate of return on assets	14.1 %	4.3 %	19.5 %
Rate of return on equity	21.4 %	1.9 %	27.6 %
Operating profit margin	27.7 %	9.7 %	34.1 %
Asset turnover rate	50.8 %	44.2 %	57.3 %
Interest on farm net worth	31,053	13,300	67,822
Farm interest expense	22,612	18,905	33,068
Value of operator lbr and mgmt.	38,240	26,761	64,621
Return on farm assets	132,234	22,997	344,717
Average farm assets	940,623	536,170	1,766,086
Return on farm equity	109,623	4,092	311,648
Average farm equity	511,930	213,331	1,130,368
Value of farm production	478,073	236,766	1,012,239
	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Profitability (assets valued at market)			
Net farm income	167,611	56,300	402,991
Labor and management earnings	124,059	37,176	315,303
Rate of return on assets	11.5 %	6.7 %	15.6 %
Rate of return on equity	17.8 %	9.3 %	23.2 %
Operating profit margin	31.8 %	20.5 %	36.7 %
Asset turnover rate	36.3 %	32.9 %	42.6 %
Interest on farm net worth	43,551	19,124	87,688
Farm interest expense	22,612	18,905	33,068
Value of operator lbr and mgmt.	38,240	26,761	64,621
Return on farm assets	151,983	48,444	371,438
Average farm assets	1,317,460	719,617	2,376,928
Return on farm equity	129,371	29,539	338,369
Average farm equity	725,222	316,845	1,461,464
Value of farm production	478,073	236,766	1,012,239

Liquidity Measures
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Liquidity (cash)			
Net cash farm income	101,725	35,166	254,919
Net nonfarm income	24,774	26,743	27,983
Family living and taxes	66,368	45,470	120,643
Principal due on long term debt	14,315	11,799	23,833
Cash available for interm. debt	45,815	4,640	138,425
Average intermediate debt	101,775	45,674	223,588
Years to turnover interm. debt	2.2	9.8	1.6
Expense as a % of income	82 %	89 %	81 %
Interest as a % of income	4 %	5 %	2 %
Working capital to gross income	38 %	12 %	45 %
Liquidity (accrual)			
Total accrual farm income	644,483	333,587	1,487,563
Total accrual operating expense	468,451	290,560	1,048,296
Net accrual operating income	176,032	43,027	439,267
Net nonfarm income	24,774	26,743	27,983
Family living and taxes	66,368	45,470	120,643
Principal due on long term debt	14,315	11,799	23,833
Available for intermediate debt	120,123	12,501	322,774
Average intermediate debt	101,775	45,674	223,588
Years to turnover interm. debt	0.8	3.7	0.7
Expense as a % of income	73 %	87 %	70 %
Interest as a % of income	4 %	6 %	2 %
Working capital to gross income	34 %	12 %	41 %

Balance Sheet at Cost Values
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>		<u>Low20%</u>		<u>High 20%</u>	
Number of farms	91		19		13	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Assets						
Current Farm Assets						
Cash and checking balance	25,528	14,336	13,828	14,741	42,107	3,773
Prepaid expenses & supplies	27,873	36,671	15,324	18,253	58,520	83,168
Growing crops	3	3	0	0	0	0
Accounts receivable	6,113	9,038	4,932	8,041	17,287	16,454
Hedging accounts	2,497	1,256	1,586	791	1,608	2,063
Crops held for sale or feed	134,046	171,420	73,772	84,906	188,054	261,310
Crops under government loan	27,604	27,318	40,691	42,897	26,357	24,159
Market livestock held for sale	68,066	72,317	84,911	80,227	126,779	147,854
Other current assets	90	58	55	102	77	77
Total current farm assets	291,820	332,417	235,099	249,959	460,788	538,859
Intermediate Farm Assets						
Breeding livestock	5,868	6,170	1,804	2,714	18,951	17,864
Machinery and equipment	115,803	138,564	84,244	84,898	186,931	235,901
Titled vehicles	4,502	6,094	2,138	4,398	9,263	13,834
Other intermediate assets	5,614	5,140	7,490	2,923	4,831	4,680
Total intermediate farm assets	131,786	155,968	95,676	94,933	219,977	272,278
Long Term Farm Assets						
Farm land	246,080	260,725	178,526	185,895	386,710	418,990
Buildings and improvements	83,193	104,145	41,148	47,627	204,216	223,081
Other long-term assets	32,085	38,775	13,233	14,987	78,356	97,730
Total long-term farm assets	361,358	403,645	232,907	248,509	669,282	739,801
Total Farm Assets	784,964	892,030	563,681	593,400	1,350,046	1,550,937
Total Nonfarm Assets	153,346	166,011	97,525	105,986	241,886	275,661
Total Assets	938,310	1,058,041	661,206	699,386	1,591,932	1,826,598
Liabilities						
Current Farm Liabilities						
Accrued interest	5,817	5,934	5,472	6,641	5,430	5,940
Accounts payable	8,899	9,423	8,946	7,717	10,563	6,740
Current notes	102,944	115,236	114,808	135,881	107,396	130,842
Government crop loans	26,116	25,195	38,358	39,906	25,481	21,784
Principal due on term debt	28,472	31,259	22,782	21,742	51,532	53,610
Total current farm liabilities	172,249	187,047	190,366	211,886	200,400	218,917
Total intermediate farm liabs	58,884	62,525	39,862	38,208	128,771	123,707
Total long term farm liabilities	141,718	161,776	127,714	125,851	182,142	180,605
Total farm liabilities	372,852	411,349	357,942	375,945	511,313	523,228
Total nonfarm liabilities	21,110	20,751	16,851	17,082	13,236	14,806
Total liabilities	393,962	432,100	374,793	393,027	524,549	538,034
Net worth (farm and nonfarm)	544,349	625,941	286,414	306,360	1,067,383	1,288,564
Net worth change		81,593		19,946		221,182
Ratio Analysis						
Current farm liabilities / assets	59 %	56 %	81 %	85 %	43 %	41 %
Curr. & interm farm liab. / assets	55 %	51 %	70 %	73 %	48 %	42 %
Long term farm liab. / assets	39 %	40 %	55 %	51 %	27 %	24 %
Total debt to asset ratio	42 %	41 %	57 %	56 %	33 %	29 %

Balance Sheet at Market Values
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	Avg. Of All Farms		Low20%		High 20%	
Number of farms	91		19		13	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Assets						
Current Farm Assets						
Cash and checking balance	25,528	14,336	13,828	14,741	42,107	3,773
Prepaid expenses & supplies	27,873	36,671	15,324	18,253	58,520	83,168
Growing crops	3	3	0	0	0	0
Accounts receivable	6,113	9,038	4,932	8,041	17,287	16,454
Hedging accounts	2,497	1,256	1,586	791	1,608	2,063
Crops held for sale or feed	134,046	171,420	73,772	84,906	188,054	261,310
Crops under government loan	27,604	27,318	40,691	42,897	26,357	24,159
Market livestock held for sale	68,066	72,317	84,911	80,227	126,779	147,854
Other current assets	90	58	55	102	77	77
Total current farm assets	291,820	332,417	235,099	249,959	460,788	538,859
Intermediate Farm Assets						
Breeding livestock	17,772	18,068	4,106	5,443	69,652	64,231
Machinery and equipment	236,847	261,104	169,206	171,380	377,275	436,028
Titled vehicles	5,057	6,981	2,063	4,229	10,162	16,498
Other intermediate assets	7,280	6,910	8,695	2,915	8,992	9,454
Total intermediate farm assets	266,957	293,063	184,071	183,966	466,080	526,211
Long Term Farm Assets						
Farmland	387,451	438,841	236,839	273,994	646,830	723,012
Buildings and improvements	135,441	161,504	65,913	79,422	298,423	328,550
Other long-term assets	39,307	49,096	13,362	15,132	79,826	103,760
Total long-term farm assets	562,199	649,441	316,115	368,547	1,025,079	1,155,322
Total Farm Assets	1,120,976	1,274,921	735,285	802,472	1,951,947	2,220,391
Total Nonfarm Assets	189,605	212,311	139,565	159,743	303,676	354,386
Total Assets	1,310,581	1,487,232	874,850	962,215	2,255,623	2,574,777
Liabilities						
Current Farm Liabilities						
Accrued interest	5,817	5,934	5,472	6,641	5,430	5,940
Accounts payable	8,899	9,423	8,946	7,717	10,563	6,740
Current notes	102,944	115,236	114,808	135,881	107,396	130,842
Government crop loans	26,116	25,195	38,358	39,906	25,481	21,784
Principal due on term debt	28,472	31,259	22,782	21,742	51,532	53,610
Total current farm liabilities	172,249	187,047	190,366	211,886	200,400	218,917
Total intermediate farm liabs	58,884	62,525	39,862	38,208	128,771	123,707
Total long term farm liabilities	141,718	161,776	127,714	125,851	182,142	180,605
Total farm liabilities	372,852	411,349	357,942	375,945	511,313	523,228
Total nonfarm liabilities	21,110	20,751	16,851	17,082	13,236	14,806
Total liabs excluding deferreds	393,962	432,100	374,793	393,027	524,549	538,034
Total deferred liabilities	154,306	186,005	90,315	101,258	287,347	354,468
Total liabilities	548,268	618,105	465,107	494,284	811,896	892,502
Retained earnings	544,349	625,941	286,414	306,360	1,067,383	1,288,564
Market valuation equity	217,964	243,186	123,329	161,571	376,344	393,711
Net worth (farm and nonfarm)	762,313	869,127	409,742	467,931	1,443,727	1,682,275
Net worth excluding deferreds	916,619	1,055,132	500,057	569,189	1,731,073	2,036,743
Net worth change		106,814		58,189		238,549
Ratio Analysis						
Current farm liabilities / assets	59 %	56 %	81 %	85 %	43 %	41 %
Curr. & interm farm liab. / assets	41 %	40 %	55 %	58 %	36 %	32 %
Long term farm liab. / assets	25 %	25 %	40 %	34 %	18 %	16 %
Total debt to asset ratio	42 %	42 %	53 %	51 %	36 %	35 %
Debt to assets excl deferreds	30 %	29 %	43 %	41 %	23 %	21 %

Statement Of Cash Flows
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Beginning cash (farm & nonfarm)	44,628	13,324	122,850
Cash From Operating Activities			
Gross cash farm income	579,201	330,546	1,328,149
Net nonfarm income	24,774	26,743	27,983
Total cash farm expense	-477,476	-295,379	-1,073,231
Apparent family living expense	-57,685	-41,172	-104,169
Income and social security tax	-8,683	-4,298	-16,474
Cash from operations	60,131	16,440	162,258
Cash From Investing Activities			
Sale of breeding livestock	540	5	1,791
Sale of machinery & equipment	3,129	2,155	10,519
Sale of titled vehicles	5	-	24
Sale of farm land	308	-	1,500
Sale of farm buildings	621	785	-
Sale of other farm assets	1,701	4,784	2,916
Sale of nonfarm assets	2,088	2,149	2,713
Purchase of breeding livestock	-2,319	-1,243	-5,668
Purchase of machinery & equip.	-43,835	-11,837	-88,676
Purchase of titled vehicles	-2,504	-2,614	-6,063
Purchase of farm land	-12,074	-9,048	-23,870
Purchase of farm buildings	-32,664	-10,506	-58,656
Purchase of other farm assets	-8,839	-1,641	-21,995
Purchase of nonfarm assets	-15,757	-7,695	-34,475
Cash from investing activities	-109,601	-34,706	-219,941
Cash From Financing Activities			
Money borrowed	320,045	229,112	335,742
Cash gifts and inheritances	4,952	9,884	14,074
Principal payments	-281,221	-220,406	-315,099
Dividends paid	-	-	-
Gifts given	-3,897	-	-324
Cash from financing activities	39,878	18,590	34,393
Net change in cash balance	-9,592	324	-23,290
Ending cash (farm & nonfarm)	35,036	13,648	99,560

Financial Standards Measures
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Liquidity			
Current ratio	2.05	1.21	3.25
Working capital	218,745	40,137	603,816
Solvency (market)			
Farm debt to asset ratio	45 %	56 %	37 %
Farm equity to asset ratio	55 %	44 %	63 %
Farm debt to equity ratio	81 %	128 %	59 %
Profitability (cost)			
Rate of return on farm assets	14.1 %	4.3 %	19.5 %
Rate of return on farm equity	21.4 %	1.9 %	27.6 %
Operating profit margin	27.7 %	9.7 %	34.1 %
Net farm income	147,862	30,854	376,270
Repayment Capacity			
Term debt coverage ratio	304 %	106 %	420 %
Capital replacement margin	100,460	2,026	283,376
Efficiency			
Asset turnover rate (cost)	50.8 %	44.2 %	57.3 %
Operating expense ratio	69.2 %	81.4 %	68.2 %
Depreciation expense ratio	4.4 %	3.6 %	4.2 %
Interest expense ratio	3.5 %	5.7 %	2.2 %
Net farm income ratio	22.9 %	9.2 %	25.3 %

Crop Production and Marketing Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Acreage Summary			
Total acres owned	241	149	340
Total crop acres	792	520	1,191
Crop acres owned	199	110	295
Crop acres cash rented	532	345	807
Crop acres share rented	61	65	89
Total pasture acres	10	0	7
Average Price Received (Cash Sales Only)			
Soybeans per bushel	5.88	6.00	5.83
Corn per bushel	1.89	1.82	1.86
Wheat, Spring per bushel	3.64	3.65	-
Oats per bushel	2.02	-	-
Hay, Alfalfa per ton	80.96	-	-
Average Yield Per Acre			
Corn (bushel)	191.99	187.16	196.15
Soybeans (bushel)	54.59	53.11	56.30
Hay, Alfalfa (ton)	4.81	4.86	5.02
Corn Silage (ton)	22.02	-	22.82
Hay, Grass (ton)	2.39	-	-
Wheat, Spring (bushel)	42.91	49.27	-
Oats (bushel)	86.75	-	-

Household and Personal Expenses
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	67	13	9
Average family size	3.4	2.9	2.9
Family Living Expenses			
Food and meals expense	6,559	5,326	5,858
Medical care	4,401	3,760	4,949
Health insurance	3,892	3,379	6,469
Cash donations	3,426	2,809	4,128
Household supplies	4,708	5,905	3,481
Clothing	2,180	1,272	3,396
Personal care	2,104	2,714	5,204
Child / Dependent care	237	187	-
Alimony and Child support	-	-	-
Gifts	2,503	2,973	3,412
Education	2,407	1,925	5,151
Recreation	3,039	2,800	4,670
Utilities (household share)	2,455	2,467	2,521
Nonfarm vehicle operating expense	4,490	3,433	5,266
Household real estate taxes	251	163	639
Dwelling rent	187	718	-
Household repairs	1,365	1,211	1,066
Nonfarm interest	375	362	491
Disability / Long term care insuran	211	7	269
Life insurance payments	2,258	1,775	2,168
Nonfarm property insurance	159	147	103
Miscellaneous	3,060	2,692	2,233
Total cash family living expense	50,265	46,027	61,474
Family living from the farm	343	175	69
Total family living	50,608	46,202	61,544
Other Nonfarm Expenditures			
Income taxes	9,088	4,166	15,685
Furnishing & appliance purchases	685	849	828
Nonfarm vehicle purchases	2,640	2,252	6,554
Nonfarm real estate purchases	1,533	-	22
Other nonfarm capital purchases	6,992	1,386	25,738
Nonfarm savings & investments	3,309	2,037	6,673
Total other nonfarm expenditures	24,248	10,690	55,500
Total cash family living investment & nonfarm capital purch	74,513	56,717	116,975

Operator and Labor Information
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Operator Information			
Average number of operators	1.2	1.0	1.5
Average age of operators	49.8	48.0	52.0
Average number of years farming	26.7	23.5	28.9
Results Per Operator			
Working capital	187,246	38,313	415,124
Total assets (market)	1,368,635	871,987	1,911,053
Total liabilities	567,992	435,877	675,165
Net worth (market)	800,644	436,111	1,235,888
Net worth excl deferred liabs	961,229	527,626	1,449,898
Gross farm income	551,678	318,424	1,022,700
Total farm expense	425,108	288,973	764,014
Net farm income	126,570	29,451	258,685
Net nonfarm income	21,207	25,528	19,238
Family living & tax withdrawals	56,811	43,403	82,942
Total acres owned	205.9	142.2	233.6
Total crop acres	678.0	496.0	819.1
Crop acres owned	170.4	104.8	203.0
Crop acres cash rented	455.0	329.3	554.9
Crop acres share rented	52.6	62.0	61.2
Total pasture acres	9.0	0.1	4.7
Labor Analysis			
Number of farms	107	21	22
Total unpaid labor hours	2,191	1,622	2,625
Total hired labor hours	1,374	536	5,081
Total labor hours per farm	3,565	2,158	7,706
Unpaid hours per operator	1,876	1,548	1,805
Value of farm production / hour	134.11	109.72	131.36
Net farm income / unpaid hour	67.48	19.02	143.34
Average hourly hired labor wage	13.34	9.25	14.24
Partnerships & LLCs			
Number of farms	10	-	6
Number of operators	2.2	-	2.2
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-
Corporations			
Number of farms	6	2	3
Number of operators	1.8	-	-

Nonfarm Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	107	21	22
Nonfarm Income			
Nonfarm wages & salary	15,211	19,351	9,184
Net nonfarm business income	2,305	1,647	584
Nonfarm rental income	1,175	1,401	1,533
Nonfarm interest income	1,237	442	3,306
Nonfarm cash dividends	19	6	-
Tax refunds	277	737	43
Other nonfarm income	5,090	3,160	15,942
Total nonfarm income	25,314	26,743	30,592
Gifts and inheritances	4,952	9,884	14,074
Nonfarm Assets (market)			
Checking & savings	2,575	188	-
Stocks & bonds	17,141	3,865	33,026
Other current assets	1,147	238	1,931
Furniture & appliances	9,593	10,519	10,250
Nonfarm vehicles	10,624	9,050	9,731
Cash value of life ins.	10,437	9,944	8,425
Retirement accounts	43,413	44,642	52,570
Other intermediate assets	15,667	8,991	42,708
Nonfarm real estate	53,115	44,827	58,360
Other long term assets	19,907	15,459	4,227
Total nonfarm assets	183,620	147,724	221,227
Nonfarm Liabilities			
Accrued interest	46	42	7
Accounts payable	7,728	3,119	14,770
Current notes	195	406	-
Princ due on term debt	1,543	1,625	319
Total current liabilities	9,512	5,192	15,096
Intermediate liabilities	2,693	3,959	-
Long term liabilities	7,517	6,161	3,881
Total nonfarm liabilities	19,723	15,312	18,976
Nonfarm net worth	163,897	132,412	202,251
Nonfarm debt to asset ratio	11 %	10 %	9 %

Crop Reports

The Crop Enterprise Analysis tables show the average physical production, gross return, direct costs, overhead costs, and net returns per acre. There are potentially three tables for each crop depending on the farmer's tenure on the land: owned land, cash rented land, and share rented land. Farms are classified into low 20% or high 20% on the basis of net return per acre. The classification is done separately for each table.

Gross Return Per Acre includes the value of the crop produced plus any other income directly associated with production of the crop, including LDP payments, crop insurance proceeds and any disaster payments that might have been received. It does not include direct and counter-cyclical government payments (see Net Return With Government Payments).

The *Value Per Unit* is assigned by the producer. For cash crops, the value is based on the actual sales price for production sold or contracted before year-end and the inventory value for crops still in inventory at year-end. The local harvest-time price is used for forages and other feed crops.

Net Return Per Acre is the amount contributed toward operator labor, management, and equity capital. Any wages and benefits paid to the operator are removed from labor costs (and added to *Labor and Management Charge*) so that all farms are on equal footing. Land costs include land rent on the rented land pages but only actual interest paid and real estate taxes on owned land. For this reason, net returns from owned and rented land should not be compared.

Net Return With Government Payments is the net return per acre after decoupled government payments such as direct and counter-cyclical government payments have been added. These payments are generally allocated evenly per acre across all crops except vegetables and pasture.

Net Return Over Labor and Management is the return, including government payments, remaining after compensating the operator for unpaid labor and management. This is the per acre return to equity capital.

Cost of Production shows the average cost per unit produced in each cost category. *Total Direct and Overhead Expense per Unit* is the breakeven price needed to cover cash costs and depreciation. *Less Government and Other Income* is the breakeven price if government payments and any miscellaneous income are used to offset some expenses. *With Labor and Management* is the breakeven price to provide a labor and management return for the operator(s).

Machinery Cost Per Acre includes fuel and oil, repairs, custom hire, machinery lease payments, machinery depreciation, and interest on intermediate debt.

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn on Owned Land

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	86	15	14
Number of farms	69	13	14
Acres	103.36	92.63	93.98
Yield per acre (bu.)	194.67	196.15	205.15
Operators share of yield %	100.00	100.00	100.00
Value per bu.	1.78	1.73	1.84
Other product return per acre	0.16	-	-
Total product return per acre	345.88	340.09	377.31
Miscellaneous income per acre	78.99	69.73	92.59
Gross return per acre	424.87	409.81	469.90
Direct Expenses			
Seed	49.41	49.65	44.06
Fertilizer	56.97	87.80	37.43
Crop chemicals	28.07	25.24	23.25
Crop insurance	7.36	10.17	6.84
Drying fuel	10.95	6.97	13.74
Fuel & oil	17.71	20.94	16.33
Repairs	23.00	32.53	17.84
Custom hire	1.23	1.51	1.61
Machinery leases	0.14	0.92	-
Operating interest	5.23	12.05	3.57
Miscellaneous	1.15	3.04	1.39
Total direct expenses per acre	201.23	250.83	166.06
Return over direct exp per acre	223.64	158.99	303.84
Overhead Expenses			
Custom hire	3.10	3.98	1.87
Hired labor	6.50	5.92	4.82
Machinery leases	1.34	0.66	1.46
RE & pers. property taxes	11.40	15.15	6.85
Farm insurance	5.90	8.10	3.77
Utilities	3.48	5.87	3.05
Dues & professional fees	1.26	0.74	0.55
Interest	34.45	66.43	18.59
Mach & bldg depreciation	24.94	24.95	27.44
Miscellaneous	3.72	6.08	2.62
Total overhead expenses per acre	96.08	137.87	71.03
Total dir & ovhd expenses per acre	297.31	388.70	237.09
Net return per acre	127.56	21.11	232.81
Government payments	37.98	37.29	34.29
Net return with govt pmts	165.54	58.40	267.10
Labor & management charge	37.47	41.02	32.49
Net return over lbr & mgt	128.07	17.39	234.62
Cost of Production			
Total direct expense per bu.	1.03	1.28	0.81
Total dir & ovhd exp per bu.	1.53	1.98	1.16
Less govt & other income	0.93	1.44	0.54
With labor & management	1.12	1.65	0.70
Machinery cost per acre	69.02	81.84	64.87
Est. labor hours per acre	2.84	3.28	2.26

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

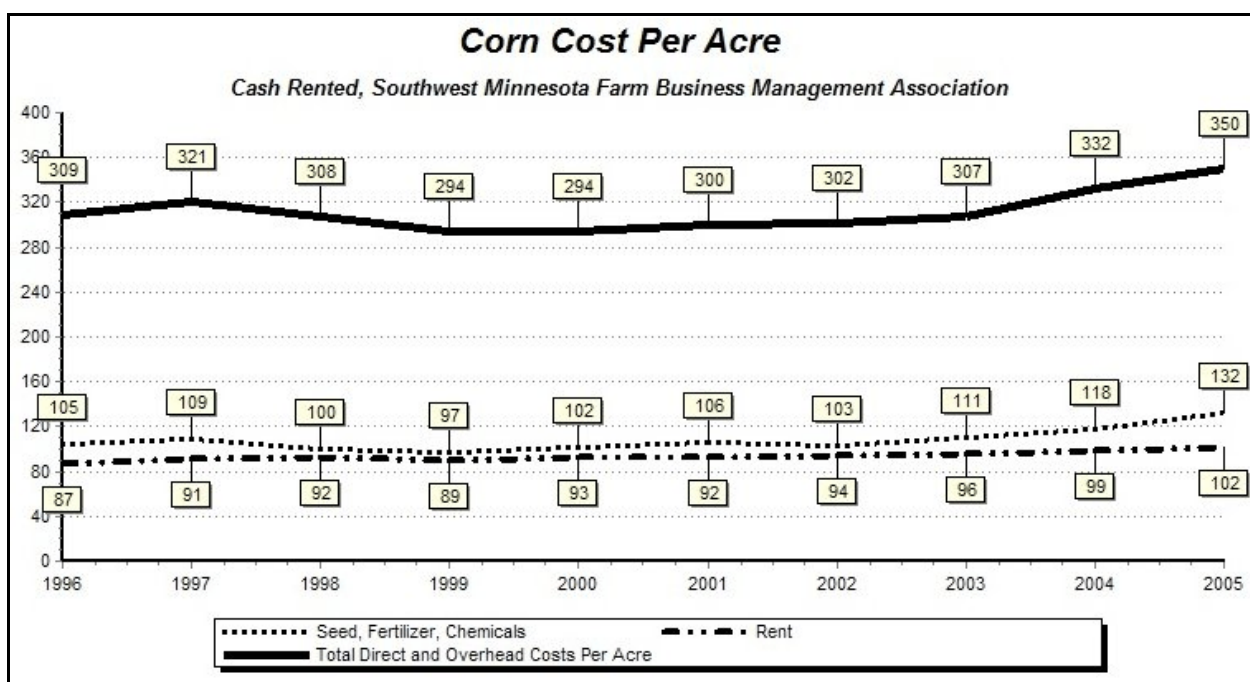
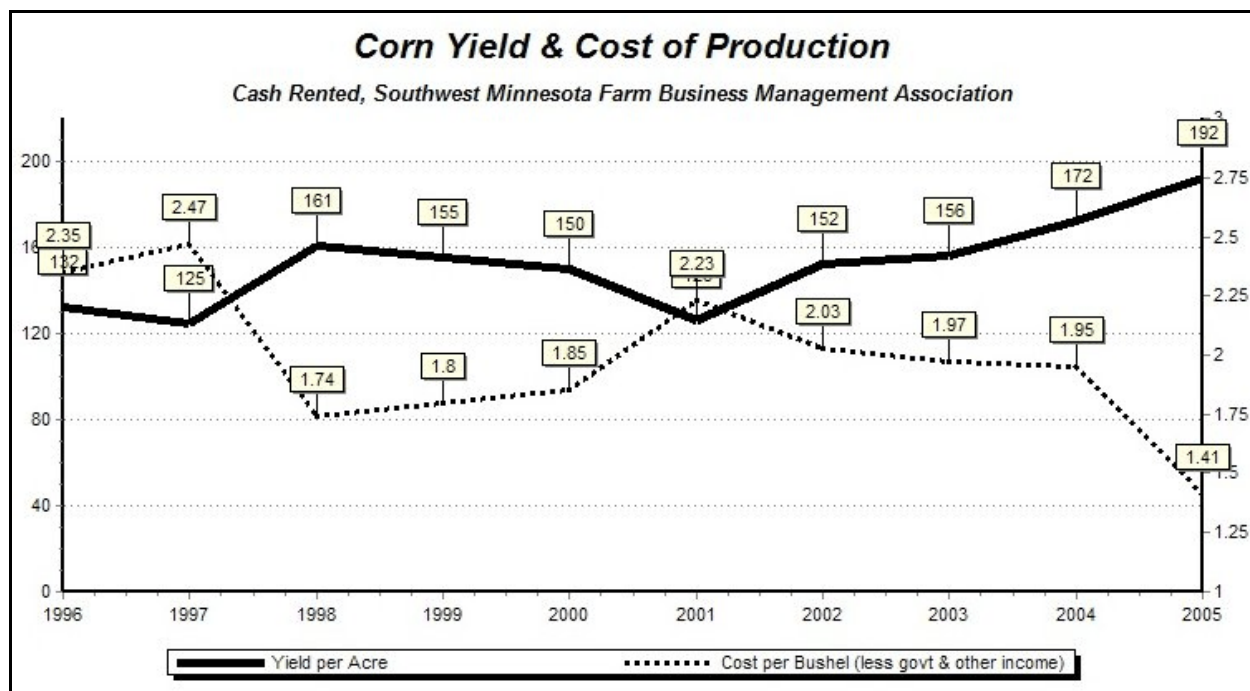
Corn on Cash Rent

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	202	39	30
Number of farms	89	17	18
Acres	132.41	123.21	151.99
Yield per acre (bu.)	191.57	184.50	202.38
Operators share of yield %	100.00	100.00	100.00
Value per bu.	1.78	1.73	1.89
Total product return per acre	340.83	319.98	381.71
Miscellaneous income per acre	76.47	46.18	91.85
Gross return per acre	417.30	366.16	473.57
Direct Expenses			
Seed	51.26	51.33	50.56
Fertilizer	53.79	55.73	50.38
Crop chemicals	27.08	25.17	25.51
Crop insurance	8.33	9.61	7.53
Drying fuel	8.26	7.32	9.01
Fuel & oil	17.84	19.57	16.68
Repairs	20.26	25.79	18.21
Custom hire	1.58	2.12	2.51
Land rent	101.75	100.89	96.69
Machinery leases	0.41	1.09	1.10
Operating interest	6.57	6.30	5.03
Miscellaneous	1.52	0.57	0.73
Total direct expenses per acre	298.65	305.48	283.95
Return over direct exp per acre	118.66	60.68	189.62
Overhead Expenses			
Custom hire	2.48	2.31	1.77
Hired labor	5.87	8.41	2.45
Machinery leases	4.91	3.20	1.81
Building leases	0.90	-	1.62
Farm insurance	4.60	7.49	3.70
Utilities	2.83	3.73	2.83
Dues & professional fees	1.09	0.86	0.75
Interest	4.50	7.13	2.97
Mach & bldg depreciation	21.01	29.40	19.25
Miscellaneous	3.23	1.90	5.19
Total overhead expenses per acre	51.42	64.43	42.35
Total dir & ovhd expenses per acre	350.07	369.90	326.30
Net return per acre	67.24	-3.75	147.26
Government payments	35.84	37.63	34.14
Net return with govt pmts	103.08	33.89	181.40
Labor & management charge	32.40	37.61	34.59
Net return over lbr & mgt	70.68	-3.73	146.81
Cost of Production			
Total direct expense per bu.	1.56	1.66	1.40
Total dir & ovhd exp per bu.	1.83	2.00	1.61
Less govt & other income	1.24	1.55	0.99
With labor & management	1.41	1.75	1.16
Machinery cost per acre	69.40	85.50	60.92
Est. labor hours per acre	2.43	2.77	2.14

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn on Share Rent

	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of fields	33	7
Number of farms	22	5
Acres	91.55	176.90
Yield per acre (bu.)	187.88	194.06
Operators share of yield %	54.44	56.60
Value per bu.	1.75	1.77
Total product return per acre	179.07	193.90
Miscellaneous income per acre	43.38	49.64
Gross return per acre	222.45	243.54
Direct Expenses		
Seed	40.22	43.59
Fertilizer	27.79	29.28
Crop chemicals	15.84	14.20
Crop insurance	4.49	3.80
Drying fuel	4.40	5.70
Fuel & oil	17.44	12.95
Repairs	21.49	17.53
Custom hire	0.91	2.22
Operating interest	5.77	6.90
Miscellaneous	0.47	-
Total direct expenses per acre	138.82	136.16
Return over direct exp per acre	83.63	107.38
Overhead Expenses		
Custom hire	1.59	0.71
Hired labor	4.24	3.26
Machinery leases	2.05	-
Building leases	2.11	4.64
Farm insurance	4.09	3.82
Utilities	2.64	1.99
Dues & professional fees	0.51	0.38
Interest	3.36	1.57
Mach & bldg depreciation	17.15	11.10
Miscellaneous	3.33	2.89
Total overhead expenses per acre	41.08	30.36
Total dir & ovhd expenses per acre	179.90	166.53
Net return per acre	42.55	77.01
Government payments	18.87	19.54
Net return with govt pmts	61.42	96.55
Labor & management charge	26.89	29.38
Net return over lbr & mgt	34.53	67.17
Cost of Production		
Total direct expense per bu.	1.36	1.24
Total dir & ovhd exp per bu.	1.76	1.52
Less govt & other income	1.15	0.89
With labor & management	1.41	1.15
Machinery cost per acre	62.56	45.58
Est. labor hours per acre	2.18	1.66



Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Soybeans on Owned Land

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	93	19	21
Number of farms	72	14	15
Acres	101.27	84.01	122.93
Yield per acre (bu.)	55.70	49.56	59.53
Operators share of yield %	100.00	100.00	100.00
Value per bu.	5.65	5.68	5.63
Total product return per acre	314.46	281.31	335.47
Miscellaneous income per acre	3.69	1.78	6.06
Gross return per acre	318.15	283.08	341.52
Direct Expenses			
Seed	29.37	32.36	26.08
Fertilizer	13.09	10.56	15.41
Crop chemicals	21.91	21.23	19.64
Crop insurance	8.28	10.19	6.31
Fuel & oil	13.69	14.64	13.09
Repairs	17.95	24.04	12.04
Custom hire	2.06	3.40	1.04
Machinery leases	0.10	0.57	-
Operating interest	3.84	6.87	0.73
Miscellaneous	1.10	0.85	1.42
Total direct expenses per acre	111.38	124.72	95.78
Return over direct exp per acre	206.76	158.36	245.75
Overhead Expenses			
Custom hire	2.54	3.32	1.89
Hired labor	4.84	2.23	8.30
Machinery leases	1.12	2.12	0.70
RE & pers. property taxes	11.45	10.86	9.17
Farm insurance	4.25	4.32	4.33
Utilities	2.55	2.81	2.10
Dues & professional fees	0.91	0.62	1.08
Interest	38.57	84.12	9.66
Mach & bldg depreciation	20.13	19.12	23.93
Miscellaneous	2.93	4.87	2.40
Total overhead expenses per acre	89.30	134.39	63.57
Total dir & ovhd expenses per acre	200.68	259.11	159.35
Net return per acre	117.47	23.97	182.18
Government payments	33.84	28.94	37.57
Net return with govt pmts	151.31	52.91	219.74
Labor & management charge	27.37	24.52	26.97
Net return over lbr & mgt	123.94	28.38	192.77
Cost of Production			
Total direct expense per bu.	2.00	2.52	1.61
Total dir & ovhd exp per bu.	3.60	5.23	2.68
Less govt & other income	2.93	4.61	1.94
With labor & management	3.42	5.10	2.40
Machinery cost per acre	56.13	65.68	50.21
Est. labor hours per acre	2.16	2.00	2.45

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

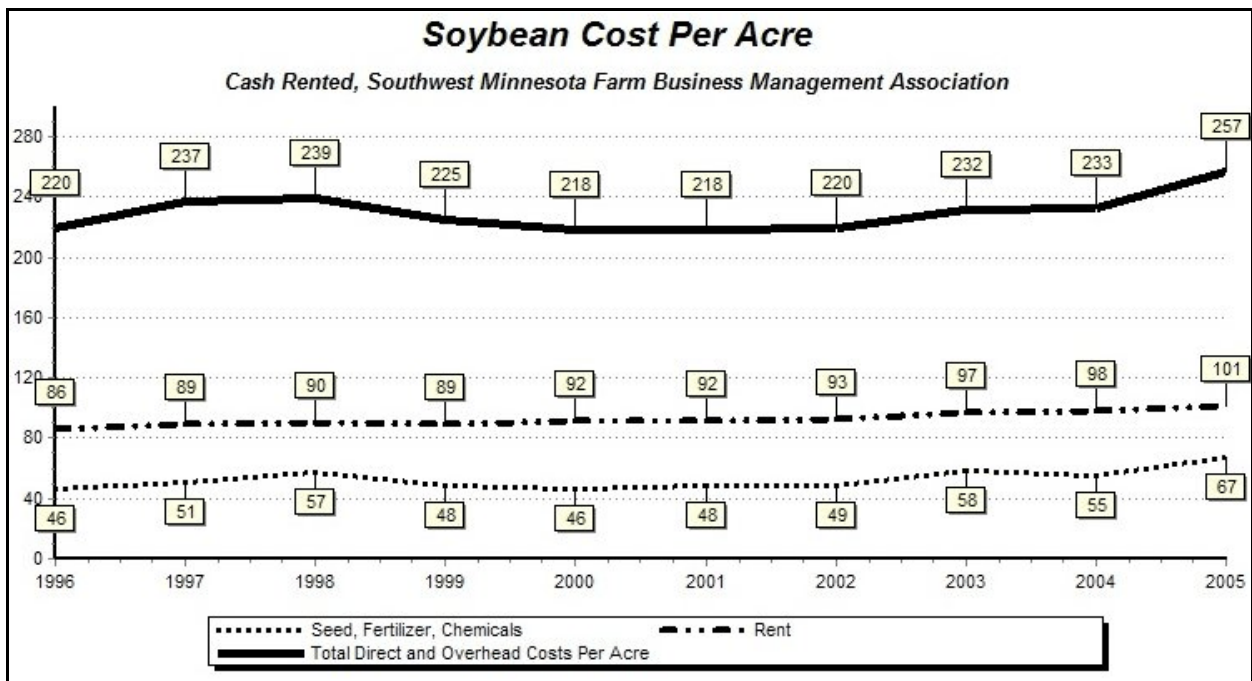
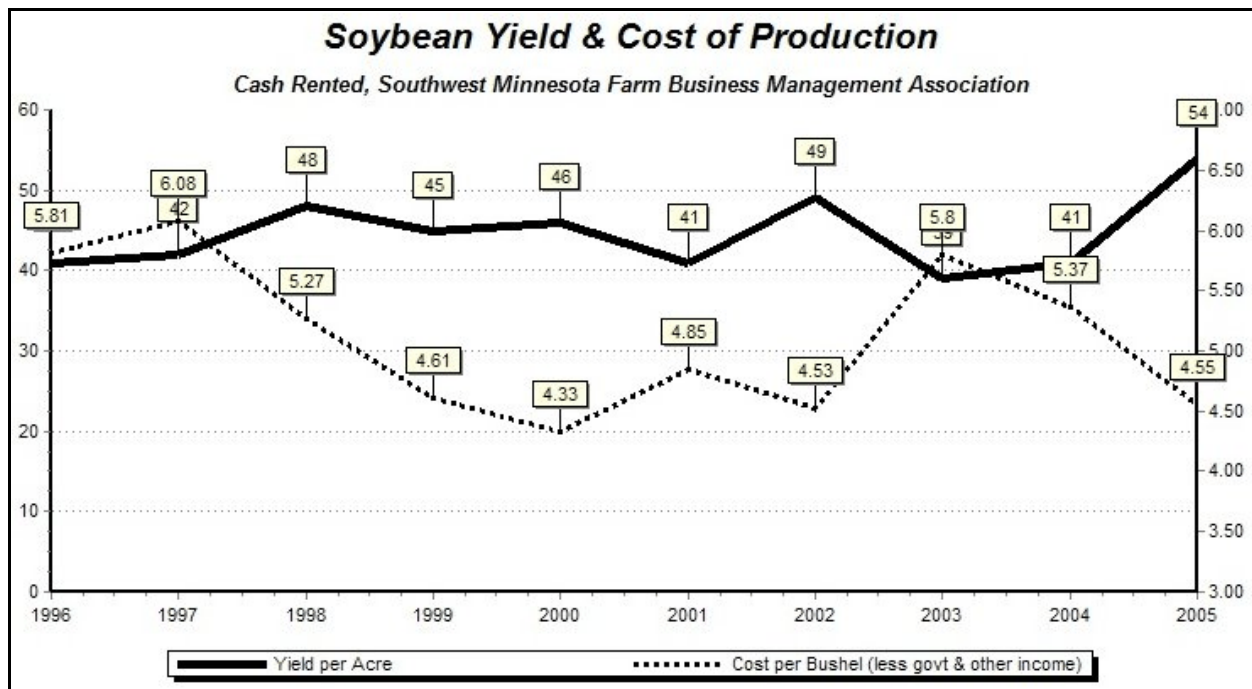
Soybeans on Cash Rent

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	188	38	26
Number of farms	88	17	18
Acres	130.57	122.23	162.41
Yield per acre (bu.)	54.28	50.95	58.72
Operators share of yield %	100.00	100.00	100.00
Value per bu.	5.64	5.65	5.65
Total product return per acre	306.04	287.96	331.83
Miscellaneous income per acre	3.43	3.21	1.87
Gross return per acre	309.47	291.17	333.71
Direct Expenses			
Seed	29.54	30.80	27.53
Fertilizer	13.40	12.47	9.83
Crop chemicals	23.72	30.18	20.22
Crop insurance	9.36	11.16	6.90
Fuel & oil	14.40	16.25	15.01
Repairs	15.83	19.71	12.81
Custom hire	1.76	3.27	0.72
Land rent	101.29	106.27	86.19
Machinery leases	0.23	0.57	0.64
Marketing	0.70	-	-
Operating interest	5.33	7.39	3.73
Miscellaneous	0.89	0.80	0.89
Total direct expenses per acre	216.44	238.87	184.44
Return over direct exp per acre	93.03	52.30	149.27
Overhead Expenses			
Custom hire	2.37	2.76	1.44
Hired labor	4.91	3.09	2.16
Machinery leases	3.35	5.93	0.97
Building leases	0.96	1.31	0.03
Farm insurance	3.70	4.24	3.31
Utilities	2.27	3.01	2.37
Dues & professional fees	0.90	0.57	0.62
Interest	3.41	4.46	3.49
Mach & bldg depreciation	16.46	19.15	12.50
Miscellaneous	2.65	3.44	2.13
Total overhead expenses per acre	40.99	47.97	29.00
Total dir & ovhd expenses per acre	257.43	286.85	213.44
Net return per acre	52.04	4.33	120.26
Government payments	33.02	34.51	37.38
Net return with govt pmts	85.06	38.83	157.64
Labor & management charge	26.23	27.23	33.61
Net return over lbr & mgt	58.83	11.60	124.03
Cost of Production			
Total direct expense per bu.	3.99	4.69	3.14
Total dir & ovhd exp per bu.	4.74	5.63	3.63
Less govt & other income	4.07	4.89	2.97
With labor & management	4.55	5.42	3.54
Machinery cost per acre	54.96	67.97	46.01
Est. labor hours per acre	1.99	2.18	2.16

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Soybeans on Share Rent

	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of fields	33	6
Number of farms	22	5
Acres	95.23	181.55
Yield per acre (bu.)	53.67	54.75
Operators share of yield %	53.57	54.90
Value per bu.	5.61	5.54
Total product return per acre	161.19	166.57
Miscellaneous income per acre	2.64	0.54
Gross return per acre	163.82	167.11
Direct Expenses		
Seed	21.36	17.11
Fertilizer	6.29	7.91
Crop chemicals	15.53	17.16
Crop insurance	4.94	3.61
Fuel & oil	13.85	9.75
Repairs	17.25	13.42
Custom hire	1.90	2.76
Operating interest	4.98	5.27
Miscellaneous	0.79	0.40
Total direct expenses per acre	86.90	77.40
Return over direct exp per acre	76.93	89.71
Overhead Expenses		
Custom hire	1.36	0.46
Hired labor	3.06	1.52
Machinery leases	3.66	0.23
Building leases	1.17	0.49
Farm insurance	3.13	2.53
Utilities	1.97	2.19
Interest	2.28	0.51
Mach & bldg depreciation	13.59	8.91
Miscellaneous	2.84	1.88
Total overhead expenses per acre	33.06	18.72
Total dir & ovhd expenses per acre	119.95	96.12
Net return per acre	43.87	70.99
Government payments	16.82	14.84
Net return with govt pmts	60.69	85.83
Labor & management charge	20.80	23.72
Net return over lbr & mgt	39.89	62.11
Cost of Production		
Total direct expense per bu.	3.02	2.57
Total dir & ovhd exp per bu.	4.17	3.20
Less govt & other income	3.50	2.69
With labor & management	4.22	3.48
Machinery cost per acre	52.64	35.62
Est. labor hours per acre	1.74	1.52



Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn Silage on Owned Land

	<i>Avg. Of All Farms</i>
Number of fields	12
Number of farms	11
Acres	39.36
Yield per acre (ton)	20.02
Operators share of yield %	100.00
Value per ton	17.84
Total product return per acre	357.16
Miscellaneous income per acre	82.73
Gross return per acre	439.89
Direct Expenses	
Seed	46.97
Fertilizer	31.87
Crop chemicals	31.82
Crop insurance	7.71
Fuel & oil	20.98
Repairs	23.04
Custom hire	44.41
Operating interest	3.36
Miscellaneous	0.01
Total direct expenses per acre	210.17
Return over direct exp per acre	229.72
Overhead Expenses	
Custom hire	5.00
Hired labor	4.47
Machinery leases	1.50
RE & pers. property taxes	12.62
Farm insurance	2.29
Utilities	3.06
Dues & professional fees	0.47
Interest	32.96
Mach & bldg depreciation	20.36
Miscellaneous	2.06
Total overhead expenses per acre	84.79
Total dir & ovhd expenses per acre	294.95
Net return per acre	144.94
Government payments	36.17
Net return with govt pmts	181.11
Labor & management charge	16.24
Net return over lbr & mgt	164.87
Cost of Production	
Total direct expense per ton	10.50
Total dir & ovhd exp per ton	14.73
Less govt & other income	8.79
With labor & management	9.60
Machinery cost per acre	114.74
Est. labor hours per acre	2.96

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Corn Silage on Cash Rent

	<i>Avg. Of All Farms</i>
Number of fields	11
Number of farms	11
Acres	50.20
Yield per acre (ton)	23.74
Operators share of yield %	100.00
Value per ton	17.26
Total product return per acre	409.58
Miscellaneous income per acre	75.26
Gross return per acre	484.84
Direct Expenses	
Seed	52.50
Fertilizer	45.37
Crop chemicals	25.84
Crop insurance	3.70
Fuel & oil	24.67
Repairs	17.86
Custom hire	2.80
Land rent	83.54
Operating interest	7.68
Miscellaneous	1.24
Total direct expenses per acre	265.21
Return over direct exp per acre	219.62
Overhead Expenses	
Custom hire	12.94
Hired labor	12.91
Machinery leases	0.25
Building leases	16.18
Farm insurance	3.53
Utilities	1.43
Interest	1.32
Mach & bldg depreciation	20.99
Miscellaneous	6.72
Total overhead expenses per acre	76.28
Total dir & ovhd expenses per acre	341.49
Net return per acre	143.34
Government payments	33.64
Net return with govt pmts	176.98
Labor & management charge	26.68
Net return over lbr & mgt	150.29
Cost of Production	
Total direct expense per ton	11.17
Total dir & ovhd exp per ton	14.39
Less govt & other income	9.80
With labor & management	10.92
Machinery cost per acre	78.95
Est. labor hours per acre	2.89

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Hay, Alfalfa on Owned Land

	<u>Avg. Of All Farms</u>
Number of fields	14
Number of farms	11
Acres	27.01
Yield per acre (ton)	5.11
Operators share of yield %	100.00
Value per ton	77.23
Total product return per acre	394.72
Miscellaneous income per acre	-
Gross return per acre	394.72
Direct Expenses	
Seed	0.58
Fertilizer	22.10
Crop chemicals	2.57
Fuel & oil	17.60
Repairs	16.63
Custom hire	27.23
Operating interest	3.31
Miscellaneous	4.35
Total direct expenses per acre	94.38
Return over direct exp per acre	300.34
Overhead Expenses	
Custom hire	3.46
Hired labor	9.20
Machinery leases	0.66
RE & pers. property taxes	14.17
Farm insurance	3.06
Utilities	2.59
Interest	19.93
Mach & bldg depreciation	21.70
Miscellaneous	4.54
Total overhead expenses per acre	79.30
Total dir & ovhd expenses per acre	173.68
Net return per acre	221.04
Government payments	36.61
Net return with govt pmts	257.65
Labor & management charge	19.79
Net return over lbr & mgt	237.86
Cost of Production	
Total direct expense per ton	18.46
Total dir & ovhd exp per ton	33.98
Less govt & other income	26.82
With labor & management	30.69
Machinery cost per acre	86.69
Est. labor hours per acre	2.75

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Hay, Alfalfa on Cash Rent

	<u>Avg. Of All Farms</u>
Number of fields	23
Number of farms	15
Acres	59.03
Yield per acre (ton)	4.72
Operators share of yield %	100.00
Value per ton	74.23
Total product return per acre	350.17
Miscellaneous income per acre	-
Gross return per acre	350.17
Direct Expenses	
Seed	0.93
Fertilizer	32.80
Crop chemicals	4.58
Crop insurance	0.97
Fuel & oil	23.08
Repairs	20.89
Custom hire	15.42
Land rent	88.39
Operating interest	4.93
Miscellaneous	6.31
Total direct expenses per acre	198.29
Return over direct exp per acre	151.87
Overhead Expenses	
Custom hire	1.05
Hired labor	10.91
Machinery leases	1.24
Building leases	11.60
Farm insurance	3.31
Utilities	1.38
Dues & professional fees	0.13
Interest	3.41
Mach & bldg depreciation	17.05
Miscellaneous	8.50
Total overhead expenses per acre	58.57
Total dir & ovhd expenses per acre	256.86
Net return per acre	93.30
Government payments	30.10
Net return with govt pmts	123.41
Labor & management charge	28.11
Net return over lbr & mgt	95.29
Cost of Production	
Total direct expense per ton	42.04
Total dir & ovhd exp per ton	54.45
Less govt & other income	48.07
With labor & management	54.03
Machinery cost per acre	80.18
Est. labor hours per acre	3.12

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Hay, Grass on Owned Land

	<u>Avg. Of All Farms</u>
Number of fields	8
Number of farms	7
Acres	10.88
Yield per acre (ton)	2.17
Operators share of yield %	100.00
Value per ton	54.39
Total product return per acre	117.87
Miscellaneous income per acre	-
Gross return per acre	117.87
Direct Expenses	
Fuel & oil	9.46
Repairs	8.58
Custom hire	13.52
Operating interest	3.18
Total direct expenses per acre	34.73
Return over direct exp per acre	83.14
Overhead Expenses	
Custom hire	0.35
Hired labor	1.57
RE & pers. property taxes	9.14
Farm insurance	2.93
Utilities	2.29
Dues & professional fees	0.47
Interest	16.75
Mach & bldg depreciation	8.76
Miscellaneous	1.32
Total overhead expenses per acre	43.59
Total dir & ovhd expenses per acre	78.32
Net return per acre	39.55
Government payments	-
Net return with govt pmts	39.55
Labor & management charge	21.94
Net return over lbr & mgt	17.61
Cost of Production	
Total direct expense per ton	16.03
Total dir & ovhd exp per ton	36.14
Less govt & other income	36.14
With labor & management	46.27
Machinery cost per acre	40.06
Est. labor hours per acre	1.82

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Hay, Grass on Cash Rent

	<u>Avg. Of All Farms</u>
Number of fields	6
Number of farms	6
Acres	21.67
Yield per acre (ton)	2.55
Operators share of yield %	100.00
Value per ton	56.27
Total product return per acre	143.23
Miscellaneous income per acre	-
Gross return per acre	143.23
Direct Expenses	
Fuel & oil	9.75
Repairs	14.03
Custom hire	3.82
Land rent	40.66
Operating interest	1.36
Total direct expenses per acre	69.63
Return over direct exp per acre	73.60
Overhead Expenses	
Hired labor	4.12
Machinery leases	0.35
Building leases	1.97
Farm insurance	1.08
Utilities	0.83
Interest	0.82
Mach & bldg depreciation	6.07
Miscellaneous	2.69
Total overhead expenses per acre	17.95
Total dir & ovhd expenses per acre	87.58
Net return per acre	55.65
Government payments	2.33
Net return with govt pmts	57.98
Labor & management charge	12.88
Net return over lbr & mgt	45.10
Cost of Production	
Total direct expense per ton	27.36
Total dir & ovhd exp per ton	34.41
Less govt & other income	33.49
With labor & management	38.55
Machinery cost per acre	34.36
Est. labor hours per acre	1.34

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Pasture on Owned Land

	<u>Avg. Of All Farms</u>
Number of fields	7
Number of farms	7
Acres	42.57
Yield per acre (aum)	2.69
Operators share of yield %	100.00
Value per aum	9.05
Total product return per acre	24.37
Miscellaneous income per acre	3.02
Gross return per acre	27.39
Direct Expenses	
Seed	0.74
Fertilizer	3.00
Crop chemicals	2.45
Fuel & oil	2.42
Repairs	2.77
Operating interest	0.57
Total direct expenses per acre	11.96
Return over direct exp per acre	15.42
Overhead Expenses	
Custom hire	0.36
Hired labor	0.94
RE & pers. property taxes	5.37
Farm insurance	0.50
Utilities	0.39
Interest	27.76
Mach & bldg depreciation	1.50
Miscellaneous	0.39
Total overhead expenses per acre	37.22
Total dir & ovhd expenses per acre	49.18
Net return per acre	-21.80
Government payments	-
Net return with govt pmts	-21.80
Labor & management charge	2.54
Net return over lbr & mgt	-24.34
Cost of Production	
Total direct expense per aum	4.44
Total dir & ovhd exp per aum	18.27
Less govt & other income	17.15
With labor & management	18.09
Machinery cost per acre	7.26
Est. labor hours per acre	0.32

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Pasture on Cash Rent

	<u>Avg. Of All Farms</u>
Number of fields	9
Number of farms	8
Acres	88.22
Yield per acre (aum)	2.48
Operators share of yield %	100.00
Value per aum	10.11
Total product return per acre	25.07
Miscellaneous income per acre	-
Gross return per acre	25.07
Direct Expenses	
Fertilizer	0.56
Crop chemicals	6.21
Fuel & oil	1.76
Repairs	2.06
Land rent	20.58
Operating interest	0.68
Total direct expenses per acre	31.84
Return over direct exp per acre	-6.77
Overhead Expenses	
Hired labor	0.52
Machinery leases	0.28
Building leases	0.40
Mach & bldg depreciation	1.24
Miscellaneous	1.53
Total overhead expenses per acre	3.98
Total dir & ovhd expenses per acre	35.82
Net return per acre	-10.75
Government payments	-
Net return with govt pmts	-10.75
Labor & management charge	2.22
Net return over lbr & mgt	-12.97
Cost of Production	
Total direct expense per aum	12.85
Total dir & ovhd exp per aum	14.45
Less govt & other income	14.45
With labor & management	15.35
Machinery cost per acre	5.81
Est. labor hours per acre	0.20

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

Wheat, Spring on Cash Rent

	<u>Avg. Of All Farms</u>
Number of fields	8
Number of farms	5
Acres	46.63
Yield per acre (bu.)	42.71
Operators share of yield %	100.00
Value per bu.	3.67
Total product return per acre	156.70
Miscellaneous income per acre	16.57
Gross return per acre	173.27
Direct Expenses	
Seed	16.28
Fertilizer	41.95
Crop chemicals	1.82
Crop insurance	2.80
Fuel & oil	9.13
Repairs	10.49
Custom hire	7.20
Land rent	102.00
Hauling and trucking	0.98
Operating interest	8.05
Miscellaneous	0.19
Total direct expenses per acre	200.89
Return over direct exp per acre	-27.62
Overhead Expenses	
Custom hire	0.89
Hired labor	2.27
Machinery leases	0.76
Building leases	1.75
Farm insurance	3.31
Utilities	1.42
Dues & professional fees	0.62
Interest	4.02
Mach & bldg depreciation	8.56
Miscellaneous	1.07
Total overhead expenses per acre	24.65
Total dir & ovhd expenses per acre	225.54
Net return per acre	-52.27
Government payments	30.03
Net return with govt pmts	-22.23
Labor & management charge	11.59
Net return over lbr & mgt	-33.83
Cost of Production	
Total direct expense per bu.	4.70
Total dir & ovhd exp per bu.	5.28
Less govt & other income	4.19
With labor & management	4.46
Machinery cost per acre	39.54
Est. labor hours per acre	0.81

Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Net Return)

CRP on Owned Land

	<u>Avg. Of All Farms</u>	<u>High 20%</u>
Number of fields	22	5
Number of farms	22	5
Acres	27.45	16.38
Yield per acre (\$)	98.16	117.32
Operators share of yield %	100.00	100.00
Value per \$	1.00	1.00
Total product return per acre	98.16	117.32
Miscellaneous income per acre	-	-
Gross return per acre	98.16	117.32
Direct Expenses		
Seed	0.38	-
Fuel & oil	1.75	1.92
Repairs	2.15	1.90
Operating interest	0.54	0.17
Total direct expenses per acre	4.82	3.99
Return over direct exp per acre	93.34	113.33
Overhead Expenses		
Hired labor	1.06	2.87
RE & pers. property taxes	11.49	15.67
Farm insurance	0.60	0.78
Utilities	0.42	0.56
Interest	30.03	6.78
Mach & bldg depreciation	2.89	2.78
Miscellaneous	0.79	0.65
Total overhead expenses per acre	47.29	30.10
Total dir & ovhd expenses per acre	52.11	34.09
Net return per acre	46.05	83.23
Government payments	-	-
Net return with govt pmts	46.05	83.23
Labor & management charge	4.09	5.34
Net return over lbr & mgt	41.96	77.89
Cost of Production		
Total direct expense per \$	0.05	0.03
Total dir & ovhd exp per \$	0.53	0.29
Less govt & other income	0.53	0.29
With labor & management	0.57	0.34
Machinery cost per acre	7.05	6.07
Est. labor hours per acre	0.28	0.71

Livestock Reports

The Livestock Enterprise Analysis tables show the average physical production, gross returns, direct costs, overhead costs, and net returns per budget unit. Consistent with statewide trends, fewer and fewer Association farms have livestock. In order to provide more complete information, the livestock enterprise reports include farms from both the Southwestern and Southeastern Associations.

The “Dairy” table contains the information for only the milking herd (which includes dry cows). “Dairy Replacement Heifers” are those heifers kept for replacement into the milking herd. “Dairy Steers” includes only steers for feeding. The “Dairy and Replacement Heifers” table is for the whole herd and includes those farms in the “Dairy” and “Dairy Replacement Heifers” tables; it does not include “Dairy Steers.”

Gross Return is the accrual gross value produced by the enterprise. It includes income from sale of offspring and livestock products, cull income, non-cash transfers to other enterprises, and the value of production used in the home or for feed. It also includes the value of inventory change from beginning to the end of the year. The cost of livestock purchased and the value of animals transferred in are deducted.

Net Return is the amount contributed by a unit of the enterprise toward operator labor, management, and equity capital. Any wages and benefits paid to the operator are removed from labor costs (and added to *Labor and Management Charge*) so that all farms are on equal footing.

Net Return Over Labor and Management is the return remaining after compensating the operator for unpaid labor and management. This is the per unit return to equity capital.

Cost of Production section shows the average cost per unit sold in each cost category. *Total direct and overhead expense per unit* is the breakeven price needed to cover cash costs and depreciation. For grow/finish enterprises, this includes the purchase cost or transfer in value of the animal. *With other revenue adjustments* is the breakeven price adjusted for cull sales, other offspring sales, the cost of replacement stock, and any other miscellaneous income. This assumes that some costs can be covered by these other income sources. *With labor and management* is the final breakeven price to provide a labor and management return for the operator(s).

Other Information contains both economic and technical efficiency measures for each enterprise.

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than 5 farms have a certain livestock enterprise, that information is not reported. If there are fewer than 25 farms, the high and low groups are not reported.

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Farrow To Finish -- Average Per Litter

	<u>Avg. Of All Farms</u>	
Number of farms	11	
	Quantity	Value
Raised Hogs sold (lb)	2,113.26	1,061.12
Cull sales (lb)	157.99	60.78
Butchered (lb)	6.56	2.91
Less purchased (lb)	-58.83	-62.47
Inventory change (lb)	54.12	1.49
Total production (lb)	2,273.11	1,063.83
Other income		-
Gross return		1,063.83
Direct Expenses		
Corn (bu.)	100.79	179.16
Protein Vit Minerals (lb.)	1,837.58	281.48
Corn Distillers Grn (dry) (lb.)	43.67	1.72
Other feed stuffs	41.96	7.04
Breeding fees		13.35
Veterinary		34.74
Supplies		43.59
Fuel & oil		16.67
Repairs		11.98
Repair, livestock equip		5.36
Custom hire		24.17
Operating interest		10.96
Total direct expenses		630.22
Return over direct expense		433.62
Overhead Expenses		
Custom hire		24.96
Hired labor		63.32
Machinery leases		6.63
Building leases		8.97
RE & pers. property taxes		5.35
Farm insurance		17.28
Utilities		29.06
Dues & professional fees		9.83
Interest		25.53
Mach & bldg depreciation		52.64
Miscellaneous		8.45
Total overhead expenses		252.03
Total dir & ovhd expenses		882.24
Net return		181.59
Labor & management charge		58.54
Net return over lbr & mgt		123.05
Cost of Production		
Total direct expense per cwt.		27.72
Total dir & ovhd expense per cwt.		38.81
With other revenue adjustments		39.13
With labor and management		41.70
Est. labor hours per unit		7.89
Other Information		
Average number of sows		93.4
Litters farrowed		182
Litters per sow		1.95
Litters per crate		7.14
Pigs born per litter		10.67
Pigs weaned per litter		9.35
Pigs weaned per sow		18.04
Number sold per litter		8.20
Lbs of feed / lb of gain		3.36
Feed cost / cwt. of gain		20.65
Feed cost per litter		469.40
Avg wgt/Raised Hog sold		258
Avg price / cwt		50.21

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Farrow To Finish -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>	
Number of farms	11	
	Quantity	Value
Raised Hogs sold (lb)	92.97	46.68
Cull sales (lb)	6.95	2.67
Butchered (lb)	0.29	0.13
Less purchased (lb)	-2.59	-2.75
Inventory change (lb)	2.38	0.07
Total production (lb)	100.00	46.80
Other income		-
Gross return		46.80
Direct Expenses		
Corn (bu.)	4.43	7.88
Protein Vit Minerals (lb.)	80.84	12.38
Corn Distillers Grn (dry) (lb.)	1.92	0.08
Other feed stuffs	1.85	0.31
Breeding fees		0.59
Veterinary		1.53
Supplies		1.92
Fuel & oil		0.73
Repairs		0.53
Repair, livestock equip		0.24
Custom hire		1.06
Operating interest		0.48
Total direct expenses		27.72
Return over direct expense		19.08
Overhead Expenses		
Custom hire		1.10
Hired labor		2.79
Machinery leases		0.29
Building leases		0.39
RE & pers. property taxes		0.24
Farm insurance		0.76
Utilities		1.28
Dues & professional fees		0.43
Interest		1.12
Mach & bldg depreciation		2.32
Miscellaneous		0.37
Total overhead expenses		11.09
Total dir & ovhd expenses		38.81
Net return		7.99
Labor & management charge		2.58
Net return over lbr & mgt		5.41
Cost of Production		
Total direct expense per cwt.		27.72
Total dir & ovhd expense per cwt.		38.81
With other revenue adjustments		39.13
With labor and management		41.70
Est. labor hours per unit		0.35
Other Information		
Average number of sows		93.4
Litters farrowed		182
Litters per sow		1.95
Litters per crate		7.14
Pigs born per litter		10.67
Pigs weaned per litter		9.35
Pigs weaned per sow		18.04
Number sold per litter		8.20
Lbs of feed / lb of gain		3.36
Feed cost / cwt. of gain		20.65
Feed cost per litter		469.40
Avg wgt/Raised Hog sold		258
Avg price / cwt		50.21

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Finish Feeder Pigs -- Average Per Head

	<u>Avg. Of All Farms</u>	
Number of farms	7	
	Quantity	Value
Finish Hogs sold (lb)	233.93	118.98
Butchered (lb)	0.31	0.15
Less purchased (lb)	-50.96	-65.97
Inventory change (lb)	31.27	17.04
Total production (lb)	214.54	70.19
Other income		-
Gross return		70.19
Direct Expenses		
Corn (bu.)	7.58	13.52
Complete Ration (lb.)	0.35	18.64
Protein Vit Minerals (lb.)	95.04	13.46
Other feed stuffs	0.06	0.10
Veterinary		0.82
Supplies		1.76
Fuel & oil		1.40
Repairs		1.72
Custom hire		0.65
Livestock leases		0.22
Marketing		0.35
Operating interest		1.93
Total direct expenses		54.57
Return over direct expense		15.62
Overhead Expenses		
Custom hire		0.39
Hired labor		0.39
Machinery leases		4.45
Building leases		0.62
RE & pers. property taxes		0.32
Farm insurance		0.80
Utilities		0.92
Dues & professional fees		0.22
Interest		1.43
Mach & bldg depreciation		3.16
Miscellaneous		0.57
Total overhead expenses		13.28
Total dir & ovhd expenses		67.85
Net return		2.34
Labor & management charge		6.40
Net return over lbr & mgt		-4.05
Cost of Production		
Total direct expense per cwt.		44.18
Total dir & ovhd expense per cwt.		49.86
With other revenue adjustments		49.86
With labor and management		52.59
Est. labor hours per unit		0.53
Other Information		
No. purchased or trans in		2,061
Number sold or trans out		1,495
Percentage death loss		3.7
Avg. daily gain (lbs)		1.20
Lbs of conc / lb of gain		2.41
Lbs of feed / lb of gain		2.41
Feed cost per cwt of gain		21.31
Feed cost per head		45.72
Average purchase weight		41
Average sales weight		258
Avg purch price / head		52.79
Avg sales price / cwt		50.86

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Finish Feeder Pigs -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>	
Number of farms	7	
	Quantity	Value
Finish Hogs sold (lb)	109.04	55.46
Butchered (lb)	0.14	0.07
Less purchased (lb)	-23.75	-30.75
Inventory change (lb)	14.57	7.94
Total production (lb)	100.00	32.72
Other income		-
Gross return		32.72
Direct Expenses		
Corn (bu.)	3.53	6.30
Complete Ration (lb.)	0.16	8.69
Protein Vit Minerals (lb.)	44.30	6.27
Other feed stuffs	0.03	0.05
Veterinary		0.38
Supplies		0.82
Fuel & oil		0.65
Repairs		0.80
Custom hire		0.30
Livestock leases		0.10
Marketing		0.16
Operating interest		0.90
Total direct expenses		25.44
Return over direct expense		7.28
Overhead Expenses		
Custom hire		0.18
Hired labor		0.18
Machinery leases		2.08
Building leases		0.29
RE & pers. property taxes		0.15
Farm insurance		0.37
Utilities		0.43
Interest		0.67
Mach & bldg depreciation		1.47
Miscellaneous		0.37
Total overhead expenses		6.19
Total dir & ovhd expenses		31.62
Net return		1.09
Labor & management charge		2.98
Net return over lbr & mgt		-1.89
Cost of Production		
Total direct expense per cwt.		44.18
Total dir & ovhd expense per cwt.		49.86
With other revenue adjustments		49.86
With labor and management		52.59
Est. labor hours per unit		0.25
Other Information		
No. purchased or trans in		2,061
Number sold or trans out		1,495
Percentage death loss		3.7
Avg. daily gain (lbs)		1.20
Lbs of conc / lb of gain		2.41
Lbs of feed / lb of gain		2.41
Feed cost per cwt of gain		21.31
Feed cost per head		45.72
Average purchase weight		41
Average sales weight		258
Avg purch price / head		52.79
Avg sales price / cwt		50.86

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Weaning to Finish -- Average Per Head

	Avg. Of All Farms	
Number of farms	7	
	Quantity	Value
Wean-Fin Pig sold (lb)	256.19	128.19
Cull sales (lb)	0.20	0.06
Butchered (lb)	0.01	0.00
Less purchased (lb)	-15.27	-42.08
Inventory change (lb)	7.83	8.15
Total production (lb)	248.96	94.33
Other income		0.21
Gross return		94.53
Direct Expenses		
Corn (bu.)	8.89	14.78
Complete Ration (lb.)	85.36	5.44
Protein Vit Minerals (lb.)	69.46	12.15
Other feed stuffs	0.04	7.59
Veterinary		1.58
Supplies		1.01
Contract production exp.		3.74
Fuel & oil		1.93
Repairs		1.79
Custom hire		0.77
Operating interest		0.40
Total direct expenses		51.16
Return over direct expense		43.37
Overhead Expenses		
Custom hire		1.21
Hired labor		4.40
Building leases		5.28
Farm insurance		1.04
Utilities		0.94
Interest		1.47
Mach & bldg depreciation		2.16
Miscellaneous		0.67
Total overhead expenses		17.16
Total dir & ovhd expenses		68.32
Net return		26.21
Labor & management charge		3.98
Net return over lbr & mgt		22.24
Cost of Production		
Total direct expense per cwt.		33.19
Total dir & ovhd expense per cwt.		39.89
With other revenue adjustments		39.81
With labor and management		41.36
Est. labor hours per unit		0.39
Other Information		
No. purchased or trans in		18,283
Number sold or trans out		15,666
Percentage death loss		5.2
Avg. daily gain (lbs)		1.43
Lbs of conc / lb of gain		2.62
Lbs of feed / lb of gain		2.97
Feed cost per cwt of gain		16.05
Feed cost per head		39.96
Average purchase weight		13
Average sales weight		254
Avg purch price / head		35.77
Avg sales price / cwt		50.04

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Weaning to Finish -- Average Per Cwt. Produced

	Avg. Of All Farms	
Number of farms	7	
	Quantity	Value
Wean-Fin Pig sold (lb)	102.90	51.49
Cull sales (lb)	0.08	0.02
Butchered (lb)	0.00	0.00
Less purchased (lb)	-6.13	-16.90
Inventory change (lb)	3.14	3.27
Total production (lb)	100.00	37.89
Other income		0.08
Gross return		37.97
Direct Expenses		
Corn (bu.)	3.57	5.94
Complete Ration (lb.)	34.29	2.19
Protein Vit Minerals (lb.)	27.90	4.88
Other feed stuffs	0.02	3.05
Veterinary		0.63
Supplies		0.40
Contract production exp.		1.50
Fuel & oil		0.77
Repairs		0.72
Custom hire		0.31
Operating interest		0.16
Total direct expenses		20.55
Return over direct expense		17.42
Overhead Expenses		
Custom hire		0.48
Hired labor		1.77
Building leases		2.12
Farm insurance		0.42
Utilities		0.38
Interest		0.59
Mach & bldg depreciation		0.87
Miscellaneous		0.27
Total overhead expenses		6.89
Total dir & ovhd expenses		27.44
Net return		10.53
Labor & management charge		1.60
Net return over lbr & mgt		8.93
Cost of Production		
Total direct expense per cwt.		33.19
Total dir & ovhd expense per cwt.		39.89
With other revenue adjustments		39.81
With labor and management		41.36
Est. labor hours per unit		0.16
Other Information		
No. purchased or trans in		18,283
Number sold or trans out		15,666
Percentage death loss		5.2
Avg. daily gain (lbs)		1.43
Lbs of conc / lb of gain		2.62
Lbs of feed / lb of gain		2.97
Feed cost per cwt of gain		16.05
Feed cost per head		39.96
Average purchase weight		13
Average sales weight		254
Avg purch price / head		35.77
Avg sales price / cwt		50.04

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Hogs, Contractee -- Average Per Pig Space

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Total production (hd)	0.00	0.00
Other income		35.63
Gross return		35.63
Direct Expenses		
Supplies		3.02
Fuel & oil		1.28
Repairs		1.90
Operating interest		0.49
Total direct expenses		6.70
Return over direct expense		28.94
Overhead Expenses		
Custom hire		1.32
Hired labor		1.48
Machinery leases		1.23
Building leases		1.54
RE & pers. property taxes		0.41
Farm insurance		1.06
Utilities		2.01
Dues & professional fees		0.26
Interest		4.85
Mach & bldg depreciation		5.66
Miscellaneous		0.42
Total overhead expenses		20.25
Total dir & ovhd expenses		26.95
Net return		8.68
Labor & management charge		4.73
Net return over lbr & mgt		3.95
Cost of Production		
Total direct expense per head		-
Total dir & ovhd expense per head		-
With other revenue adjustments		-
With labor and management		-
Est. labor hours per unit		0.48
Other Information		
Number of pigs		4,966
Pigs per pig space (per year)		2.27
Pigs per 100 sq. ft. (per yr)		29.71
Net return per 100 sq. ft.		113.67
Net return per labor hour		18.27
Square feet per pig space		7.64

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Beef Cow-Calf -- Average Per Cow

	<u>Avg. Of All Farms</u>	
Number of farms	16	
	Quantity	Value
Beef Calves sold (lb)	101.58	114.73
Transferred out (lb)	341.40	411.09
Cull sales (lb)	114.87	69.12
Butchered (lb)	3.79	1.47
Less purchased (lb)	-41.25	-62.66
Less transferred in (lb)	-77.98	-81.41
Inventory change (lb)	33.90	64.79
Total production (lb)	476.30	517.13
Other income		-
Gross return		517.13
Direct Expenses		
Corn (bu.)	6.08	8.63
Corn Silage (lb.)	4,476.12	34.25
Hay, Alfalfa (lb.)	1,588.37	54.03
Hay, Grass & Other (lb.)	2,665.12	79.28
Oatlage (lb.)	924.49	5.14
Pasture (aum)	2.38	37.78
Complete Ration (lb.)	16.65	6.85
Protein Vit Minerals (lb.)	137.93	16.17
Other feed stuffs	336.39	7.33
Breeding fees		14.14
Veterinary		35.13
Supplies		10.79
Fuel & oil		15.76
Repairs		18.00
Hauling and trucking		4.73
Marketing		2.83
Bedding		6.44
Operating interest		9.89
Total direct expenses		367.19
Return over direct expense		149.94
Overhead Expenses		
Custom hire		7.66
Hired labor		7.02
Machinery leases		6.46
Farm insurance		5.32
Utilities		9.00
Dues & professional fees		5.02
Interest		7.05
Mach & bldg depreciation		17.69
Miscellaneous		9.39
Total overhead expenses		74.62
Total dir & ovhd expenses		441.80
Net return		75.32
Labor & management charge		67.56
Net return over lbr & mgt		7.77
Cost of Production		
Total direct expense per cwt.		77.09
Total dir & ovhd expense per cwt.		92.76
With other revenue adjustments		78.89
With labor and management		93.07
Est. labor hours per unit		7.50
Other Information		
Number of cows		61.3
Pregnancy percentage		97.8
Pregnancy loss percentage		2.4
Culling percentage		8.7
Calving percentage		95.4
Weaning percentage		87.5
Calves sold per cow		0.83
Calf death loss percent		8.5
Average weaning weight		525
Lbs weaned/exposed female		459
Feed cost per cow		249.46
Avg wgt/Beef Calf sold		562
Avg price / cwt		112.95

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

All Beef Finish Calves -- Average Per Head

	<u>Avg. Of All Farms</u>	
Number of farms	18	
	Quantity	Value
Finish Beef sold (lb)	1,170.85	988.77
Transferred out (lb)	13.09	13.44
Butchered (lb)	4.73	3.93
Less purchased (lb)	-633.34	-773.27
Less transferred in (lb)	-45.48	-56.27
Inventory change (lb)	83.91	115.94
Total production (lb)	593.76	292.55
Other income		-
Gross return		292.55
Direct Expenses		
Corn (bu.)	58.67	98.28
Corn Silage (lb.)	2,548.78	22.74
Hay, Alfalfa (lb.)	351.64	12.13
Hay, Grass & Other (lb.)	169.59	5.13
Complete Ration (lb.)	3.67	2.51
Creep / Starter (lb.)	4.74	0.54
Protein Vit Minerals (lb.)	296.11	34.50
Corn Distillers Grn (dry) (lb.)	166.07	6.35
Corn Gluten (lb.)	433.15	6.22
Other feed stuffs	170.05	2.70
Veterinary		6.62
Supplies		5.99
Fuel & oil		8.30
Repairs		10.85
Hauling and trucking		7.53
Operating interest		17.99
Total direct expenses		248.39
Return over direct expense		44.16
Overhead Expenses		
Custom hire		2.64
Hired labor		5.40
Machinery leases		2.06
RE & pers. property taxes		2.01
Farm Insurance		2.49
Utilities		4.06
Dues & professional fees		1.37
Interest		8.59
Mach & bldg depreciation		13.47
Miscellaneous		2.89
Total overhead expenses		44.97
Total dir & ovhd expenses		293.36
Net return		-0.82
Labor & management charge		30.69
Net return over lbr & mgt		-31.51
Cost of Production		
Total direct expense per cwt.		80.92
Total dir & ovhd expense per cwt.		84.72
With other revenue adjustments		84.72
With labor and management		87.31
Est. labor hours per unit		3.18
Other Information		
No. purchased or trans in		282
Number sold or trans out		263
Percentage death loss		1.0
Avg. daily gain (lbs)		2.41
Lbs of conc / lb of gain		7.04
Lbs of feed / lb of gain		9.49
Feed cost per cwt of gain		32.18
Feed cost per head		191.10
Average purchase weight		689
Average sales weight		1,269
Avg purch price / cwt		122.09
Avg sales price / cwt		84.45

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Beef, Finish Beef Calves -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>	
Number of farms	18	
	Quantity	Value
Finish Beef sold (lb)	197.19	166.53
Transferred out (lb)	2.20	2.26
Butchered (lb)	0.80	0.66
Less purchased (lb)	-106.67	-130.23
Less transferred in (lb)	-7.66	-9.48
Inventory change (lb)	14.13	19.53
Total production (lb)	100.00	49.27
Other income		-
Gross return		49.27
Direct Expenses		
Corn (bu.)	9.88	16.55
Corn Silage (lb.)	429.26	3.83
Hay, Alfalfa (lb.)	59.22	2.04
Hay, Grass & Other (lb.)	28.56	0.86
Complete Ration (lb.)	0.62	0.42
Creep / Starter (lb.)	0.80	0.09
Protein Vit Minerals (lb.)	49.87	5.81
Corn Distillers Grn (dry) (lb.)	27.97	1.07
Corn Gluten (lb.)	72.95	1.05
Other feed stuffs	28.64	0.46
Veterinary		1.12
Supplies		1.01
Fuel & oil		1.40
Repairs		1.83
Hauling and trucking		1.27
Operating interest		3.03
Total direct expenses		41.83
Return over direct expense		7.44
Overhead Expenses		
Custom hire		0.44
Hired labor		0.91
Machinery leases		0.35
RE & pers. property taxes		0.34
Farm Insurance		0.42
Utilities		0.68
Dues & professional fees		0.23
Interest		1.45
Mach & bldg depreciation		2.27
Miscellaneous		0.49
Total overhead expenses		7.57
Total dir & ovhd expenses		49.41
Net return		-0.14
Labor & management charge		5.17
Net return over lbr & mgt		-5.31
Cost of Production		
Total direct expense per cwt.		80.92
Total dir & ovhd expense per cwt.		84.72
With other revenue adjustments		84.72
With labor and management		87.31
Est. labor hours per unit		0.53
Other Information		
No. purchased or trans in		282
Number sold or trans out		263
Percentage death loss		1.0
Avg. daily gain (lbs)		2.41
Lbs of conc / lb of gain		7.04
Lbs of feed / lb of gain		9.49
Feed cost per cwt of gain		32.18
Feed cost per head		191.10
Average purchase weight		689
Average sales weight		1,269
Avg purch price / cwt		122.09
Avg sales price / cwt		84.45

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Dairy -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>High 20%</u>	
Number of farms	22		5	
	Quantity	Value	Quantity	Value
Milk sold (lb)	23,345.27	3,518.08	22,456.20	3,522.22
Milk used in home (lb)	4.88	0.71	13.11	1.94
Milk fed to animals (lb)	18.97	1.06	46.47	4.65
Dairy Calves sold (hd)	0.45	88.43	0.39	82.13
Transferred out (hd)	0.48	128.84	0.60	145.46
Cull sales (hd)	0.27	164.58	0.31	193.68
Butchered (hd)	0.00	1.02	-	-
Less purchased (hd)	-0.07	-105.78	0.00	-10.02
Less transferred in (hd)	-0.29	-461.11	-0.35	-606.61
Inventory change (hd)	0.02	42.69	-0.01	12.58
Total production		3,378.51		3,346.04
Other income		13.17		2.51
Gross return		3,391.68		3,348.54
Direct Expenses				
Corn (bu.)	86.13	163.81	106.83	199.43
Corn Silage (lb.)	14,930.66	130.58	15,706.61	152.41
Hay, Alfalfa (lb.)	2,625.00	126.04	3,677.49	150.25
Hay, Grass & Other (lb.)	176.84	4.73	169.20	4.94
Haylage, Alfalfa (lb.)	6,738.49	143.41	4,188.13	69.52
Complete Ration (lb.)	1,131.68	113.02	-	-
Protein Vit Minerals (lb.)	2,234.36	440.64	2,788.56	385.42
Other feed stuffs	1,093.48	53.28	292.56	26.21
Breeding fees		48.32		38.48
Veterinary		119.16		83.90
BST		29.96		-
Supplies		207.50		149.69
DHIA		10.66		3.38
Fuel & oil		46.63		35.80
Repairs		112.93		61.09
Custom hire		35.79		11.55
Hired labor		51.99		-
Marketing		28.50		10.60
Operating interest		10.38		0.22
Total direct expenses		1,877.34		1,382.89
Return over direct expense		1,514.35		1,965.66
Overhead Expenses				
Custom hire		27.58		58.18
Hired labor		344.60		346.70
RE & pers. property taxes		7.57		10.72
Farm insurance		28.85		50.57
Utilities		56.67		53.06
Interest		63.23		3.60
Mach & bldg depreciation		162.22		150.02
Miscellaneous		36.37		75.59
Total overhead expenses		727.08		748.44
Total dir & ovhd expenses		2,604.42		2,131.33
Net return		787.26		1,217.21
Labor & management charge		222.30		276.54
Net return over lbr & mgt		564.96		940.67
Cost of Production				
Total direct expense per cwt.		8.03		6.14
Total dir & ovhd expense per cwt.		11.14		9.47
With other revenue adjustments		11.69		10.27
With labor and management		12.64		11.49
Est. labor hours per unit		44.76		42.53
Other Information				
Avg. number of Cows		177.6		178.6
Milk produced per Cow		23,369		22,516
Culling percentage		27.3		31.0
Turnover rate		34.9		36.7
Percent of barn capacity		114.5		107.5
Lbs. milk/lb grain & conc.		2.7		2.6
Feed cost per cwt of milk		5.03		4.39
Feed cost per Cow		1,175.52		988.18
Avg. milk price per cwt.		15.07		15.68

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Dairy Replacement Heifers -- Average Per Head Sold/Trans

	Avg. Of All Farms		High 20%	
Number of farms	21		5	
	Quantity	Value	Quantity	Value
Replacements sold (hd)	0.17	249.32	0.12	115.27
Transferred out (hd)	0.83	1,251.97	0.88	1,513.43
Cull sales (hd)	0.01	9.12	-	-
Butchered (hd)	0.00	1.74	0.00	0.66
Less purchased (hd)	-0.03	-55.87	-	-
Less transferred in (hd)	-1.16	-302.26	-1.32	-357.63
Inventory change (hd)	0.05	112.86	0.18	433.69
Total production (hd)	0.00	1,266.90	0.00	1,705.42
Other income		-		-
Gross return		1,266.90		1,705.42
Direct Expenses				
Corn (bu.)	32.54	69.83	19.27	35.64
Corn Silage (lb.)	9,440.71	89.36	9,716.16	96.51
Hay, Alfalfa (lb.)	3,670.81	156.00	4,073.06	143.00
Hay, Grass & Other (lb.)	311.92	10.79	449.78	15.59
Haylage, Alfalfa (lb.)	5,401.64	118.91	-	-
Pasture (aum)	1.00	16.20	1.13	11.27
Sorghum Silage (lb.)	1,174.86	9.36	-	-
Milk Replacer (lb.)	8.40	7.00	-	-
Protein Vit Minerals (lb.)	784.17	201.86	678.12	128.52
Other feed stuffs	406.50	15.35	620.90	19.55
Breeding fees		22.09		23.42
Veterinary		36.95		14.97
Supplies		40.82		3.96
Fuel & oil		18.81		10.15
Repairs		40.40		15.66
Custom hire		154.76		353.30
Bedding		1.16		0.11
Total direct expenses		1,009.63		871.64
Return over direct expense		257.26		833.78
Overhead Expenses				
Custom hire		23.16		57.87
Hired labor		97.37		66.87
Farm insurance		10.58		9.56
Utilities		18.65		8.20
Interest		17.30		4.26
Mach & bldg depreciation		63.50		30.01
Miscellaneous		16.55		17.98
Total overhead expenses		247.12		194.77
Total dir & ovhd expenses		1,256.75		1,066.41
Net return		10.15		639.01
Labor & management charge		94.47		73.38
Net return over lbr & mgt		-84.32		565.62
Cost of Production				
Total direct expense per head		1,244.03		794.93
Total dir & ovhd expense per head		1,491.15		989.69
With other revenue adjustments		1,491.15		989.69
With labor and management		1,585.62		1,063.08
Est. labor hours per unit		17.58		15.01
Other Information				
No. purchased or trans in		84		121
Number sold or trans out		70		92
Average number of head		159		201
Percentage death loss		3.8		3.0
Feed cost per average head		305.12		205.11
Feed cost/head sold+trans		694.66		450.07
Avg. purchase weight		-		-
Avg. sales weight		-		-
Avg. purch price / head		1,669.20		-
Avg. sales price / head		1,460.02		996.13

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Dairy and Repl Heifers -- Average Per Cow

	<u>Avg. Of All Farms</u>	
Number of farms	16	
	Quantity	Value
Milk sold (lb)	23,260.91	3,521.02
Milk used in home (lb)	4.26	0.55
Milk fed to animals (lb)	25.74	1.14
Dairy Calves sold (hd)	0.46	162.74
Transferred out (hd)	0.88	659.58
Cull sales (hd)	0.26	174.79
Butchered (hd)	0.00	2.09
Less purchased (hd)	-0.04	-64.65
Less transferred in (hd)	-0.84	-639.65
Inventory change (hd)	0.04	79.33
Total production		3,896.95
Other income		15.50
Gross return		3,912.45
Direct Expenses		
Corn (bu.)	114.87	225.96
Corn Silage (lb.)	16,368.37	131.49
Hay, Alfalfa (lb.)	3,979.34	184.62
Haylage, Alfalfa (lb.)	10,713.66	225.23
Protein Vit Minerals (lb.)	2,741.34	676.03
Other feed stuffs	2,526.99	92.97
Breeding fees		58.08
Veterinary		159.30
BST		35.38
Supplies		222.46
DHA		14.62
Fuel & oil		61.67
Repairs		146.44
Custom hire		51.82
Hauling and trucking		2.65
Marketing		44.21
Total direct expenses		2,332.92
Return over direct expense		1,579.53
Overhead Expenses		
Custom hire		19.22
Hired labor		398.12
RE & pers. property taxes		9.91
Farm insurance		27.48
Utilities		72.63
Interest		62.91
Mach & bldg depreciation		220.85
Miscellaneous		28.84
Total overhead expenses		839.96
Total dir & ovhd expenses		3,172.88
Net return		739.57
Labor & management charge		279.31
Net return over lbr & mgt		460.27
Cost of Production		
Total direct expense per cwt.		10.02
Total dir & ovhd expense per cwt.		13.62
With other revenue adjustments		11.95
With labor and management		13.15
Est. labor hours per unit		52.61
Other Information		
Avg. number of Cows		141.9
Milk produced per Cow		23,291
Culling percentage		25.9
Turnover rate		34.1
Percent of barn capacity		115.2
Lbs. milk/lb grain & conc.		2.4
Feed cost per cwt of milk		6.60
Feed cost per Cow		1,536.30
Avg. milk price per cwt.		15.14

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Dairy Steers -- Average Per Head

	Avg. Of All Farms	
Number of farms	7	
	Quantity	Value
Dairy Steers sold (lb)	1,473.25	1,169.12
Transferred out (lb)	9.53	9.53
Butchered (lb)	25.01	19.30
Less purchased (lb)	-288.94	-347.98
Less transferred in (lb)	-179.86	-193.23
Inventory change (lb)	-49.37	-0.57
Total production (lb)	989.63	656.17
Other income		-
Gross return		656.17
Direct Expenses		
Corn (bu.)	102.25	214.51
Corn Silage (lb.)	1,497.83	13.14
Hay, Alfalfa (lb.)	462.75	16.35
Hay, Grass & Other (lb.)	452.63	14.47
Haylage, Alfalfa (lb.)	1,220.90	27.47
Protein Vit Minerals (lb.)	705.72	109.62
Other feed stuffs	0.89	1.34
Veterinary		19.14
Supplies		25.95
Fuel & oil		10.07
Repairs		18.17
Marketing		5.41
Operating interest		6.97
Total direct expenses		482.62
Return over direct expense		173.55
Overhead Expenses		
Custom hire		5.18
Hired labor		16.63
RE & pers. property taxes		4.14
Farm insurance		8.75
Utilities		11.59
Dues & professional fees		0.63
Mach & bldg depreciation		30.35
Miscellaneous		5.79
Total overhead expenses		83.06
Total dir & ovhd expenses		565.68
Net return		90.49
Labor & management charge		68.10
Net return over lbr & mgt		22.38
Cost of Production		
Total direct expense per cwt.		67.78
Total dir & ovhd expense per cwt.		73.39
With other revenue adjustments		73.39
With labor and management		77.98
Est. labor hours per unit		7.61
Other Information		
No. purchased or trans in		57
Number sold or trans out		54
Percentage death loss		3.2
Avg. daily gain (lbs)		2.11
Lbs of conc / lb of gain		6.40
Lbs of feed / lb of gain		8.45
Feed cost per cwt of gain		40.11
Feed cost per head		396.91
Average purchase weight		350
Average sales weight		1,326
Avg purch price / head		421.87
Avg sales price / cwt		79.36

Livestock Enterprise Analysis
Southwest & Southeast Minnesota Farm Business Management Associations
(Farms Sorted By Net Return Per Unit)

Dairy Steers -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>	
Number of farms	7	
	Quantity	Value
Dairy Steers sold (lb)	148.87	118.14
Transferred out (lb)	0.96	0.96
Butchered (lb)	2.53	1.95
Less purchased (lb)	-29.20	-35.16
Less transferred in (lb)	-18.17	-19.53
Inventory change (lb)	-4.99	-0.06
Total production (lb)	100.00	66.30
Other income		-
Gross return		66.30
Direct Expenses		
Corn (bu.)	10.33	21.68
Corn Silage (lb.)	151.35	1.33
Hay, Alfalfa (lb.)	46.76	1.65
Hay, Grass & Other (lb.)	45.74	1.46
Haylage, Alfalfa (lb.)	123.37	2.78
Protein Vit Minerals (lb.)	71.31	11.08
Other feed stuffs	0.09	0.14
Veterinary		1.93
Supplies		2.62
Fuel & oil		1.02
Repairs		1.84
Marketing		0.55
Operating interest		0.70
Total direct expenses		48.77
Return over direct expense		17.54
Overhead Expenses		
Custom hire		0.52
Hired labor		1.68
RE & pers. property taxes		0.42
Farm insurance		0.88
Utilities		1.17
Dues & professional fees		0.06
Mach & bldg depreciation		3.07
Miscellaneous		0.58
Total overhead expenses		8.39
Total dir & ovhd expenses		57.16
Net return		9.14
Labor & management charge		6.88
Net return over lbr & mgt		2.26
Cost of Production		
Total direct expense per cwt.		67.78
Total dir & ovhd expense per cwt.		73.39
With other revenue adjustments		73.39
With labor and management		77.98
Est. labor hours per unit		0.77
Other Information		
No. purchased or trans in		57
Number sold or trans out		54
Percentage death loss		3.2
Avg. daily gain (lbs)		2.11
Lbs of conc / lb of gain		6.40
Lbs of feed / lb of gain		8.45
Feed cost per cwt of gain		40.11
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Average purchase weight		350
Average sales weight		1,326
Avg purch price / head		421.87
Avg sales price / cwt		79.36

Summary Tables

Financial Summary by Years

A better picture of the current profitability, liquidity and solvency conditions can be seen by comparing this year to previous years in the *Summary by Years* table. All items are taken from the annual report for that year. Monetary values are left in nominal terms unadjusted for inflation. The one exception is the *Net Farm Income (Constant \$)* using the Consumer Price Index (CPI-U) from the U.S. Department of Commerce. This shows the changes in “buying power” for the farmers, compared to the current year. The CPI used is reported below.

<u>Year</u>	<u>CPI-U</u> <u>1982-84=100</u>	<u>Year</u>	<u>CPI-U</u> <u>1982-84=100</u>
1986	109.6	1996	156.9
1987	113.6	1997	160.5
1988	118.3	1998	163.0
1989	124.0	1999	166.6
1990	130.7	2000	172.2
1991	136.2	2001	177.0
1992	140.3	2002	179.9
1993	144.5	2003	184.0
1994	148.2	2004	188.9
1995	152.4	2005	195.3

Financial Summary by County

This table summarizes whole-farm financial performance by county. Counties are grouped by proximity and similar crop production potential.

Financial Summary by Farm Size (Gross Farm Income)

This table summarizes whole-farm financial performance by size of farm. Farms are categorized based on gross farm income.

Financial Summary by Farm Type

This table summarizes whole-farm financial performance by type of farm. Farm type is assigned based on greater than 70 percent of sales from that commodity or combination of commodities.

Financial Summary by Debt To Asset Ratio

This table summarizes whole-farm financial performance by debt level. Farms are categorized based on total farm and nonfarm Debt To Asset Ratio.

Financial Summary by Age of Operator

This table summarizes whole-farm financial performance based on age of the primary operator.

SUMMARY OF THE WHOLE FARM ANALYSIS BY YEARS
Southwestern Minnesota Farm Business Management Association
(Overall averages for all farms reporting)

Row	Items	1986	1987	1988	1989	1990	1991	1992	1993	1994
		----	----	----	----	----	----	----	----	----
1	Number of Farms	182	178	202	203	200	207	201	202	202
	Farm Income Statement									
2	Gross Cash Farm Income	246,048	254,004	262,229	265,019	291,839	288,031	301,907	296,705	306,175
3	Total Cash Farm Expense	189,097	196,046	206,433	204,939	222,201	221,385	236,768	242,616	256,246
4	Inventory Change	1,798	31,353	20,577	11,788	22,242	-10,822	-429	4,474	9,254
5	Depr. & Cap. Adj.	-26,656	-25,906	-21,370	-21,709	-26,876	-26,122	-27,051	-26,997	-27,268
6	Net Farm Income	32,093	63,404	55,004	50,159	65,004	29,702	37,659	31,567	31,915
7	Net Farm Income (Constant \$)	57,188	109,004	90,805	79,000	97,133	42,590	52,422	42,665	42,058
	Profitability and Liquidity Analysis								**	**
8	Labor and Management Earnings	21,241	51,592	39,866	33,078	47,215	11,281	19,467	16,681	16,949
	Rate of return on:									
9	Average Assets (%)	9	16	13	10	12	5	7	5	5
10	Average Equity (%)	9	24	16	11	15	3	6	2	3
11	Operating Profit Margin (%)	18	26	22	19	23	12	14	12	12
12	Asset Turnover Rate (%)	52	63	58	49	53	43	46	40	41
13	Value of Farm Production	211,530	246,235	246,893	233,867	264,282	225,829	244,243	191,194	207,729
14	Farm Interest Paid	21,446	15,993	14,546	15,489	17,126	17,061	17,943	15,667	17,837
15	Cash Expense as a % of Income	77	77	79	77	76	77	78	82	84
	Interest Paid as a % of:									
16	Gross Cash Income	9	6	6	6	6	6	6	5	6
17	Total Cash Expenses	11	8	7	8	8	8	8	6	7
18	Yrs. to T/O Non R.E. Debt	1.5	1.9	1.4	2.2	1.9	3.3	2.6	1.8	2.6
	Comparative Financial Statement (Market Basis)								**	**
19	No. of Sole Proprietors	161	164	182	179	180	187	180	178	179
20	Total Ending Assets	462,043	439,918	468,616	506,988	557,912	579,629	596,525	844,030	901,807
21	Total Ending Liabilities	211,411	180,785	172,714	186,956	202,626	216,189	227,131	396,899	431,390
22	Ending Net Worth	250,632	259,133	295,902	320,032	355,286	363,440	369,394	447,132	470,418
23	Ending Farm C+I Debt to Asset %	43	37	35	35	36	41	44	38	39
24	Ending Total Debt to Asset %	46	41	37	37	36	37	38	47	48
	Acreage Information									
25	Total Acres Owned	231	222	222	237	237	241	251	252	267
26	Total Crop Acres Farmed	540	520	525	568	561	570	586	600	612
27	Crop Acres Owned	191	180	186	199	191	200	203	204	204
28	Crop Acres Cash Rented	236	231	238	269	275	274	286	299	323
29	Crop Acres Share Rented	113	108	101	100	95	96	96	97	86
	Crop Yields									
30	Corn per acre	136	138	89	141	128	125	126	61	143
31	Soybean per acre	39	44	32	43	45	38	38	20	46
	Crop Prices Received (cash sales)									
32	Corn per Bushel	2.03	1.53	2.08	2.20	2.30	2.26	2.20	2.11	2.24
33	Soybeans per Bushel	5.01	4.89	6.80	6.57	5.69	5.41	5.39	5.84	5.94
	Household Information									
34	No. Farms Reporting HseHld Info	101	102	120	129	126	145	136	131	134
35	Average Family Size	3.6	3.7	3.8	3.9	3.9	4.0	4.1	3.9	3.8
36	Total Family Use of Cash	28,027	30,729	37,556	44,214	46,587	48,911	45,638	45,897	42,179
37	Average Net Nonfarm Income	8,580	7,787	6,890	11,973	12,135	10,803	12,329	12,354	13,515

* Not available.

** Starting with 1993, profitability is analyzed using assets valued on the cost basis and the financial statement uses fair market value. From 1979 through 1992, profitability and solvency are analyzed using land valued with a conservative market value and all other assets valued on a cost basis.

SUMMARY OF THE WHOLE FARM ANALYSIS BY YEARS (continued)
Southwestern Minnesota Farm Business Management Association
(Overall averages for all farms reporting)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Row
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216	203	208	210	216	212	207	188	175	125	107	1
346,838	382,502	359,710	369,573	388,731	422,897	433,698	428,084	504,022	496,771	579,201	2
277,214	299,610	303,241	305,344	324,802	348,711	358,506	352,995	400,605	404,743	477,476	3
16,939	12,231	19,769	-21,057	15,633	25,296	-17,297	19,571	18,977	31,076	74,307	4
-29,288	-32,424	-35,640	-34,557	-35,800	-17,731	-21,280	-24,654	-25,990	-24,741	-28,170	5
57,276	62,699	40,598	8,616	43,762	81,750	36,614	70,007	96,404	98,362	147,862	6
73,399	78,044	49,401	10,323	51,301	92,716	40,400	76,000	102,324	101,695	147,862	7
**	**	**	**	**	**	**	**	**	**	**	
41,326	45,206	23,364	-8,757	26,896	62,532	16,094	47,628	71,108	73,058	116,809	8
10	10	6	2	7	12	6	9	11	11	14	9
13	12	5	-6	7	19	4	11	16	16	21	10
22	21	14	4	16	27	14	20	24	23	28	11
46	48	44	39	43	45	39	44	44	46	51	12
247,690	277,026	262,396	250,717	274,411	313,232	282,583	345,743	379,505	378,450	478,073	13
22,084	22,337	22,282	25,358	27,488	27,002	27,203	26,739	25,262	21,824	22,210	14
80	78	84	83	84	82	83	82	79	81	82	15
6	6	6	7	7	6	6	6	5	4	4	16
8	7	7	8	8	8	8	8	6	5	5	17
1.3	1.2	3.3	2.5	2.5	2.1	2.4	3.4	1.7	2.4	2.2	18
**	**	**	**	**	**	**	**	**	**	**	
184	173	180	183	185	181	178	161	149	109	91	19
944,208	982,750	1,016,308	1,066,565	1,061,579	1,150,838	1,158,071	1,277,823	1,407,919	1,286,775	1,487,232	20
452,253	462,505	490,140	522,994	517,040	545,689	539,918	578,253	619,279	554,962	618,105	21
491,955	520,245	526,168	543,571	544,539	605,149	618,197	699,570	788,640	731,813	869,127	22
38	37	44	45	43	42	45	43	41	41	40	23
48	47	48	49	49	47	47	45	44	43	42	24
256	249	233	250	241	250	252	265	263	236	241	25
625	658	648	697	709	730	759	784	794	766	792	26
211	204	200	219	204	214	214	226	239	193	199	27
340	384	381	402	430	445	468	490	489	494	532	28
74	70	67	76	75	70	77	68	67	79	61	29
119	133	126	161	156	150	128	151	157	171	192	30
43	42	42	49	45	46	42	49	39	41	55	31
2.30	3.04	2.39	1.97	1.66	1.68	1.72	1.95	2.07	2.28	1.89	32
5.56	6.84	7.13	5.72	4.59	4.57	4.32	4.57	5.73	7.17	5.88	33
151	131	123	122	125	120	124	108	102	73	67	34
3.7	3.7	3.7	3.6	3.6	3.5	3.5	3.6	3.4	3.4	3.4	35
43,315	47,584	58,051	48,197	50,326	62,349	63,980	51,826	68,470	68,029	74,513	36
16,014	16,954	18,982	17,475	20,275	24,692	23,043	23,083	27,742	27,075	30,266	37

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By County)

	Avg. Of All Farms	Brown Faribault Martin Watonswan	Cottonwood	Jackson	Lyon Murray	Nobles	Pipestone Rock Yellow Med	Redwood
Number of farms	107	12	16	18	19	19	14	9
Income Statement								
Gross cash farm income	579,201	587,358	363,718	689,833	551,035	550,094	783,175	533,755
Total cash farm expense	477,476	497,094	295,630	576,604	435,111	411,257	661,792	518,859
Net cash farm income	101,725	90,264	68,088	113,228	115,925	138,837	121,383	14,897
Inventory change	74,307	80,113	53,891	36,452	70,709	53,188	165,856	88,345
Depreciation and capital adjust	-28,170	-32,652	-17,657	-30,534	-23,388	-33,501	-43,263	-11,522
Net farm income	147,862	137,725	104,322	119,147	163,246	158,524	243,976	91,719
Profitability (cost)								
Labor and management earnings	116,809	106,236	78,980	81,429	127,924	131,297	209,012	71,442
Rate of return on assets	14.1 %	13.3 %	10.9 %	10.5 %	14.9 %	15.5 %	22.2 %	10.0 %
Rate of return on equity	21.4 %	21.1 %	16.7 %	13.5 %	21.3 %	25.7 %	33.8 %	17.1 %
Operating profit margin	27.7 %	25.0 %	24.3 %	23.5 %	27.8 %	27.7 %	38.4 %	23.5 %
Asset turnover rate	50.8 %	53.0 %	44.9 %	44.6 %	53.7 %	56.0 %	57.7 %	42.5 %
Liquidity								
Ending current ratio	1.78	2.68	1.85	1.74	1.63	1.89	1.57	1.46
Ending working capital	123,632	169,842	148,702	123,664	132,038	124,115	61,085	95,920
End working capital to gross inc	21.3 %	28.9 %	40.9 %	17.9 %	24.0 %	22.6 %	7.8 %	18.0 %
Term debt coverage ratio	304.4 %	323.9 %	270.0 %	239.4 %	368.4 %	224.2 %	675.6 %	183.5 %
Expense as a percent of income	72.7 %	74.3 %	70.2 %	79.1 %	69.5 %	67.5 %	69.5 %	83.2 %
Interest as a percent of income	3.5 %	3.6 %	4.7 %	3.5 %	3.4 %	4.1 %	1.9 %	4.8 %
Solvency (market)								
Number of sole proprietors	91	10	15	17	17	15	10	7
Ending farm assets	1,274,921	1,296,570	1,184,828	1,269,971	1,174,556	1,556,562	1,192,439	1,207,132
Ending farm liabilities	585,041	490,162	592,512	502,794	586,261	702,038	537,167	719,039
Ending total assets	1,487,232	1,568,255	1,289,905	1,506,272	1,375,534	1,798,861	1,516,354	1,309,977
Ending total liabilities	618,105	515,595	608,980	560,369	623,285	726,494	583,396	729,063
Ending net worth	869,127	1,052,659	680,925	945,903	752,249	1,072,368	932,958	580,914
Net worth change	106,814	133,171	79,217	99,949	100,449	157,393	123,731	27,876
Ending farm debt to asset ratio	46 %	38 %	50 %	40 %	50 %	45 %	45 %	60 %
Beg total debt to asset ratio	42 %	34 %	47 %	38 %	46 %	43 %	33 %	54 %
End total debt to asset ratio	42 %	33 %	47 %	37 %	45 %	40 %	38 %	56 %
Nonfarm Information								
Net nonfarm income	24,774	28,713	18,538	28,128	19,114	23,943	33,225	24,459
Farms reporting living expenses	71	9	12	14	13	12	6	5
Total family living expense	50,046	50,056	45,153	52,037	48,693	52,708	53,845	48,771
Total living, invest, & capital	75,769	88,102	64,204	83,999	66,072	74,776	90,643	68,026
Crop Acres								
Total acres owned	241	280	233	283	312	207	142	191
Total crop acres	792	969	845	734	939	828	560	553
Total crop acres owned	199	256	275	181	214	190	114	145
Total crop acres cash rented	532	699	455	515	637	583	378	383
Total crop acres share rented	61	15	115	38	88	54	67	25

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Gross Farm Income)

	<u>Avg. Of All Farms</u>	<u>100,001 - 250,000</u>	<u>250,001 - 500,000</u>	<u>500,001 - 1,000,000</u>	<u>Over 1,000,000</u>
Number of farms	107	27	45	20	12
Income Statement					
Gross cash farm income	579,201	179,416	353,142	693,093	2,264,743
Total cash farm expense	477,476	133,654	258,621	580,542	2,012,034
Net cash farm income	101,725	45,761	94,521	112,551	252,709
Inventory change	74,307	29,638	46,792	85,009	277,120
Depreciation and capital adjust	-28,170	-11,327	-21,632	-29,377	-93,434
Net farm income	147,862	64,073	119,681	168,183	436,395
Profitability (cost)					
Labor and management earnings	116,809	45,417	94,461	134,556	356,796
Rate of return on assets	14.1 %	9.7 %	13.8 %	13.6 %	17.1 %
Rate of return on equity	21.4 %	12.7 %	21.0 %	21.8 %	27.1 %
Operating profit margin	27.7 %	24.6 %	27.7 %	25.5 %	30.0 %
Asset turnover rate	50.8 %	39.2 %	49.7 %	53.1 %	56.9 %
Liquidity					
Ending current ratio	2.05	2.36	1.96	1.56	2.57
Ending working capital	218,745	106,729	133,907	206,574	843,873
End working capital to gross inc	37.8 %	59.5 %	37.9 %	29.8 %	37.3 %
Term debt coverage ratio	304.4 %	282.7 %	291.4 %	235.3 %	374.7 %
Expense as a percent of income	72.7 %	63.2 %	64.0 %	74.3 %	78.9 %
Interest as a percent of income	3.5 %	4.7 %	4.7 %	4.0 %	2.3 %
Solvency (market)					
Number of farms	107	27	45	20	12
Ending farm assets	1,415,253	825,928	1,181,627	1,668,115	3,398,393
Ending farm liabilities	633,339	304,570	535,050	848,581	1,510,598
Ending total assets	1,598,873	985,918	1,367,351	1,817,165	3,537,779
Ending total liabilities	663,542	322,686	572,856	870,574	1,539,491
Ending net worth	935,332	663,232	794,495	946,592	1,998,288
Net worth change	132,328	90,754	107,690	116,565	356,857
Ending farm debt to asset ratio	45 %	37 %	45 %	51 %	44 %
Beg total debt to asset ratio	43 %	34 %	43 %	48 %	46 %
End total debt to asset ratio	42 %	33 %	42 %	48 %	44 %
Nonfarm Information					
Net nonfarm income	24,774	25,366	24,233	11,840	36,856
Farms reporting living expenses	71	18	35	11	4
Total family living expense	50,046	43,686	52,846	53,022	-
Total living, invest, & capital	75,769	54,446	83,352	85,506	-
Crop Acres					
Total acres owned	241	219	221	288	296
Total crop acres	792	462	764	1,183	1,144
Total crop acres owned	199	207	183	263	164
Total crop acres cash rented	532	236	532	794	883
Total crop acres share rented	61	19	48	126	97

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Farm Type)

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Hog</u>	<u>Crop and Hog</u>	<u>Crop and Beef</u>	<u>Other</u>
Number of farms	107	53	9	7	9	23
Income Statement						
Gross cash farm income	579,201	318,793	1,952,655	644,074	597,158	465,968
Total cash farm expense	477,476	246,096	1,790,713	507,039	559,003	318,086
Net cash farm income	101,725	72,697	161,942	137,035	38,155	147,883
Inventory change	74,307	51,786	297,281	65,050	84,249	31,987
Depreciation and capital adjust	-28,170	-16,009	-73,002	-39,761	-21,713	-27,420
Net farm income	147,862	108,474	386,222	162,324	100,692	152,450
Profitability (cost)						
Labor and management earnings	116,809	82,599	325,899	132,013	79,609	121,804
Rate of return on assets	14.1 %	12.5 %	18.7 %	16.4 %	10.2 %	15.7 %
Rate of return on equity	21.4 %	17.5 %	31.2 %	25.0 %	18.3 %	23.3 %
Operating profit margin	27.7 %	25.1 %	34.4 %	26.0 %	20.5 %	31.2 %
Asset turnover rate	50.8 %	49.8 %	54.3 %	63.0 %	49.6 %	50.5 %
Liquidity						
Ending current ratio	2.05	2.26	2.24	1.90	1.35	2.38
Ending working capital	218,745	167,444	598,501	161,466	147,910	195,385
End working capital to gross inc	37.8 %	52.5 %	30.7 %	25.1 %	24.8 %	41.9 %
Term debt coverage ratio	304.4 %	314.5 %	440.0 %	290.3 %	204.9 %	249.0 %
Expense as a percent of income	72.7 %	65.7 %	79.4 %	71.1 %	82.0 %	63.3 %
Interest as a percent of income	3.5 %	4.4 %	2.1 %	3.4 %	4.0 %	4.4 %
Solvency (market)						
Number of farms	107	53	9	7	9	23
Ending farm assets	1,415,253	1,119,283	2,666,705	1,203,503	1,308,947	1,443,355
Ending farm liabilities	633,339	469,590	1,263,848	534,668	817,307	576,296
Ending total assets	1,598,873	1,281,090	2,845,666	1,428,043	1,389,121	1,695,173
Ending total liabilities	663,542	498,343	1,268,413	563,686	836,293	624,943
Ending net worth	935,332	782,747	1,577,253	864,356	552,827	1,070,230
Net worth change	132,328	103,887	329,759	140,971	47,053	139,774
Ending farm debt to asset ratio	45 %	42 %	47 %	44 %	62 %	40 %
Beg total debt to asset ratio	43 %	41 %	47 %	41 %	57 %	37 %
End total debt to asset ratio	42 %	39 %	45 %	39 %	60 %	37 %
Nonfarm Information						
Net nonfarm income	24,774	25,162	52,343	20,003	10,351	23,278
Farms reporting living expenses	71	39	4	6	5	14
Total family living expense	50,046	46,322	-	61,787	46,312	55,785
Total living, invest, & capital	75,769	68,164	-	84,222	61,338	98,361
Crop Acres						
Total acres owned	241	252	233	202	155	232
Total crop acres	792	846	703	978	903	547
Total crop acres owned	199	243	174	172	146	116
Total crop acres cash rented	532	548	497	792	681	389
Total crop acres share rented	61	55	33	14	76	43

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Debt To Asset Ratio)

	<u>Avg. Of All Farms</u>	<u>Less than 20%</u>	<u>20% - 40%</u>	<u>40% - 60%</u>	<u>60% - 80%</u>
Number of farms	107	13	28	41	22
Income Statement					
Gross cash farm income	579,201	465,571	557,851	467,439	890,215
Total cash farm expense	477,476	301,133	445,471	382,303	794,818
Net cash farm income	101,725	164,438	112,381	85,137	95,398
Inventory change	74,307	54,220	108,009	63,658	66,161
Depreciation and capital adjust	-28,170	-28,636	-32,049	-26,972	-27,435
Net farm income	147,862	190,022	188,340	121,823	134,124
Profitability (cost)					
Labor and management earnings	116,809	115,294	149,326	99,072	119,659
Rate of return on assets	14.1 %	11.8 %	17.4 %	13.2 %	13.6 %
Rate of return on equity	21.4 %	12.1 %	22.3 %	22.9 %	40.9 %
Operating profit margin	27.7 %	31.9 %	34.3 %	25.6 %	23.1 %
Asset turnover rate	50.8 %	37.1 %	50.8 %	51.8 %	59.0 %
Liquidity					
Ending current ratio	2.05	18.60	3.19	1.67	1.30
Ending working capital	218,745	528,874	289,097	136,862	124,387
End working capital to gross inc	37.8 %	113.6 %	51.8 %	29.3 %	14.0 %
Term debt coverage ratio	304.4 %	3,407.1 %	625.6 %	231.6 %	169.7 %
Expense as a percent of income	72.7 %	57.3 %	66.6 %	71.4 %	83.0 %
Interest as a percent of income	3.5 %	0.2 %	1.7 %	5.0 %	4.4 %
Solvency (market)					
Number of farms	107	13	28	41	22
Ending farm assets	1,415,253	2,008,006	1,359,944	1,309,264	1,411,069
Ending farm liabilities	633,339	304,599	439,639	678,664	963,803
Ending total assets	1,598,873	2,527,112	1,554,720	1,444,078	1,481,324
Ending total liabilities	663,542	378,012	468,360	704,211	979,764
Ending net worth	935,332	2,149,100	1,086,360	739,867	501,560
Net worth change	132,328	157,007	161,817	133,801	96,332
Ending farm debt to asset ratio	45 %	15 %	32 %	52 %	68 %
Beg total debt to asset ratio	43 %	14 %	30 %	51 %	69 %
End total debt to asset ratio	42 %	15 %	30 %	49 %	66 %
Nonfarm Information					
Net nonfarm income	24,774	33,967	33,195	23,365	11,070
Farms reporting living expenses	71	10	19	28	12
Total family living expense	50,046	45,369	48,839	52,246	47,438
Total living, invest, & capital	75,769	97,948	66,456	75,741	70,715
Crop Acres					
Total acres owned	241	511	208	229	170
Total crop acres	792	656	622	863	966
Total crop acres owned	199	324	170	232	119
Total crop acres cash rented	532	287	426	565	741
Total crop acres share rented	61	44	27	66	107

Financial Summary
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Age Of Operator)

	<u>Avg. Of All Farms</u>	<u>Less than 31</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	107	5	14	32	43	13
Income Statement						
Gross cash farm income	579,201	354,663	375,366	719,546	570,440	568,591
Total cash farm expense	477,476	338,123	322,496	608,270	449,101	469,873
Net cash farm income	101,725	16,540	52,869	111,275	121,339	98,718
Inventory change	74,307	64,672	64,085	90,832	62,825	86,325
Depreciation and capital adjust	-28,170	-3,813	-19,738	-33,726	-30,231	-26,130
Net farm income	147,862	77,398	97,216	168,382	153,933	158,914
Profitability (cost)						
Labor and management earnings	116,809	71,064	78,941	141,423	112,458	128,989
Rate of return on assets	14.1 %	14.8 %	12.9 %	15.8 %	12.6 %	16.1 %
Rate of return on equity	21.4 %	46.9 %	22.0 %	28.5 %	16.8 %	24.5 %
Operating profit margin	27.7 %	25.9 %	25.8 %	28.0 %	27.8 %	28.0 %
Asset turnover rate	50.8 %	57.0 %	50.1 %	56.5 %	45.4 %	57.4 %
Liquidity						
Ending current ratio	2.05	1.31	1.96	1.85	2.28	2.17
Ending working capital	218,745	55,081	168,167	204,678	258,722	238,559
End working capital to gross inc	37.8 %	15.5 %	44.8 %	28.4 %	45.4 %	42.0 %
Term debt coverage ratio	304.4 %	258.9 %	275.6 %	306.7 %	291.4 %	401.3 %
Expense as a percent of income	72.7 %	79.6 %	73.2 %	74.9 %	70.2 %	71.5 %
Interest as a percent of income	3.5 %	5.3 %	4.4 %	3.2 %	3.5 %	3.2 %
Solvency (market)						
Number of farms	107	5	14	32	43	13
Ending farm assets	1,415,253	622,958	867,851	1,440,757	1,661,984	1,430,606
Ending farm liabilities	633,339	469,838	494,223	721,673	639,005	609,860
Ending total assets	1,598,873	687,518	938,097	1,580,531	1,898,349	1,715,573
Ending total liabilities	663,542	475,661	511,077	754,084	671,882	649,536
Ending net worth	935,332	211,856	427,020	826,448	1,226,468	1,066,038
Net worth change	132,328	41,611	78,166	175,603	127,305	135,635
Ending farm debt to asset ratio	45 %	75 %	57 %	50 %	38 %	43 %
Beg total debt to asset ratio	43 %	68 %	57 %	50 %	36 %	37 %
End total debt to asset ratio	42 %	69 %	54 %	48 %	35 %	38 %
Nonfarm Information						
Net nonfarm income	24,774	12,229	10,169	28,458	30,222	18,241
Farms reporting living expenses	71	4	11	18	31	7
Total family living expense	50,046	-	30,674	61,872	54,167	37,819
Total living, invest, & capital	75,769	-	38,661	98,841	79,641	70,139
Crop Acres						
Total acres owned	241	64	113	186	331	279
Total crop acres	792	536	738	833	753	977
Total crop acres owned	199	79	139	163	262	191
Total crop acres cash rented	532	413	577	564	443	740
Total crop acres share rented	61	44	22	106	48	47

Appendix I

Whole Farm Analysis Procedures and Measures

The whole-farm reports (except for the balance sheets) include the same number of farms, which were all of the farms whose records were judged to be of sufficient quality. The Balance Sheets include only sole proprietors; partnerships and corporations are excluded because some debt is held outside of the business, causing potential misinterpretations of the average financial condition.

Rounding of individual items may have caused minor discrepancies between those items and the printed totals which are calculated before rounding.

Farm Income Statement

The Farm Income Statement is a summary of income, expenses, and resultant profit or loss from farming operations during the calendar year. The first section lists cash farm income from all sources. The second section lists ***cash*** expenses. “Interest” includes only interest actually paid. No opportunity charges on farm equity capital or unpaid labor are included. The difference between *Gross Cash Farm Income* and *Total Cash Expense* is the *Net Cash Farm Income*. This is net farm income on a *cash* basis.

The third and fourth sections deal with noncash changes in the farm business. The *Inventory Changes* and *Depreciation and Other Capital Adjustments* sections are used to convert the cash income statement (Net Cash Farm Income) derived from the first two sections into an accrual income statement. The resulting “Net Farm Income” represents the return to the operator's and family's unpaid labor, management, and equity capital (net worth). In other words, it represents the return to all of the resources which are owned by the farm family and, hence, not purchased or paid a wage. However, it does not include any asset appreciation, debt forgiveness or asset repossessions.

Inventory Changes

This is the detailed statement of inventory changes which is summarized in the Farm Income Statement. It includes beginning and ending inventories and the calculated changes.

Depreciation and Other Capital Adjustments

This is the detailed statement of depreciation and other capital adjustments which is summarized in the Farm Income Statement. It includes beginning and ending inventories (valued at cost), sales, purchases, and depreciation.

The accounting method used for calculating depreciation was changed in 2000. Previously tax depreciation was used. The new method is designed to estimate actual economic depreciation more closely. This method depreciates machinery and equipment at 10 to 12% of beginning cost basis plus boot purchases less basis of sales items. For buildings and other improvements, the percentage was 5 to 8%; for breeding livestock, the percentage varied between 20 to 25%.

Profitability Measures

Profitability is measured using assets valued first at cost and then at market. The reports include six measures of profit followed by the values used to calculate the measures.

Net Farm Income is repeated from the Farm Income Statement report. When assets are valued at market, it includes the change in market valuation of capital for the year.

Labor and Management Earnings equals *Net Farm Income* minus an opportunity interest cost of 6% on average farm net worth.

Rate of Return on Assets is the *Return to Farm Assets* divided by *Average Farm Assets*.

Rate of Return on Equity is the *Return to Farm Equity* divided by *Average Farm Equity*.

Operating Profit Margin is the *Return to Farm Assets* divided by *Value of Farm Production*.

Asset Turnover Rate is the *Value of Farm Production* divided by *Average Farm Assets*.

Interest on Farm Net Worth is the *Average Farm Net Worth* multiplied by a 6% opportunity interest cost charge.

Farm Interest Expense is the accrued interest cost so it will be different from the cash interest paid shown in the Farm Income Statement.

Value of Operator's Labor and Management is its opportunity cost. It is assigned by farm within suggested guidelines.

Return on Farm Assets is calculated by adding *Farm Interest Expense* and *Net Farm Income* and then subtracting the *Value of Operator's Labor and Management*.

Average Farm Assets is the average of beginning and ending total farm assets for all farms, not just those included in the Balance Sheet report.

Return to Farm Equity is calculated by subtracting the *Value of Operator's Labor and Management* from *Net Farm Income*.

Average Farm Equity is the average of beginning and ending farm net worth.

Value of Farm Production is gross farm income minus feeder livestock and feed purchased and adjusted for inventory changes in crops, market livestock and breeding livestock.

Liquidity Measures

Net Cash Farm Income is from the Farm Income Statement.

Net Nonfarm Income is the average for all farms, not including *Gifts and Inheritances*.

Family Living and Taxes is the apparent total family expenses and income and social security taxes paid averaged for all farms, not just those included in the Household and Personal Expenses report.

Real Estate Principal Payments are taken from the farmer's data.

Cash Available for Intermediate Debt Service (cash basis) is *Total Net Income* minus *Family Living and Taxes* and *Real Estate Principal Payments*. *Available for Intermediate Debt Service* (accrual basis) is *Net Accrual Operating Income* plus *Net Nonfarm Income* and minus *Family Living and Taxes* and *Real Estate Principal Payments*.

Average Intermediate Debt is the average of beginning and ending intermediate farm liabilities.

Years to Turn Over Intermediate Debt is *Average Intermediate Debt* divided by *Cash Available for Intermediate Debt Service*. If either the cash-based or accrual-based *Cash Available for Intermediate Debt* is a negative number, debt repayment is not possible because of negative cash flow and *Years to Turn Over Intermediate Debt* cannot be calculated.

Expense as a Percent of Income (cash basis) is *Total Cash Expense* divided by *Gross Cash Farm Income*. *Expense as a Percent of Income* (accrual basis) is *Total Accrual Farm Expense* divided by *Total Accrual Farm Income*.

Interest as a Percent of Income (cash basis) is *Interest* divided by *Gross Cash Farm Income*. *Interest as a Percent of Income* (accrual basis) is *Interest* minus beginning accrued interest plus ending accrued interest divided by *Total Accrual Farm Income*.

Balance Sheets at Cost and Market Values

These tables include only sole proprietors; partnerships and corporations are excluded because some assets and debts are held outside of the farm business, causing potential misinterpretations of the average financial condition.

Statement of Cash Flows

This table reports the sources from which cash was available or obtained and where that cash was used or remains at the end of the year.

Financial Standards Measures

This table contains the Farm Financial Standards Council's 16 financial measures for evaluating a farm's financial position and performance.

Liquidity

Current Ratio is calculated by dividing the total current farm assets by the total current farm liabilities.

Working Capital is calculated by subtracting current farm liabilities from current farm assets.

Solvency

Farm Debt to Asset Ratio is calculated by dividing the total farm liabilities by the total farm assets. It is similar to the total percent in debt ratio listed earlier. The difference is that nonfarm assets and liabilities are included in the total percent in debt but not in the farm debt to asset ratio.

Farm Equity to Asset Ratio is calculated by dividing farm equity or net worth by the total farm assets. It measures the proportion of the farm assets financed by the owner's equity as opposed to debt. This is the opposite of the debt to asset ratio. These two measures always add up to 100% because they describe how total farm assets are financed.

Farm Debt to Equity Ratio measures farm debt relative to farm equity. It is calculated by dividing the total farm liabilities by the total farm net worth. The debt to equity ratio measures the amount of borrowed capital being employed for every dollar of equity capital.

Profitability

Rate of Return on Farm Assets can be thought of as the average interest rate being earned on all investments in the farm or ranch business. If assets are valued at market value, the rate of return on assets can be looked at as the "opportunity cost" of farming versus alternate investments. If assets are valued at cost value, the rate of return on assets more closely represents the actual return on the average dollar invested in the farm. The rate of return on farm assets is calculated as follows: $\text{Rate of Return on Assets} = \text{Return on Farm Assets} \div \text{Average Farm Investment}$, where: $\text{Return on Farm Assets} = \text{Net Farm Income} + \text{Farm Interest} - \text{Value of Operator's Labor \& Management}$, and $\text{Average Farm Investment} = (\text{Beginning Total Farm Assets} + \text{Ending Total Farm Assets}) \div 2$.

Rate of Return on Farm Equity represents the interest rate being earned on farm net worth. If assets are valued at market value, this return can be compared to returns available if the assets were liquidated and invested in alternate investments. If assets are valued at cost value, this more closely represents the actual return on the funds that have been invested or retained in the business. The rate of return on farm equity is calculated as follows: $\text{Rate of Return on Equity} = \text{Return on Farm Equity} \div \text{Average Farm Net Worth}$, where: $\text{Return on Farm Equity} = \text{Net Farm}$

Income - Value of Operator's Labor & Management, and Average Farm Net Worth = (Beginning Farm Net Worth + Ending Farm Net Worth) ÷ 2.

Operating Profit Margin is a measure of the operating efficiency of the business. It is calculated as follows: Operating Profit Margin = Return to Farm Assets ÷ Value of Farm Production. If expenses are held in line relative to the value of output produced, the farm will have a healthy operating profit margin. A low net profit margin may be caused by low prices, high operating expenses, or inefficient production.

Net Farm Income represents the returns to unpaid labor, management, and equity capital invested in the business.

Repayment Capacity

Term Debt Coverage Ratio measures whether the business generated enough cash to cover term debt payments. It is calculated by dividing the funds generated by the business for debt repayment (net cash farm income + nonfarm income + interest expense - family living expense - income taxes) by total term debt payments (annual scheduled principal and interest payments on intermediate and long term debt). A ratio less than 100 percent indicates that the business did not generate sufficient cash to meet scheduled payments in the past year. A ratio greater than 100 indicates the business generated enough cash to pay all term debt payments.

Capital Replacement Margin is the amount of money remaining after all operating expenses, taxes, family living costs, and scheduled debt payments have been made. It is the cash generated by the farm business that is available for financing capital replacement such as machinery and equipment. RankEm Central calculates the capital replacement margin by first adding interest due on intermediate and long term loans to the amount available for principal payments. It then subtracts scheduled principal and interest payments from this total.

Efficiency

Asset Turnover Rate is a measure of efficiency in using capital. It is calculated as follows:
Asset Turnover Rate = Value of Farm Production ÷ Total Farm Assets.

The last four ratios reflect the distribution of gross income to cover operating expenses and generate farm income. The sum of the operating expense ratio, the depreciation expense ratio, and the interest expense ratio equals the percent of gross income used to pay business expenses. The amount remaining is net farm income. The gross farm income used to calculate these ratios is the accrual gross farm income.

Operating Expense Ratio is calculated as (Total Farm Operating Expense - Farm Interest Expense) ÷ Gross Farm Income. This ratio indicates the percent of the gross farm income that was used to pay operating expenses. Total farm operating expense is the accrual total operating expense.

Depreciation Expense Ratio is calculated as $\text{Depreciation} \div \text{Gross Farm Income}$. This ratio indicates the percent of the gross farm income that was used to cover depreciation and other capital adjustments.

Interest Expense Ratio is calculated as $\text{Farm Interest Expense} \div \text{Gross Farm Income}$. This ratio indicates the percent of the gross farm income used for farm interest expenses. This is the same ratio as the accrual interest as a percent of income from the Liquidity table.

Net Farm Income Ratio is calculated as $\text{Net Farm Income} \div \text{Gross Farm Income}$. This ratio indicates the percent of the gross farm income that remained after all expenses.

Crop Production and Marketing Summary

This table contains three sections. The first section reports average acreage by tenure and general use. The next two sections show average price received from cash sales and average yields for major crops.

Household and Personal Expenses

For those farms that kept records, the household and personal expenses are summarized in this table. Since not all farms keep these records, the number of farms may be different for each group. Averages are determined by the number of farms keeping these records.

Operator and Labor Information

This table has four sections. The first reports the averages for the number of operators per farm, the operator's age, and the number of years farming. The second section reports various measures and results per operator compared to per farm in other reports.

The third section reports the amount of labor used and the returns to that labor. *Total Unpaid Labor Hours* and *Total Hired Labor Hours* are based on farmers' estimates of labor use. No labor records are kept for unpaid labor. *Value of Farm Production/Hour* is the Value of Farm Production divided by Total Labor Hours per Farm. *Net Farm Income/Unpaid Hour* is Net Farm Income divided by Total Unpaid Labor Hours.

The fourth section reports the number of partnerships and withdrawals in each grouping.

Nonfarm Summary

This table reports the income from nonfarm sources which is included in a farmer's total net income. Not all farms have nonfarm income, but the figure reported is the average over all farms not just those reporting nonfarm income. Also reported are the beginning and ending values for nonfarm assets for all farms (not just sole proprietors).

Appendix II

Crop Enterprise Analysis Procedures and Measures

The Crop Enterprise Analysis tables show the profitability of each crop enterprise produced by five or more farms.

Gross Return is the average Yield multiplied by the Value Per Unit plus any other production or income related to the crop. Value Per Unit for cash crops is the average sales price for crops sold before the end of the year and the average ending inventory value for crops remaining unsold. For feed crops, it is the estimated harvest-time value. LDP payments and other commodity-specific income are added to estimate the total value received for crop production.

Direct Expenses include expenses that are directly related to the production of the specific crop. Most direct expenses are directly assigned to production of the crop and simply divided by acres. Some, such as Fuel and Oil and Repairs, which are difficult to assign directly to specific fields or crops, are determined by allocating the total annual expense across all enterprises using allocation factors entered for each crop.

Overhead Expenses are also determined by allocating the total annual expense across all enterprises using allocation factors entered for each crop.

Net Return per Acre is the Gross Return per Acre minus Total Direct and Overhead Expenses.

Net return with government payments is Net Return per Acre plus Government Payments. Government Payments includes only direct payments and counter-cyclical payments. Payments that are directly attached to production of the crop, such as LDP and disaster payments are included in Gross Return. Because direct government payments have been decoupled from actual production, these payments are generally allocated to all crops excluding vegetables and pasture. This is done for each farm by allocating the direct payments from the whole farm to these crops.

Net Return over Labor and Management is calculated by allocating the farmer's charge for unpaid labor and management across all enterprises and subtracting it from Net Return With Government Payments.

Cost of Production is calculated by dividing the total expense for each category by the yield per acre. *Total Expense Less Government and Other Income* is total expense minus government payments, income from secondary products, and other income, divided by yield per acre.

Machinery Cost Per Acre is the sum of fuel and oil, repairs, custom hire expense, machinery lease payments, machinery depreciation, and interest on intermediate debt divided by acres.

Estimated Labor Hours Per Acre is calculated by allocating the farmer's estimate of total operator and hired labor hours for the year across all enterprises.

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than 5 farms have a certain crop enterprise, that information is not reported. If there are fewer than 25 farms, the high and low groups are not reported.

Appendix III

Livestock Enterprise Analysis Procedures and Measures

The Livestock Enterprise Analysis tables show the profitability of each livestock enterprise produced by five or more farms.

Gross Return includes product and livestock sales, cull sales, the value of offspring transferred out of the enterprise, the value of inventory change from beginning to end of year, and any other income assigned to the enterprise. Livestock purchases and the value of animals transferred in from other enterprises are subtracted.

Direct Expenses include expenses that are directly related to the specific livestock enterprise. Feed and most other direct expenses are directly assigned based on farm records. Some, such as Fuel and Oil and Repairs, which are difficult to assign directly to enterprises, are determined by allocating the total annual expense across all enterprises using allocation factors entered for each farm.

Overhead Expenses are also determined by allocating the total annual expense across all enterprises using allocation factors entered for each farm.

Net Return is the Gross Return minus Total Direct and Overhead Expenses.

Net Return over Labor and Management is calculated by allocating the farmer's charge for unpaid labor and management across all enterprises and subtracting it from Net Return.

Estimated Labor Hours is calculated by allocating the farmer's estimate of total operator and hired labor hours for the year across all enterprises.

Cost of Production is calculated by dividing the total expense for each category by Total Production. For grow/finish enterprises, the Purchases and Transfers In are included in direct expense. Cull sales, other offspring sales, and any other miscellaneous income are subtracted and replacement purchases and transfers in are added to arrive at the cost *With other revenue adjustments*. *With Labor and Management* is the cost with other revenue adjustments plus the producer's charge for operator's labor and management. This is the breakeven price for the primary product to provide a return for operator labor and management.

The last section of each livestock table contains both economic and technical efficiency measures. *Lbs. feed per lb. of gain* is the pounds of total feed divided by Total production. For grains, these pounds per bushel are used: corn, 56; oats, 32; barley, 48; grain sorghum, 56; wheat, 60; and millet, 48. For these forages, the units are converted to pounds and then adjusted by these factors: alfalfa haylage, 0.5; corn silage, 0.33; oatlage, 0.5; sorghum silage, 0.33; and small grain silage, 0.33.

The calving and weaning percentages are calculated as the number of calves which are calved and weaned, respectively, divided by the number of cows which are supposed to bear young.

Rounding of individual items for the report may have caused minor discrepancies with the calculated totals. If fewer than 5 farms have a certain livestock enterprise, that information is not reported. If there are fewer than 25 farms, the high and low groups are not reported.

Appendix IV

Prices Used In the Analysis Report

Item	Beginning Inventory	Feed	Crop Enterprise Production	Ending Inventory
All Corn/bu.	1.80	1.66	Actual	1.60
Oats/bu.	1.25	1.20	Actual	1.12
All Wheat/bu.	2.79	3.00	Actual	3.20
Soybeans/bu.	5.35	5.79	Actual	5.60
Alfalfa hay/t.	90.00	90.00	90.00	90.00
Alfalfa haylage/t	45.00	45.00	45.00	45.00
Grass/Mixed hay/r	60.00	60.00	60.00	65.00
Corn silage/t.	15.00	15.00	15.00	15.00
Oatlage/t.	10.00	10.00	10.00	10.00
Oats straw/bale	1.75	1.75	1.75	1.75
Green chop/t.		8.00	8.00	8.00
Cornstalks/t.		20.00		
CCC Corn Loan Equity	0.00 (cash basis only)			.00
CCC Soybean Loan Equity	0.55 (cash basis only)			.68

Actual prices estimated at actual selling price if sold or contracted, inventory price for balance. All feeds are valued on an as fed moisture basis. To correct for low-test weights on corn use: Bu. x test weight/56 lbs.

Other Prices Used:

Pasture Costs \$/Head/Mo.

Cows	7.00	Sheep	1.00
Calves	3.50	Lambs	.60

Board for hired labor	\$ 6.00/day or \$1.50/meal
Value of milk used in home	\$.40/qt or \$1.60/gallon
Value of milk fed calves	\$ 1.50/gallon

Starting in 2000, depreciation is calculated by using an 8% rate for buildings, 12% for machinery, 20% for beef cattle and sheep and 33% for breeding hogs and dairy cows. The economic depreciation is calculated by taking the beginning basis, plus new purchases (boot), less basis of sold items multiplied by the appropriate percentage rate.

Value of operator's labor is calculated by using this formula: For sole proprietors and partnerships, labor and management is valued at \$18,000 per operator plus 5% of the value of farm production, with a minimum of \$30,000 for a full-time farm operator.