



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

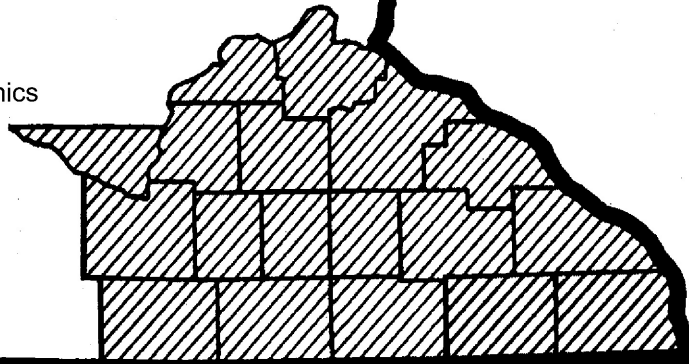
2003 Annual Report

Southeastern 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

Staff Paper P04-5
Department of Applied Economics
University of Minnesota
St. Paul, MN 55108
April 2004



The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.

Information on other titles in this series may be obtained from Waite Library, University of Minnesota, Department of Applied Economics, 1994 Buford Avenue, 232 ClaOff, St. Paul, MN 55108-6040, U.S.A. The Waite Library e-mail address is: lletnes@umn.edu. This paper is available electronically from AgEcon Search at <http://agecon.lib.umn.edu>.

The entire report is available at: http://www.cffm.umn.edu/Pubs/FBMA/SE_MN_FBMA_2003.pdf

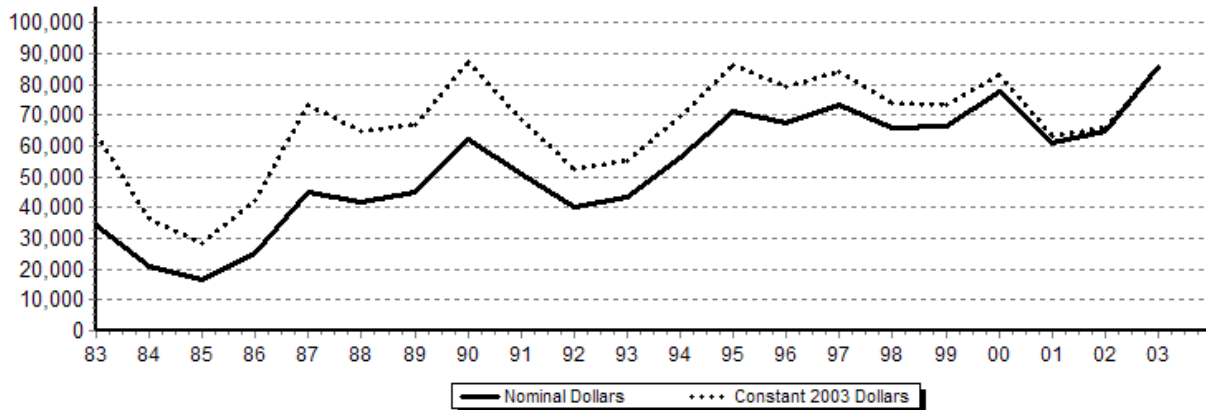
Executive Summary

2003 Annual Report of the Southeastern Minnesota Farm Business Management Association

by Dale W. Nordquist, Lorin L. Westman, and Kent D. Olson

The average net farm income was \$85,669 for the 50 farms included in the 2003 annual report of the Southeastern Minnesota Farm Business Management Association. This was an increase of 32% from 2002 (Figure 1). In constant dollars, 2003 was the most profitable year for association members since 1995 (Figure 1).

Figure 1. Average Net Farm Income



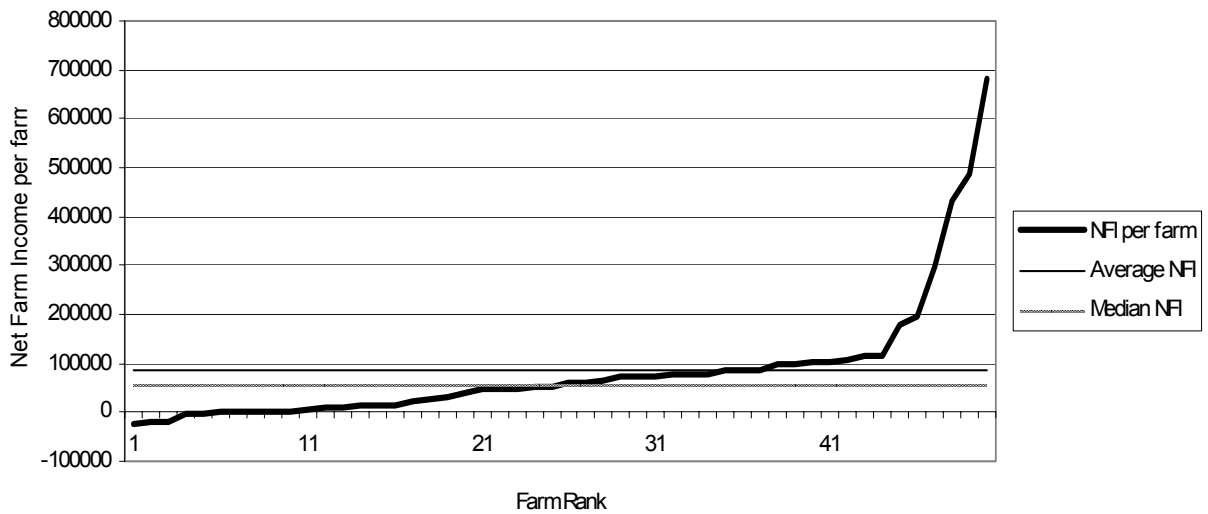
As in previous years, the income levels experienced by individual farms vary greatly from the overall average. When the net farm incomes for the 50 farms in the report were ranked from lowest to highest, the resulting graph shows how much the incomes do vary (Figure 2). As Figure 2 indicates, a few very profitable farms had a major impact on the average for all farms. Ten percent of the farms experienced negative net farm incomes; 24% earned incomes over \$100,000. The median or middle income was \$56,416, considerably lower than the average. The high 20% of these farms had an average net farm income of \$271,067 in 2003; farms in the low 20% averaged -\$6,181.

Average gross cash farm income in 2003 was \$470,459 for these 50 farms. This was a 17% increase from 2002. Every major source of farm income increased over 2002 levels except hog sales. Milk sales were 34% of the average gross cash farm income, up 14% from 2002. Corn and soybean sales increased by over 40%. Together, milk, corn, and soybean sales accounted for 77% of gross income in 2003 (Figure 4).

Government payments (of all types) averaged \$31,195 in 2003, a 65% increase from the previous year. Government payments increased primarily due to the timing of receipts and not because of increased program benefits. Many members also accepted a counter-cyclical payment (CCP) for corn for the 2003

Entire report is available at: http://www.cffm.umn.edu/Pubs/FBMA/SE_MN_FBMA_2003.pdf

Figure 2. Net Farm Income per farm
(SEVNFBA 2003)



crop. In all likelihood, however, that CCP payment will have to be repaid in 2004 because of price rallies in the corn market since the fall of 2003. Government payments were \$19,375 in 2002, \$40,227 in 2001, \$50,496 in 2000, \$50,700 in 1999, \$23,322 in 1998, and \$12,907 in 1997. As a percent of gross income, they were 7% in 2003, compared to 5% in 2002, 11% in 2001, 14% in 2000, 12% in 1999, 7% in 1998, and 4% in 1997.

Average total cash expenses were \$366,322 in 2003. This was an increase of 11% from the 2002 average. Feed expense was 15% of the total, a slight decrease from 2002 (Figure 6). Seed, fertilizer, and crop chemicals were 17% of the total, up 26% from 2002 levels. Interest expense was 6% of the total and land rental was 9%.

Even with historically high income, average rates of return on assets (ROA) and equity (ROE) were not exceptionally high, at 6.7 % and 7.2% respectively, with assets valued at cost. These rates were slightly higher than 2002 levels (Figure 7). The fact that ROE was slightly higher than ROA indicates that debt capital earned somewhat more than its interest cost.

Average total equity (of the 36 sole proprietors) was \$704,997 at the end of 2003, an increase of \$67,021 during the year for these farms. (Assets were valued on a cost basis.) Except for a decline during 1993, average equity has improved steadily since 1986 (Figure 8). The average debt to asset ratio decreased slightly, from 36% to 34%.

Average corn yields were slightly lower and soybean yields significantly lower than 2002 levels (Figure 9). The average corn yield was 158 bushels per acre; the soybean yield was 37 bushels, down from almost 50 bushels per acre in 2002.

Results by Type of Farm

The 50 farms in the report were classified as a certain type (e.g., dairy) on the basis of having 70 percent or more of their gross sales from that category. Using this 70 percent rule, there were 19 crop farms, 12 dairy farms, and 8 crop/dairy farms. There were 11 farms which did not have a single source (or pair of sources) of income over 70%. The average crop/dairy farm had the highest average net farm income (\$135,704) in 2003 (Figure 10). Specialized dairy farms also had net farm incomes higher than the Association average.

In terms of the rate of return to assets (ROA), no one type of farm stood out in 2003. Dairy farms had the highest ROA at 8% (Figure 11). (Assets are valued on a cost basis.) Dairy farms had an average debt-asset ratio of 27% in 2003; crop farms averaged 33% (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 year, county, type of farm, farm size, and age of operator.

Fig. 3 SE 2002 Income Sources

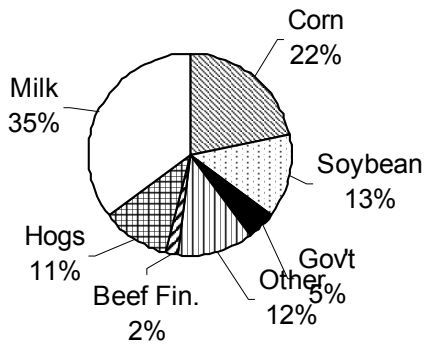


Fig. 4 SE 2003 Income Sources

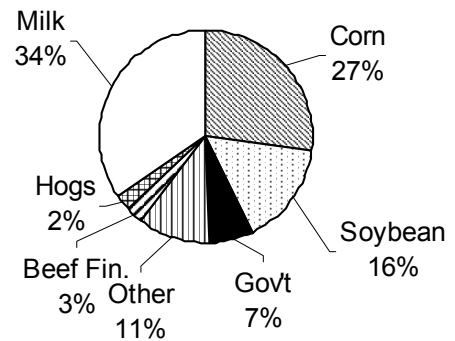


Fig 5. SE 2002 Expense Sources

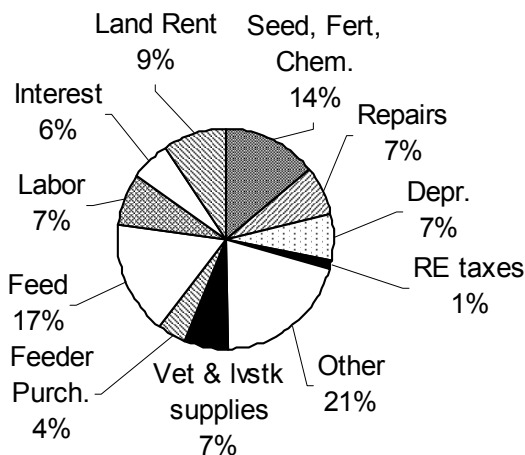


Fig. 6. SE 2003 Expense Sources

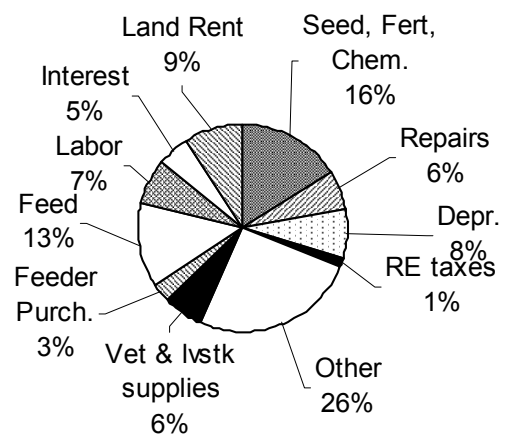


Figure 7. SE Rates of Return on Assets (ROA) and Equity (ROE)

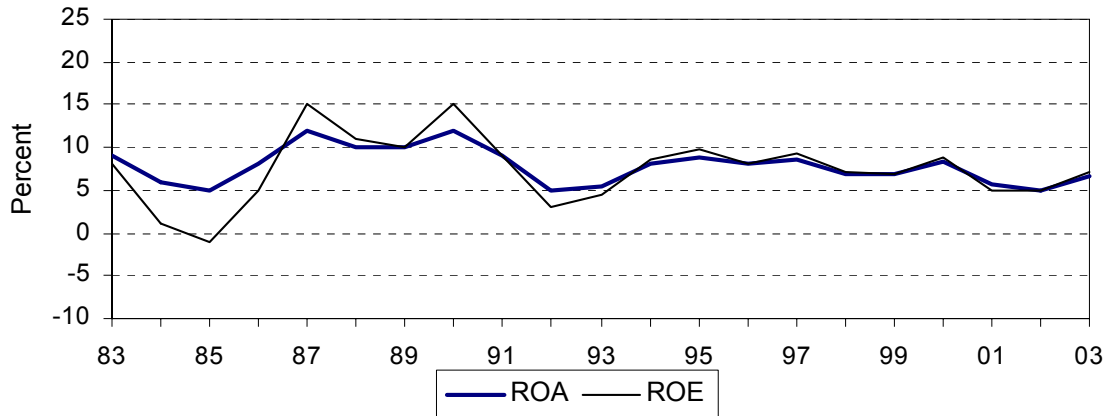


Figure 8. Ending Equity and Ending Debt-Asset Ratio

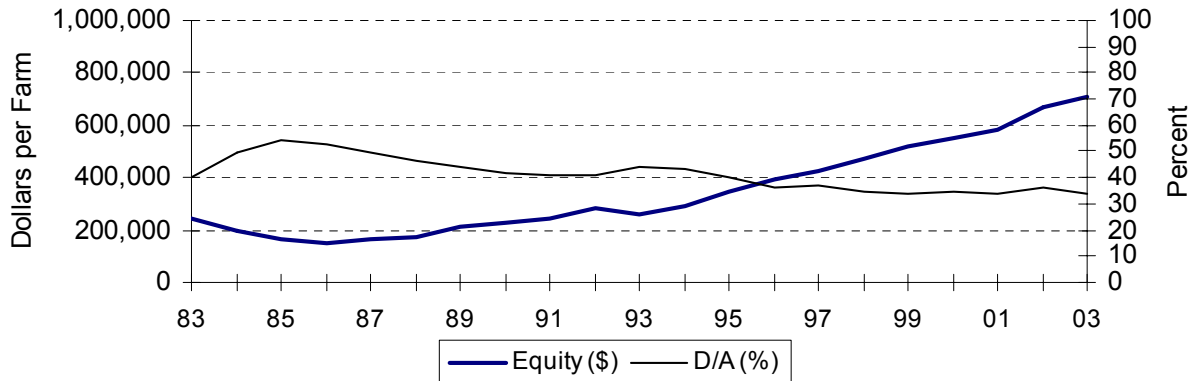


Figure 9. Average Corn & Soybean Yield

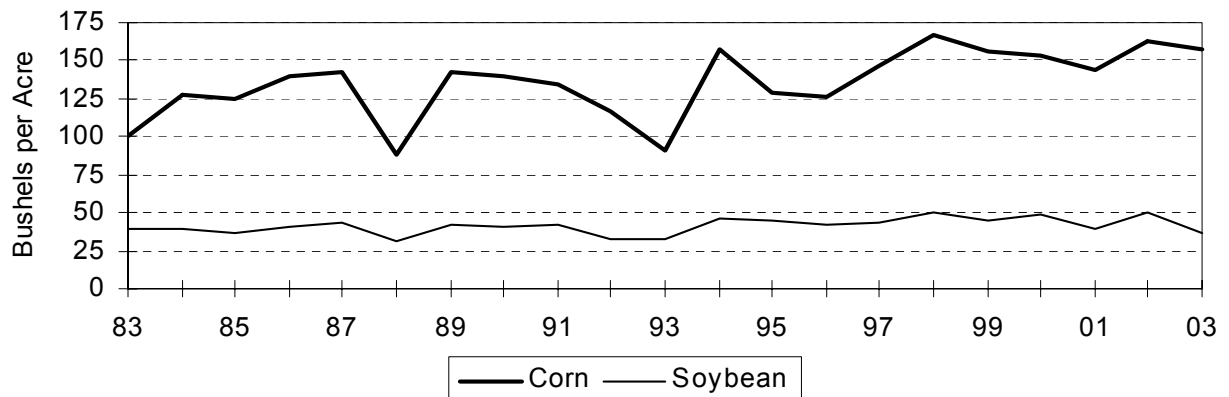


Figure 10. Net Farm Income by Type

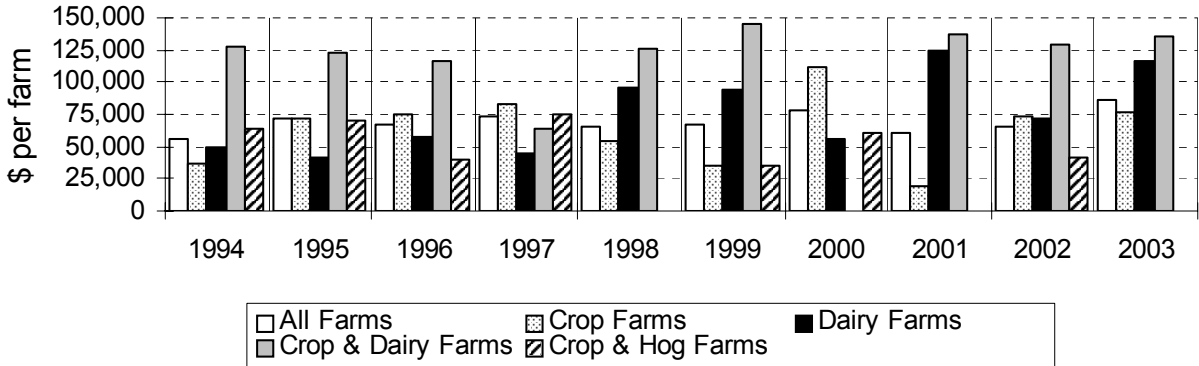


Figure 11. ROA by Type

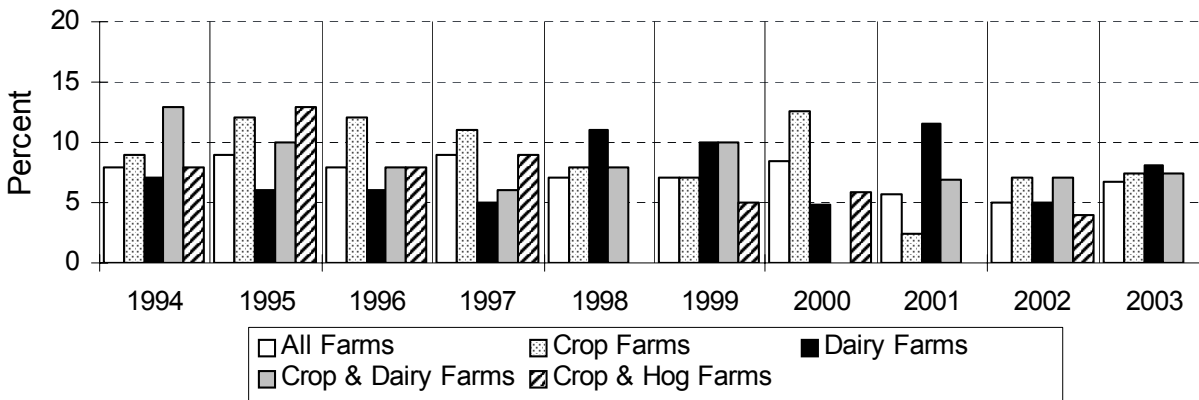
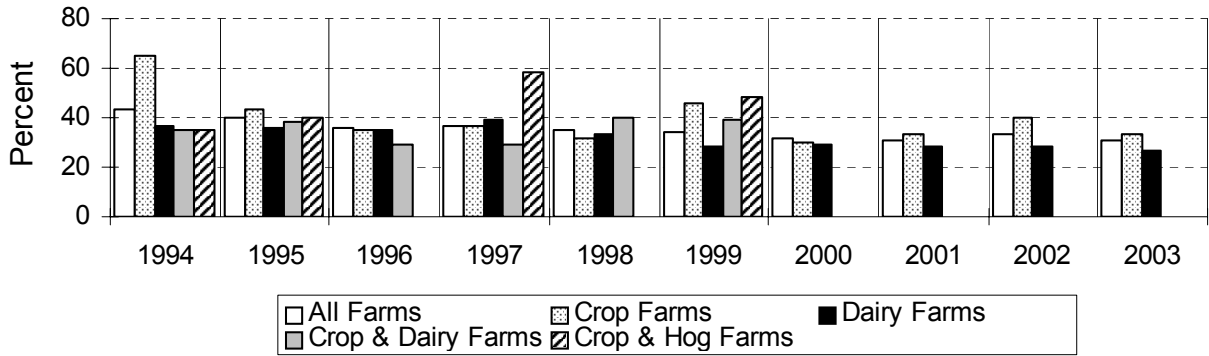


Figure 12. Debt-Asset Ratio by Type



2003 ANNUAL REPORT OF THE SOUTHEASTERN MINNESOTA FARM BUSINESS MANAGEMENT ASSOCIATION

by
Dale W. Nordquist, Lorin L. Westman, and Kent D. Olson¹

This report summarizes the individual farm records of the members of the Southeastern Minnesota Farm Business Management Association for 2003.

Whole-farm information and enterprise costs and returns are reported. The year-end analysis of the individual farms was performed by the Association fieldman 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 86 farms in the Southeastern Association, the data for 50 farms are included in this report. The rest were omitted because the records were incomplete at the time that this report was prepared.

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 Southeastern and Southwestern 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 covered a large part of the cost, with the balance defrayed by the Minnesota Extension Service and research programs of the University of Minnesota.

¹ Nordquist is Extension Economist—Center For Farm Financial Management, University of Minnesota, Twin Cities; Westman is fieldman for the Association; Olson is Professor, University of Minnesota, Twin Cities; Rann Loppnow, Software Developer, Center For Farm Financial Management, was the programmer for RankEm Central (the analysis package used to prepare this report).

Southeastern Minnesota Farm Business Management Association

Distribution Of Membership -- 2003

County	Number of Members	Number of Records Submitted	Association Directors
Dakota	8	5	Randy Sorg
Dodge	3	3	Marlin Fay
Mower	1	1	
Steele	2	1	
Faribault	2	1	Mike Krenik
Freeborn	1	1	
LeSueur	1	1	
Nicollet	1	1	
Waseca	1	0	
Goodhue	17	10	Shari Chamberlain
Houston	7	2	James Luehmann
Winona	13	6	
Olmsted	14	9	Mike Frost
Fillmore	1	0	
Rice	3	1	John Woestehoff
Scott	3	4	
Wabasha	<u>8</u>	<u>4</u>	Richard Bremer
TOTAL	86	50	

Shari Chamberlain, President
Robert Lamprecht, Secretary-Treasurer

Southeastern Minnesota Farm Business Management Association

Table of Contents

	Page
Whole-farm Reports	5-7
Farm Income Statement	8-9
Inventory Changes	10
Depreciation and Other Capital Adjustments	11
Profitability Measures	12
Liquidity Measures	13
Balance Sheet at COST Values	14
Balance Sheet at MARKET Values	15
Statement of Cash Flows	16
Financial Standards Measures	17
Crop Production and Marketing Summary	18
Household and Personal Expenses	19
Operator and Labor Information	20
Nonfarm Summary	21
Crop Reports	23
Corn on Owned Land	24
Corn on Cash Rented Land	25
Soybeans on Owned Land	26
Soybeans on Cash Rented Land	27
Corn Silage on Owned Land	28
Corn Silage on Cash Rented Land	29
Hay, Alfalfa on Owned Land	30
Hay, Alfalfa on Cash Rented Land	31
Oats on Owned Land	32
Pasture on Owned Land	33
Livestock Reports	35
Dairy--Average Per Cow	36
Dairy Replacement Heifers--Average Per Head Sold/Trans	37
Dairy and Replacement Heifers--Average Per Cow	38
Beef Cow-Calf--Average Per Cow	39
Beef, Finish Beef Calves--Average Per Head	40
Beef, Finish Beef Calves--Average Per Cwt. Produced	41
Dairy Steers--Average Per Head	42
Dairy Steers--Average Per Cwt. Produced	43
Hogs, Farrow-to-Finish--Average Per Litter	44
Hogs, Farrow-to-Finish--Average Per Cwt. Produced	45
Hogs, Finish Feeder Pigs--Average Per Head	46
Hogs, Finish Feeder Pigs--Average Per Cwt. Produced	47
Hogs, Weaning to Finish--Average Per Head	48
Hogs, Weaning to Finish--Average Per Cwt. Produced	49
Hogs, Contractee--Average Per Pig Space	50
Summary Reports	51
Financial Summary of the Whole-Farm Analysis by Years	52-53
Financial Summary -- by County	54
Financial Summary -- by Gross Farm Income	55
Financial Summary -- Farm Type	56
Financial Summary -- by Debt to Asset Ratio	57
Financial Summary -- by Age of Operator	58
Appendices	59
Appendix I -- Whole Farm Analysis Procedures and Measures	59
Appendix II -- Crop Enterprise Analysis Procedures and Measures	65
Appendix III -- Livestock Enterprise Analysis Procedures and Measures	67
Appendix IV -- Prices Used in the Analysis Report	69

Whole-Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2003. Each table (except for the balance sheets) includes the average of the 50 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 2003. 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 Financing 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
Southeast 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	50	10	10
Cash Farm Income			
Corn	126,497	138,630	256,596
Corn Silage	123	-	36
Hay, Alfalfa	3,282	2,391	1,227
Oats	309	177	218
Peas	1,232	-	2,415
Soybeans	74,734	32,439	183,010
Sweet Corn	585	-	-
Wheat, Spring	104	-	-
Miscellaneous crop income	2,238	81	-
Beef, Finish Beef Calves	4,678	985	-
Beef, Finish Yrlg Steers	7,556	-	-
Dairy, Milk	161,870	42,399	556,583
Dairy, Dairy Calves	2,659	308	8,987
Dairy Heifers (for sale)	2,999	-	-
Dairy Replacement Heifers	1,855	108	3,420
Dairy Steers	6,612	4,270	10,859
Hogs, Farrow-Fin, Raised Hogs	4,550	18,124	-
Hogs, Feeder Pigs, Feeder Pigs	361	-	-
Hogs, Finish Feeder Pigs	4,319	-	7,511
Hogs, Weaning Pigs, Weaning Pigs	2,218	-	-
Cull breeding livestock	11,497	3,261	21,802
Misc. livestock income	786	-	-
Direct & CC govt payments	27,197	19,570	56,056
CRP payments	436	-	-
Other government payments	4,362	2,824	7,372
Custom work income	3,342	20	3,507
Patronage dividends, cash	2,495	1,437	6,807
Insurance income	1,761	2,303	-
Cash from hedging accts	1,174	-	1,324
Other farm income	8,626	13,350	12,891
Gross Cash Farm Income	470,459	282,677	1,140,620

Farm Income Statement (Continued)
Southeast 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	50	10	10
Cash Farm Expense			
Seed	23,740	18,973	37,878
Fertilizer	23,287	12,963	45,817
Crop chemicals	15,798	19,058	25,082
Crop insurance	4,429	3,939	8,060
Drying fuel	4,102	1,827	11,638
Irrigation energy	148	-	570
CCC buyback	34,325	43,393	108,020
Crop marketing	1,061	1,827	1,368
Crop miscellaneous	1,110	2,160	1,652
Feeder livestock purchase	10,487	300	3,915
Purchased feed	52,946	25,453	157,963
Breeding fees	3,227	1,142	8,234
Veterinary	7,996	1,985	21,095
Livestock supplies	16,700	4,057	54,649
DHIA	491	350	1,264
Livestock leases	113	-	-
Livestock marketing	1,751	1,172	3,108
Interest	20,191	20,850	38,142
Fuel & oil	9,462	8,014	18,071
Repairs	24,884	18,556	45,339
Custom hire	16,858	4,222	52,805
Hired labor	27,210	19,464	96,188
Land rent	36,358	37,165	69,136
Machinery & bldg leases	3,630	1,384	2,572
Real estate taxes	5,550	4,205	11,873
Farm insurance	5,630	6,091	9,390
Utilities	6,060	5,381	12,479
Hedging account deposits	4,301	7,550	8,748
Miscellaneous	4,478	3,177	8,041
Total cash expense	366,322	274,658	863,095
Net cash farm income	104,136	8,019	277,525
Inventory Changes			
Crops and feed	5,294	314	44,977
Market livestock	3,205	2,568	14,906
Accounts receivable	1,304	600	6,244
Prepaid expenses and supplies	3,012	-66	954
Accounts payable	-714	-1,502	-610
Total inventory change	12,101	1,914	66,471
Net operating profit	116,237	9,933	343,996
Depreciation and Other Capital Adjustments			
Breeding livestock	-7,091	-1,104	-19,272
Machinery and equipment	-19,073	-12,941	-42,275
Buildings and improvements	-4,437	-662	-13,051
Other farm capital	33	-1,408	1,670
Total depr. and other capital adj	-30,568	-16,114	-72,929
Net farm income	85,669	-6,181	271,067

Inventory Changes
Southeast 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	50	10	10
Net cash farm income	104,136	8,019	277,525
Crops and Feed			
Ending inventory	150,802	72,396	398,328
Beginning inventory	145,508	72,082	353,351
Inventory change	5,294	314	44,977
Market Livestock			
Ending inventory	53,806	19,831	111,498
Beginning inventory	50,601	17,263	96,592
Inventory change	3,205	2,568	14,906
Accts Receivable & Other Current Assets			
Ending inventory	2,994	600	7,155
Beginning inventory	1,690	-	912
Inventory change	1,304	600	6,244
Prepaid Expenses and Supplies			
Ending inventory	28,162	4,876	71,249
Beginning inventory	25,150	4,942	70,295
Inventory change	3,012	-66	954
Accounts Payable & Accrued Expenses			
Beginning inventory	4,396	6,633	10,500
Ending inventory	5,110	8,135	11,109
Inventory change	-714	-1,502	-610
Total inventory change	12,101	1,914	66,471
Net operating profit	116,237	9,933	343,996

Depreciation and Other Capital Adjustments
Southeast 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	50	10	10
Net operating profit	116,237	9,933	343,996
Breeding Livestock			
Ending inventory	65,877	21,785	194,940
Capital sales	-	-	-
Beginning inventory	65,428	22,363	191,895
Capital purchases	7,540	525	22,317
Depreciation, capital adjust.	-7,091	-1,104	-19,272
Machinery and Equipment			
Ending inventory	210,684	157,371	464,155
Capital sales	1,916	5,358	652
Beginning inventory	193,523	144,017	415,583
Capital purchases	38,149	31,653	91,499
Depreciation, capital adjust.	-19,073	-12,941	-42,275
Buildings and Improvements			
Ending inventory	104,392	35,093	316,965
Capital sales	-	-	-
Beginning inventory	104,174	35,428	321,240
Capital purchases	4,655	327	8,776
Depreciation, capital adjust.	-4,437	-662	-13,051
Other Capital Assets			
Ending inventory	8,979	3,892	27,802
Capital sales	734	-	3,670
Beginning inventory	9,680	5,299	29,802
Capital purchases	-	-	-
Depreciation, capital adjust.	33	-1,408	1,670
Total depreciation, capital adj.	-30,568	-16,114	-72,929
Net farm income	85,669	-6,181	271,067

Profitability Measures
Southeast 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	50	10	10
Profitability (assets valued at cost)			
Net farm income	85,669	-6,181	271,067
Labor and management earnings	44,067	-22,519	157,974
Rate of return on assets	6.7 %	-0.4 %	9.4 %
Rate of return on equity	7.2 %	-10.3 %	10.6 %
Operating profit margin	16.9 %	-0.9 %	23.2 %
Asset turnover rate	39.8 %	47.8 %	40.5 %
Interest on farm net worth	41,602	16,337	113,094
Farm interest expense	20,068	20,850	37,600
Value of operator lbr and mgmt.	36,369	17,008	70,400
Return on farm assets	69,367	-2,339	238,267
Average farm assets	1,030,652	542,098	2,529,927
Return on farm equity	49,299	-23,189	200,667
Average farm equity	684,143	226,176	1,884,894
Value of farm production	409,738	259,302	1,025,596

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	50	10	10
Profitability (assets valued at market)			
Net farm income	132,714	5,582	361,881
Labor and management earnings	69,571	-21,314	215,872
Rate of return on assets	7.5 %	1.1 %	9.7 %
Rate of return on equity	9.2 %	-2.5 %	12.0 %
Operating profit margin	28.4 %	3.6 %	32.1 %
Asset turnover rate	26.5 %	29.5 %	30.3 %
Interest on farm net worth	63,144	26,895	146,009
Farm interest expense	20,068	20,850	37,600
Value of operator lbr and mgmt.	36,369	17,008	70,400
Return on farm assets	116,413	9,424	329,081
Average farm assets	1,545,035	880,174	3,388,692
Return on farm equity	96,345	-11,426	291,481
Average farm equity	1,052,395	448,252	2,433,484
Value of farm production	409,738	259,302	1,025,596

Liquidity Measures
Southeast 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	50	10	10
Liquidity (cash)			
Net cash farm income	104,136	8,019	277,525
Net nonfarm income	27,486	55,510	23,631
Family living and taxes	61,092	51,161	106,738
Real estate principal payments	4,793	-	18,553
Cash available for interm. debt	65,737	12,367	175,864
Average intermediate debt	101,290	78,007	266,467
Years to turnover interm. debt	1.5	6.3	1.5
Expense as a % of income	78 %	97 %	76 %
Interest as a % of income	4 %	7 %	3 %
Liquidity (accrual)			
Total accrual farm income	480,262	286,159	1,206,746
Total accrual operating expense	364,025	276,226	862,750
Net accrual operating income	116,237	9,933	343,996
Net nonfarm income	27,486	55,510	23,631
Family living and taxes	61,092	51,161	106,738
Real estate principal payments	4,793	-	18,553
Available for intermediate debt	77,838	14,281	242,335
Average intermediate debt	101,290	78,007	266,467
Years to turnover interm. debt	1.3	5.5	1.1
Expense as a % of income	76 %	97 %	71 %
Interest as a % of income	4 %	7 %	3 %

Balance Sheet at Cost Values
Southeast 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>	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Number of farms	36		6		6	
Assets						
Current Farm Assets						
Cash and checking balance	17,200	21,021	13,385	6,963	4,741	24,506
Prepaid expenses & supplies	26,600	29,600	2,166	2,092	82,977	78,340
Growing crops	0	0	0	0	0	0
Accounts receivable	1,437	1,658	0	1,000	0	3,409
Hedging accounts	552	2,371	0	0	0	8,164
Crops held for sale or feed	121,270	121,186	23,891	25,013	326,608	350,029
Crops under government loan	10,399	13,542	2,118	2,655	35,687	58,561
Market livestock held for sale	48,117	51,083	10,811	11,187	95,595	110,395
Other current assets	0	0	0	0	0	0
Total current farm assets	225,576	240,461	52,370	48,910	545,607	633,404
Intermediate Farm Assets						
Breeding livestock	48,908	47,860	4,892	3,517	144,725	143,200
Machinery and equipment	166,700	186,296	67,617	75,118	362,905	437,823
Titled vehicles	0	0	0	0	0	0
Other intermediate assets	5,160	4,576	0	0	18,458	15,125
Total intermediate farm assets	220,768	238,733	72,509	78,635	526,088	596,148
Long Term Farm Assets						
Farm land	262,120	284,073	52,551	52,551	539,448	539,448
Buildings and improvements	81,668	82,796	17,879	17,446	272,183	268,550
Other long-term assets	3,957	3,922	5,696	5,486	8,545	8,545
Total long-term farm assets	347,745	370,791	76,125	75,483	820,175	816,542
Total Farm Assets	794,089	849,984	201,004	203,028	1,891,871	2,046,094
Total Nonfarm Assets	198,239	216,438	175,466	209,183	334,308	349,795
Total Assets	992,327	1,066,423	376,470	412,211	2,226,178	2,395,889
Liabilities						
Current Farm Liabilities						
Accrued interest	1,845	1,697	4	5	6,984	6,278
Accounts payable	2,593	2,793	1,217	1,544	10,328	8,645
Current notes	66,079	48,271	60,270	33,538	62,500	25,833
Government crop loans	8,714	10,536	1,658	2,071	30,042	45,385
Principal due on term debt	3,262	2,584	2,881	1,370	1,999	2,563
Total current farm liabilities	82,493	65,882	66,030	38,527	111,853	88,703
Total intermediate farm liabs	91,662	97,257	43,012	44,163	294,326	335,869
Total long term farm liabilities	149,384	164,433	56,684	76,954	286,012	256,021
Total farm liabilities	323,539	327,572	165,725	159,643	692,191	680,594
Total nonfarm liabilities	30,812	33,854	27,716	28,063	0	11,840
Total liabilities	354,351	361,425	193,440	187,707	692,191	692,434
Net worth (farm and nonfarm)	637,976	704,997	183,029	224,504	1,533,987	1,703,455
Net worth change		67,021		41,475		169,468
Ratio Analysis						
Current farm liabilities / assets	37 %	27 %	126 %	79 %	21 %	14 %
Curr. & interm farm liab. / assets	39 %	34 %	87 %	65 %	38 %	35 %
Long term farm liab. / assets	43 %	44 %	74 %	102 %	35 %	31 %
Total debt to asset ratio	36 %	34 %	51 %	46 %	31 %	29 %

Balance Sheet at Market Values
Southeast 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>	
	36	6	6	6	6	6
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Number of farms						
Assets						
Current Farm Assets						
Cash and checking balance	17,200	21,021	13,385	6,963	4,741	24,506
Prepaid expenses & supplies	26,600	29,600	2,166	2,092	82,977	78,340
Growing crops	0	0	0	0	0	0
Accounts receivable	1,437	1,658	0	1,000	0	3,409
Hedging accounts	552	2,371	0	0	0	8,164
Crops held for sale or feed	121,270	121,186	23,891	25,013	326,608	350,029
Crops under government loan	10,399	13,542	2,118	2,655	35,687	58,561
Market livestock held for sale	48,117	51,083	10,811	11,187	95,595	110,395
Other current assets	0	0	0	0	0	0
Total current farm assets	225,576	240,461	52,370	48,910	545,607	633,404
Intermediate Farm Assets						
Breeding livestock	48,908	47,860	4,892	3,517	144,725	143,200
Machinery and equipment	211,206	237,943	99,429	104,500	417,667	522,667
Titled vehicles	0	0	0	0	0	0
Other intermediate assets	7,382	7,965	0	0	18,458	21,958
Total intermediate farm assets	267,496	293,769	104,321	108,017	580,850	687,825
Long Term Farm Assets						
Farm land	534,911	599,974	261,178	277,011	1,018,012	1,100,029
Buildings and improvements	110,234	113,289	30,167	30,167	349,000	349,000
Other long-term assets	4,751	4,425	9,546	9,336	8,545	8,545
Total long-term farm assets	649,896	717,688	300,890	316,514	1,375,556	1,457,573
Total Farm Assets	1,142,968	1,251,917	457,581	473,440	2,502,014	2,778,802
Total Nonfarm Assets	215,470	236,712	197,590	237,974	342,133	359,621
Total Assets	1,358,438	1,488,629	655,171	711,414	2,844,147	3,138,422
Liabilities						
Current Farm Liabilities						
Accrued interest	1,845	1,697	4	5	6,984	6,278
Accounts payable	2,593	2,793	1,217	1,544	10,328	8,645
Current notes	66,079	48,271	60,270	33,538	62,500	25,833
Government crop loans	8,714	10,536	1,658	2,071	30,042	45,385
Principal due on term debt	3,262	2,584	2,881	1,370	1,999	2,563
Total current farm liabilities	82,493	65,882	66,030	38,527	111,853	88,703
Total intermediate farm liabs	91,662	97,257	43,012	44,163	294,326	335,869
Total long term farm liabilities	149,384	164,433	56,684	76,954	286,012	256,021
Total farm liabilities	323,539	327,572	165,725	159,643	692,191	680,594
Total nonfarm liabilities	30,812	33,854	27,716	28,063	0	11,840
Total liabs excluding deferreds	354,351	361,425	193,440	187,707	692,191	692,434
Total deferred liabilities	93,165	93,714	66,967	66,967	159,432	159,432
Total liabilities	447,516	455,139	260,407	254,673	851,623	851,865
Retained earnings	637,976	704,997	183,029	224,504	1,533,987	1,703,455
Market valuation equity	272,946	328,493	211,735	232,237	458,537	583,102
Net worth (farm and nonfarm)	910,922	1,033,490	394,764	456,740	1,992,524	2,286,557
Net worth excluding deferreds	1,004,087	1,127,204	461,731	523,707	2,151,956	2,445,988
Net worth change		122,567		61,977		294,033
Ratio Analysis						
Current farm liabilities / assets	37 %	27 %	126 %	79 %	21 %	14 %
Curr. & interm farm liab. / assets	35 %	31 %	70 %	53 %	36 %	32 %
Long term farm liab. / assets	23 %	23 %	19 %	24 %	21 %	18 %
Total debt to asset ratio	33 %	31 %	40 %	36 %	30 %	27 %
Debt to assets excl deferreds	26 %	24 %	30 %	26 %	24 %	22 %

Statement Of Cash Flows
Southeast 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	50	10	10
Beginning cash (farm & nonfarm)	28,326	53,798	16,321
Cash From Operating Activities			
Gross cash farm income	470,459	282,677	1,140,620
Net nonfarm income	27,486	55,510	23,631
Total cash farm expense	-366,322	-274,658	-863,095
Apparent family living expense	-55,176	-44,893	-101,465
Income and social security tax	-5,916	-6,268	-5,273
Cash from operations	70,530	12,367	194,417
Cash From Investing Activities			
Sale of breeding livestock	-	-	-
Sale of machinery & equipment	1,916	5,358	652
Sale of titled vehicles	-	-	-
Sale of farm land	1,344	-	-
Sale of farm buildings	-	-	-
Sale of other farm assets	734	-	3,670
Sale of nonfarm assets	2,278	1,347	5,291
Purchase of breeding livestock	-7,540	-525	-22,317
Purchase of machinery & equip.	-38,149	-31,653	-91,499
Purchase of titled vehicles	-	-	-
Purchase of farm land	-19,940	-	-
Purchase of farm buildings	-4,655	-327	-8,776
Purchase of other farm assets	-	-	-
Purchase of nonfarm assets	-10,200	-3,548	-17,466
Cash from investing activities	-74,212	-29,350	-130,445
Cash From Financing Activities			
Money borrowed	125,096	194,884	90,855
Cash gifts and inheritances	4,453	2,860	2,210
Principal payments	-120,652	-183,311	-135,603
Dividends paid	-	-	-
Gifts given	-	-	-
Cash from financing activities	8,897	14,433	-42,538
Net change in cash balance	5,215	-2,549	21,434
Ending cash (farm & nonfarm)	33,540	51,249	37,755

Financial Standards Measures
Southeast 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	50	10	10
Liquidity			
Current ratio	3.30	1.31	5.73
Working capital	196,361	43,720	539,293
Solvency (market)			
Farm debt to asset ratio	32 %	51 %	27 %
Farm equity to asset ratio	68 %	49 %	73 %
Farm debt to equity ratio	46 %	106 %	37 %
Profitability (cost)			
Rate of return on farm assets	6.7 %	-0.4 %	9.4 %
Rate of return on farm equity	7.2 %	-10.3 %	10.6 %
Operating profit margin	16.9 %	-0.9 %	23.2 %
Net farm income	85,669	-6,181	271,067
Repayment Capacity			
Term debt coverage ratio	363 %	123 %	674 %
Capital replacement margin	29,296	433	127,105
Efficiency			
Asset turnover rate (cost)	39.8 %	47.8 %	40.5 %
Operating expense ratio	71.6 %	89.2 %	68.4 %
Depreciation expense ratio	6.4 %	5.6 %	6.0 %
Interest expense ratio	4.2 %	7.3 %	3.1 %
Net farm income ratio	17.8 %	-2.2 %	22.5 %

Crop Production and Marketing Summary
Southeast 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	50	10	10
Acreage Summary			
Total acres owned	391	251	719
Total crop acres	691	549	1,326
Crop acres owned	346	205	777
Crop acres cash rented	339	341	548
Crop acres share rented	5	3	-
Total pasture acres	11	15	3
Average Price Received (Cash Sales Only)			
Corn per bushel	2.14	1.81	2.33
Soybeans per bushel	6.18	6.11	6.60
Hay, Alfalfa per ton	79.08	-	-
Oats per bushel	1.36	-	-
Average Yield Per Acre			
Corn (bushel)	157.60	147.41	161.30
Soybeans (bushel)	37.13	34.75	40.41
Hay, Alfalfa (ton)	3.72	-	3.79
Corn Silage (ton)	20.95	-	21.12
Oats (bushel)	70.66	-	-
Oatlage (ton)	2.20	-	-

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

	<u>Avg. Of All Farms</u>
Number of farms	9
Average family size	3.0
Family Living Expenses	
Food and meals expense	5,558
Medical care	2,979
Health insurance	3,999
Cash donations	2,682
Household supplies	5,811
Clothing	783
Personal care	891
Child / Dependent care	1,193
Alimony and Child support	-
Gifts	2,204
Education	1,337
Recreation	3,011
Utilities (household share)	2,065
Nonfarm vehicle operating expense	3,280
Household real estate taxes	462
Dwelling rent	-
Household repairs	2,091
Nonfarm interest	534
Disability / Long term care insuran	-
Life insurance payments	731
Nonfarm property insurance	-
Miscellaneous	1,084
Total cash family living expense	40,695
Family living from the farm	9
Total family living	40,705
Other Nonfarm Expenditures	
Income taxes	9,672
Furnishing & appliance purchases	-
Nonfarm vehicle purchases	4,006
Nonfarm real estate purchases	1,111
Other nonfarm capital purchases	-3,764
Nonfarm savings & investments	4,654
Total other nonfarm expenditures	15,678
Total cash family living investment & nonfarm capital purch	56,374

Operator and Labor Information
Southeast 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	50	10	10
Operator Information			
Average number of operators	1.3	1.3	1.5
Average age of operators	51.1	53.1	51.2
Average number of years farming	28.4	31.5	28.0
Results Per Operator			
Working capital	155,842	33,631	359,528
Total assets (market)	1,454,774	925,222	2,520,518
Total liabilities	426,869	395,101	641,686
Net worth (market)	1,027,905	530,121	1,878,833
Net worth excl deferred liabs	1,144,237	619,352	2,085,616
Gross farm income	381,160	220,122	804,497
Total farm expense	313,169	224,877	623,786
Net farm income	67,991	-4,755	180,711
Net nonfarm income	21,814	42,700	15,754
Family living & tax withdrawals	48,486	39,355	71,159
Total acres owned	310.5	193.1	479.5
Total crop acres	548.2	422.7	883.7
Crop acres owned	274.7	157.8	518.2
Crop acres cash rented	269.2	262.6	365.5
Crop acres share rented	4.3	2.2	-
Total pasture acres	9.0	11.5	1.8
Labor Analysis			
Number of farms	49	9	10
Total unpaid labor hours	3,459	1,642	5,796
Total hired labor hours	2,070	2,259	6,686
Total labor hours per farm	5,528	3,902	12,482
Unpaid hours per operator	2,733	1,232	3,864
Value of farm production / hour	75.24	70.87	82.17
Net farm income / unpaid hour	25.42	-2.50	46.77
Partnerships			
Number of farms	12	2	4
Number of operators	2.0	-	-
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-

Nonfarm Summary
Southeast 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	50	10	10
Nonfarm Income			
Nonfarm wages & salary	17,866	46,025	5,360
Nonfarm business income	3,501	3,583	10,794
Nonfarm rental income	2,429	320	2,404
Nonfarm interest income	1,302	306	4,036
Nonfarm cash dividends	160	-	-
Tax refunds	812	1,100	950
Gifts and inheritances	4,453	2,860	2,210
Other nonfarm income	1,416	4,176	86
Total nonfarm income	31,939	58,370	25,841
Nonfarm Assets (market)			
Checking & savings	3,477	6,890	19
Stocks & bonds	19,166	40,819	24,144
Other current assets	15,949	3,400	74,040
Furniture & appliances	6,880	19,500	2,380
Nonfarm vehicles	8,268	10,850	5,100
Cash value of life ins.	15,394	16,246	14,400
Retirement accounts	32,603	28,580	38,246
Other intermediate assets	19,493	22,651	30,209
Nonfarm real estate	73,168	84,900	28,791
Other long term assets	25,818	34,612	35,133
Total nonfarm assets	220,217	268,449	252,461
Nonfarm Liabilities			
Accrued interest	82	-	397
Accounts payable	-	-	-
Current notes	339	-	-
Princ due on term debt	431	-	-
Total current liabilities	852	-	397
Intermediate liabilities	836	-	-
Long term liabilities	26,118	32,492	6,708
Total nonfarm liabilities	27,806	32,492	7,104
Nonfarm net worth	192,411	235,957	245,357
Nonfarm debt to asset ratio	13 %	12 %	3 %

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. It is possible for an individual farm to have data in all three tables if all three land tenure categories are represented in that farm business. 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 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 price for crops sold or contracted before year-end and the inventory value for crops still in inventory at year-end. It also includes the per unit value of any LDP payments received before the end of the year. 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 Over Labor and Management is the return remaining after compensating the operator for unpaid labor and management. This is the per acre return to equity capital before government payments.

Net Return With Government Payments is the return to equity capital after government payments have been added. These payments are generally allocated evenly per acre across all crops except vegetables and pasture.

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. *With Labor and Management* is the breakeven price to provide a labor and management return for the operator. *Total Expense Less Government and Other Income* is the final breakeven price if government payments and any miscellaneous income are used to offset some of the expenses.

Crop Enterprise Analysis
Southeast 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	40	7	8
Number of farms	38	7	8
Acres	181.33	106.64	258.64
Yield per acre (bu.)	161.97	141.73	172.03
Operators share of yield %	100.00	100.00	100.00
Value per bu.	2.33	2.28	2.38
Total product return per acre	376.96	323.83	408.98
Miscellaneous income per acre	0.04	-	0.14
Gross return per acre	377.00	323.83	409.12
Direct Expenses			
Seed	40.30	43.55	40.21
Fertilizer	49.72	60.52	45.38
Crop chemicals	31.02	41.45	26.84
Crop insurance	5.61	7.94	2.02
Drying fuel	8.40	16.03	6.18
Fuel & oil	11.13	14.18	12.12
Repairs	25.35	30.67	18.87
Custom hire	9.11	5.36	14.88
Operating interest	4.62	18.86	1.48
Miscellaneous	0.61	0.08	-
Total direct expenses per acre	185.86	238.63	167.98
Return over direct exp per acre	191.14	85.21	241.14
Overhead Expenses			
Custom hire	4.24	1.17	4.03
Hired labor	8.76	7.97	7.17
Machinery & bldg leases	1.12	3.56	1.23
RE & pers. property taxes	14.13	12.13	13.97
Farm insurance	5.04	5.66	4.55
Utilities	2.30	1.80	2.23
Interest	29.94	62.57	8.72
Mach & bldg depreciation	23.75	19.75	22.71
Miscellaneous	3.50	2.66	3.01
Total overhead expenses per acre	92.79	117.27	67.62
Total dir & ovhd expenses per acre	278.66	355.90	235.60
Net return per acre	98.35	-32.07	173.52
Lbr & mgt charge per acre	29.16	25.64	21.38
Net return over lbr & mgt	69.19	-57.71	152.14
Government payments	33.64	48.43	35.17
Net return with govt payments	102.83	-9.28	187.31
Cost of Production			
Total direct expense per bu.	1.15	1.68	0.98
Total dir & ovhd exp per bu.	1.72	2.51	1.37
With labor & management	1.90	2.69	1.49
Total exp less govt & oth income	1.69	2.35	1.29
Est. labor hours per acre	2.80	2.42	2.15

Crop Enterprise Analysis
Southeast 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	44	9	10
Number of farms	35	7	7
Acres	200.85	57.24	134.89
Yield per acre (bu.)	154.53	138.72	162.57
Operators share of yield %	100.00	100.00	100.00
Value per bu.	2.33	2.32	2.31
Total product return per acre	360.71	321.77	374.95
Miscellaneous income per acre	0.18	1.92	0.44
Gross return per acre	360.89	323.70	375.39
Direct Expenses			
Seed	39.47	43.62	39.72
Fertilizer	46.71	40.19	42.15
Crop chemicals	30.56	38.48	27.37
Crop insurance	9.40	3.04	3.50
Drying fuel	9.60	8.21	6.67
Fuel & oil	10.94	17.17	11.36
Repairs	20.84	34.67	14.63
Custom hire	3.80	12.21	1.41
Land rent	102.23	100.06	102.77
Operating interest	5.30	6.55	3.57
Miscellaneous	0.83	-	-
Total direct expenses per acre	279.68	304.20	253.14
Return over direct exp per acre	81.22	19.49	122.25
Overhead Expenses			
Custom hire	6.09	3.04	1.84
Hired labor	12.43	4.20	3.50
Machinery & bldg leases	5.25	1.31	10.93
Farm insurance	4.81	5.20	3.17
Utilities	1.86	1.89	2.54
Interest	4.50	7.56	1.72
Mach & bldg depreciation	18.27	36.57	16.81
Miscellaneous	3.02	4.26	2.51
Total overhead expenses per acre	56.25	64.03	43.03
Total dir & ovhd expenses per acre	335.92	368.23	296.18
Net return per acre	24.97	-44.54	79.21
Lbr & mgt charge per acre	20.03	29.25	32.62
Net return over lbr & mgt	4.94	-73.79	46.59
Government payments	27.35	33.89	29.96
Net return with govt payments	32.29	-39.90	76.55
Cost of Production			
Total direct expense per bu.	1.81	2.19	1.56
Total dir & ovhd exp per bu.	2.17	2.65	1.82
With labor & management	2.30	2.87	2.02
Total exp less govt & oth income	2.13	2.61	1.84
Est. labor hours per acre	2.38	5.23	2.69

Crop Enterprise Analysis
Southeast 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	30	5	6
Number of farms	29	5	6
Acres	174.39	110.32	223.43
Yield per acre (bu.)	37.50	33.16	41.44
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.80	5.90	7.36
Total product return per acre	254.98	195.71	304.89
Miscellaneous income per acre	7.22	16.57	9.77
Gross return per acre	262.20	212.27	314.66
Direct Expenses			
Seed	23.26	22.84	20.21
Fertilizer	4.35	12.71	3.73
Crop chemicals	20.85	22.24	18.37
Crop insurance	5.94	7.97	4.89
Fuel & oil	8.00	9.22	8.23
Repairs	18.59	21.53	12.50
Custom hire	7.79	1.76	2.25
Operating interest	2.74	4.89	1.47
Miscellaneous	0.51	0.04	0.24
Total direct expenses per acre	92.04	103.20	71.89
Return over direct exp per acre	170.16	109.08	242.77
Overhead Expenses			
Custom hire	4.24	1.13	2.91
Hired labor	5.62	6.69	4.56
Machinery & bldg leases	1.18	1.91	0.20
RE & pers. property taxes	14.60	14.19	13.28
Farm insurance	4.61	3.40	4.66
Utilities	1.49	1.69	2.10
Interest	30.80	56.63	19.76
Mach & bldg depreciation	18.94	22.62	16.40
Miscellaneous	3.35	4.17	1.93
Total overhead expenses per acre	84.84	112.45	65.79
Total dir & ovhd expenses per acre	176.88	215.65	137.68
Net return per acre	85.32	-3.37	176.98
Lbr & mgt charge per acre	25.29	28.08	17.33
Net return over lbr & mgt	60.03	-31.45	159.64
Government payments	23.09	29.95	29.12
Net return with govt payments	83.12	-1.50	188.76
Cost of Production			
Total direct expense per bu.	2.45	3.11	1.73
Total dir & ovhd exp per bu.	4.72	6.50	3.32
With labor & management	5.39	7.35	3.74
Total exp less govt & oth income	4.58	5.95	2.80
Est. labor hours per acre	1.88	2.49	1.44

Crop Enterprise Analysis
Southeast 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	38	6	11
Number of farms	28	5	6
Acres	156.09	227.03	208.23
Yield per acre (bu.)	36.83	36.68	39.94
Operators share of yield %	100.00	100.00	100.00
Value per bu.	6.75	5.84	7.41
Total product return per acre	248.64	214.01	295.80
Miscellaneous income per acre	12.79	5.41	16.71
Gross return per acre	261.42	219.42	312.51
Direct Expenses			
Seed	22.77	23.53	19.53
Fertilizer	9.47	16.84	13.71
Crop chemicals	19.21	24.90	12.89
Crop insurance	8.58	7.91	9.11
Fuel & oil	8.57	9.52	7.48
Repairs	16.83	26.53	9.56
Custom hire	5.27	1.51	8.96
Land rent	104.05	96.66	120.32
Operating interest	3.87	5.27	2.14
Miscellaneous	0.55	0.69	0.11
Total direct expenses per acre	199.19	213.37	203.82
Return over direct exp per acre	62.23	6.05	108.69
Overhead Expenses			
Custom hire	4.66	4.30	7.08
Hired labor	6.96	7.51	5.71
Machinery & bldg leases	6.64	16.37	-
Farm insurance	4.37	5.16	3.45
Utilities	1.36	1.99	0.83
Interest	3.44	4.72	2.72
Mach & bldg depreciation	13.67	14.77	11.17
Miscellaneous	2.85	3.39	1.93
Total overhead expenses per acre	43.96	58.22	32.89
Total dir & ovhd expenses per acre	243.15	271.59	236.71
Net return per acre	18.27	-52.17	75.80
Lbr & mgt charge per acre	18.55	18.78	16.32
Net return over lbr & mgt	-0.28	-70.95	59.48
Government payments	21.21	29.35	14.42
Net return with govt payments	20.94	-41.60	73.90
Cost of Production			
Total direct expense per bu.	5.41	5.82	5.10
Total dir & ovhd exp per bu.	6.60	7.41	5.93
With labor & management	7.11	7.92	6.33
Total exp less govt & oth income	6.18	6.97	5.56
Est. labor hours per acre	1.75	2.02	1.11

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

Corn Silage on Owned Land

	Avg. Of All Farms
Number of fields	17
Number of farms	17
Acres	51.21
Yield per acre (ton)	21.21
Operators share of yield %	100.00
Value per ton	17.92
Total product return per acre	379.97
Miscellaneous income per acre	-
Gross return per acre	379.97
Direct Expenses	
Seed	38.96
Fertilizer	29.77
Crop chemicals	45.72
Crop insurance	3.60
Fuel & oil	18.96
Repairs	40.24
Custom hire	33.75
Operating interest	3.32
Miscellaneous	3.13
Total direct expenses per acre	217.46
Return over direct exp per acre	162.52
Overhead Expenses	
Custom hire	16.86
Hired labor	11.50
Machinery & bldg leases	4.43
RE & pers. property taxes	8.44
Farm insurance	6.03
Utilities	2.26
Interest	32.91
Mach & bldg depreciation	25.75
Miscellaneous	4.18
Total overhead expenses per acre	112.36
Total dir & ovhd expenses per acre	329.81
Net return per acre	50.16
Lbr & mgt charge per acre	24.22
Net return over lbr & mgt	25.94
Government payments	34.24
Net return with govt payments	60.18
Cost of Production	
Total direct expense per ton	10.25
Total dir & ovhd exp per ton	15.55
With labor & management	16.69
Total exp less govt & oth income	15.08
Est. labor hours per acre	4.74

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

Corn Silage on Cash Rent

	Avg. Of All Farms
Number of fields	13
Number of farms	13
Acres	28.42
Yield per acre (ton)	20.33
Operators share of yield %	100.00
Value per ton	18.00
Total product return per acre	365.94
Miscellaneous income per acre	-
Gross return per acre	365.94
Direct Expenses	
Seed	40.46
Fertilizer	27.56
Crop chemicals	38.95
Crop insurance	2.19
Fuel & oil	16.49
Repairs	27.26
Custom hire	16.86
Land rent	92.44
Operating interest	2.95
Miscellaneous	4.12
Total direct expenses per acre	269.29
Return over direct exp per acre	96.65
Overhead Expenses	
Custom hire	6.64
Hired labor	4.76
Machinery & bldg leases	7.73
Farm insurance	5.72
Utilities	2.57
Interest	6.79
Mach & bldg depreciation	19.09
Miscellaneous	6.14
Total overhead expenses per acre	59.43
Total dir & ovhd expenses per acre	328.72
Net return per acre	37.23
Lbr & mgt charge per acre	30.57
Net return over lbr & mgt	6.66
Government payments	32.08
Net return with govt payments	38.74
Cost of Production	
Total direct expense per ton	13.25
Total dir & ovhd exp per ton	16.17
With labor & management	17.67
Total exp less govt & oth income	16.09
Est. labor hours per acre	5.94

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

Hay, Alfalfa on Owned Land

	Avg. Of All Farms
Number of fields	22
Number of farms	19
Acres	75.52
Yield per acre (ton)	3.48
Operators share of yield %	100.00
Value per ton	90.00
Total product return per acre	312.99
Miscellaneous income per acre	-
Gross return per acre	312.99
Direct Expenses	
Seed	14.52
Fertilizer	11.89
Crop chemicals	8.29
Fuel & oil	13.45
Repairs	38.48
Custom hire	19.69
Marketing	0.18
Operating interest	2.23
Miscellaneous	1.15
Total direct expenses per acre	109.88
Return over direct exp per acre	203.11
Overhead Expenses	
Custom hire	5.64
Hired labor	17.94
Machinery & bldg leases	2.46
RE & pers. property taxes	10.00
Farm insurance	4.01
Utilities	2.27
Interest	14.26
Mach & bldg depreciation	27.70
Miscellaneous	2.99
Total overhead expenses per acre	87.27
Total dir & ovhd expenses per acre	197.16
Net return per acre	115.83
Lbr & mgt charge per acre	31.33
Net return over lbr & mgt	84.50
Government payments	-
Net return with govt payments	84.50
Cost of Production	
Total direct expense per ton	31.60
Total dir & ovhd exp per ton	56.69
With labor & management	65.70
Total exp less govt & oth income	65.70
Est. labor hours per acre	5.06

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

Hay, Alfalfa on Cash Rent

	Avg. Of All Farms
Number of fields	18
Number of farms	16
Acres	41.07
Yield per acre (ton)	3.92
Operators share of yield %	100.00
Value per ton	90.00
Total product return per acre	352.42
Miscellaneous income per acre	-
Gross return per acre	352.42
Direct Expenses	
Seed	17.47
Fertilizer	18.05
Crop chemicals	8.10
Fuel & oil	12.93
Repairs	35.01
Custom hire	10.71
Hired labor	1.02
Land rent	77.75
Operating interest	2.14
Miscellaneous	0.85
Total direct expenses per acre	184.03
Return over direct exp per acre	168.39
Overhead Expenses	
Custom hire	5.74
Hired labor	21.98
Machinery & bldg leases	5.18
Farm insurance	5.27
Utilities	1.50
Interest	3.93
Mach & bldg depreciation	35.01
Miscellaneous	4.65
Total overhead expenses per acre	83.25
Total dir & ovhd expenses per acre	267.29
Net return per acre	85.14
Lbr & mgt charge per acre	27.49
Net return over lbr & mgt	57.65
Government payments	-
Net return with govt payments	57.65
Cost of Production	
Total direct expense per ton	47.00
Total dir & ovhd exp per ton	68.26
With labor & management	75.28
Total exp less govt & oth income	75.28
Est. labor hours per acre	5.67

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

Oats on Owned Land

	Avg. Of All Farms
Number of fields	11
Number of farms	11
Acres	18.08
Yield per acre (bu.)	68.63
Operators share of yield %	100.00
Value per bu.	1.60
Total product return per acre	109.67
Miscellaneous income per acre	68.50
Gross return per acre	178.17
Direct Expenses	
Seed	14.06
Fertilizer	6.96
Crop chemicals	1.70
Fuel & oil	8.93
Repairs	26.69
Custom hire	21.96
Hired labor	0.40
Operating interest	2.01
Miscellaneous	0.17
Total direct expenses per acre	82.89
Return over direct exp per acre	95.27
Overhead Expenses	
Custom hire	4.29
Hired labor	0.97
Machinery & bldg leases	0.77
RE & pers. property taxes	10.09
Farm insurance	4.63
Utilities	0.97
Interest	20.58
Mach & bldg depreciation	22.62
Miscellaneous	3.85
Total overhead expenses per acre	68.76
Total dir & ovhd expenses per acre	151.65
Net return per acre	26.51
Lbr & mgt charge per acre	23.00
Net return over lbr & mgt	3.51
Government payments	1.27
Net return with govt payments	4.79
Cost of Production	
Total direct expense per bu.	1.21
Total dir & ovhd exp per bu.	2.21
With labor & management	2.54
Total exp less govt & oth income	1.53
Est. labor hours per acre	2.52

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

Pasture on Owned Land

	Avg. Of All Farms
Number of fields	5
Number of farms	5
Acres	55.90
Yield per acre (aum)	3.97
Operators share of yield %	100.00
Value per aum	10.00
Total product return per acre	39.71
Miscellaneous income per acre	-
Gross return per acre	39.71
Direct Expenses	
Fuel & oil	1.50
Repairs	5.09
Operating interest	2.08
Total direct expenses per acre	8.67
Return over direct exp per acre	31.04
Overhead Expenses	
Custom hire	2.16
Hired labor	1.54
Machinery & bldg leases	3.51
RE & pers. property taxes	2.75
Farm insurance	2.09
Utilities	0.32
Interest	6.20
Mach & bldg depreciation	3.52
Miscellaneous	3.02
Total overhead expenses per acre	25.11
Total dir & ovhd expenses per acre	33.78
Net return per acre	5.93
Lbr & mgt charge per acre	3.87
Net return over lbr & mgt	2.06
Government payments	-
Net return with govt payments	2.06
Cost of Production	
Total direct expense per aum	2.18
Total dir & ovhd exp per aum	8.51
With labor & management	9.48
Total exp less govt & oth income	9.48
Est. labor hours per acre	0.60

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. *With labor and management* is the breakeven price to provide labor and management return for the operator. *With other revenue adjustments* is the final breakeven price adjusted for cull sales, other offspring sales, the cost of replacement stock, and any other miscellaneous income.

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

Dairy -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	27		5		6	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (lb)	22,515.08	2,866.47	16,547.17	2,055.03	21,993.90	2,882.78
Milk used in home (lb)	4.73	1.16	-	-	8.69	3.61
Milk fed to animals (lb)	22.28	2.12	-	-	43.56	4.36
Dairy Calves sold (hd)	0.23	27.89	-	-	-	-
Transferred out (hd)	0.70	111.13	0.74	110.49	1.02	153.19
Cull sales (hd)	0.32	169.13	0.41	341.80	0.32	225.70
Butchered (hd)	0.00	0.05	-	-	0.00	-
Less purchased (hd)	-0.07	-98.08	-0.05	-52.09	-	-
Less transferred in (hd)	-0.29	-363.42	-0.24	-324.88	-0.36	-452.13
Inventory change (hd)	-0.03	-15.12	-0.21	-203.90	0.03	55.71
Total production		2,701.32		1,926.45		2,873.22
Other income		152.76		316.79		305.01
Gross return		2,854.08		2,243.23		3,178.24
Direct Expenses						
Corn (bu.)	85.23	173.61	107.79	219.97	109.79	220.69
Corn Silage (lb.)	12,993.68	121.99	14,975.61	136.54	8,570.21	79.41
Hay, Alfalfa (lb.)	2,355.05	110.29	2,483.90	108.52	2,094.89	91.79
Hay, Grass & Other (lb.)	143.37	4.61	1,414.63	42.44	36.60	1.28
Haylage, Alfalfa (lb.)	6,724.10	159.51	10,460.49	235.36	10,327.66	232.37
Protein Vit Minerals (lb.)	3,132.12	530.10	3,222.24	432.58	1,923.83	294.79
Other feed stuffs	713.03	39.02	0.60	5.95	448.14	13.07
Breeding fees		33.10		48.47		39.71
Veterinary		116.22		131.73		72.90
BST		31.67		-		-
Livestock supplies		201.32		229.90		146.17
DHIA		6.95		18.32		10.66
Fuel & oil		24.25		26.10		25.25
Repairs		88.00		119.18		125.78
Custom hire		37.02		36.29		30.03
Hired labor		68.86		-		-
Marketing		29.07		67.80		29.93
Operating interest		12.61		20.64		13.69
Total direct expenses		1,788.21		1,879.76		1,427.52
Return over direct expense		1,065.87		363.47		1,750.72
Overhead Expenses						
Custom hire		18.06		-		12.68
Hired labor		253.64		52.80		286.70
RE & pers. property taxes		7.35		31.96		11.64
Farm insurance		26.79		48.04		38.01
Utilities		45.87		104.09		72.65
Interest		68.95		60.37		15.54
Mach & bldg depreciation		118.69		204.95		123.71
Miscellaneous		36.34		33.83		33.48
Total overhead expenses		575.68		536.04		594.40
Total dir & ovhd expenses		2,363.89		2,415.81		2,021.92
Net return		490.19		-172.57		1,156.32
Labor & management charge		199.69		517.31		307.98
Net return over lbr & mgt		290.50		-689.89		848.34
Cost of Production						
Total direct expense per cwt.		7.93		11.36		6.48
Total dir & ovhd expense per cwt.		10.49		14.60		9.17
With labor and management		11.37		17.73		10.57
With other revenue adjustments		11.44		16.59		9.26
Est. labor hours per unit		44.98		73.48		55.62
Other Information						
Avg. number of Cows		152.4		41.0		78.3
Milk produced per Cow		22,542		16,547		22,046
Culling percentage		31.9		41.0		32.1
Turnover rate		38.8		50.7		34.3
Percent of barn capacity		114.6		88.4		122.4
Lbs. milk/lb grain & conc.		2.7		1.8		2.8
Feed cost per cwt of milk		5.05		7.14		4.23
Feed cost per Cow		1,139.14		1,181.36		933.40
Avg. milk price per cwt.		12.73		12.42		13.11

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

Dairy Replacement Heifers -- Average Per Head Sold/Trans

	Avg. Of All Farms		Low 20%		High 20%	
	25		5		5	
Number of farms						
	Quantity	Value	Quantity	Value	Quantity	Value
Replacements sold (hd)	0.44	131.04	0.32	244.79	0.08	76.88
Transferred out (hd)	0.56	640.83	0.68	679.55	0.92	1,008.04
Butchered (hd)	0.00	1.67	-	-	-	-
Less purchased (hd)	-0.08	-52.27	-0.24	-241.15	-	-
Less transferred in (hd)	-1.19	-189.97	-1.38	-297.12	-1.22	-150.74
Inventory change (hd)	0.07	109.10	0.40	132.98	0.01	162.26
Total production (hd)	0.00	640.40	0.00	519.06	0.00	1,096.44
Other income		0.59		3.61		-
Gross return		640.99		522.66		1,096.44
Direct Expenses						
Corn (bu.)	17.15	35.05	43.12	90.37	22.81	46.59
Corn Silage (lb.)	7,801.82	73.41	14,368.88	141.34	11,583.13	112.16
Hay, Alfalfa (lb.)	1,724.27	75.86	1,422.48	62.07	4,108.19	167.60
Hay, Grass & Other (lb.)	312.60	9.68	345.82	10.37	302.73	9.18
Haylage, Alfalfa (lb.)	2,222.64	48.72	2,449.57	85.01	2,704.71	27.36
Pasture (aum)	0.90	9.31	0.14	2.45	1.39	13.92
Milk Replacer (lb.)	-	1.38	-	9.59	-	-
Protein Vit Minerals (lb.)	385.13	108.96	247.95	250.85	342.68	75.32
Other feed stuffs	1,305.25	11.40	7,317.93	4.96	181.34	12.47
Breeding fees		11.23		4.88		21.32
Veterinary		20.72		36.59		16.05
Livestock supplies		19.83		41.77		5.65
Fuel & oil		5.73		10.61		5.16
Repairs		23.36		42.42		15.51
Custom hire		82.75		78.19		76.88
Total direct expenses		537.40		871.49		605.17
Return over direct expense		103.59		-348.82		491.27
Overhead Expenses						
Custom hire		2.90		12.14		3.36
Hired labor		55.47		123.99		72.03
Machinery & bldg leases		4.88		7.88		0.12
RE & pers. property taxes		2.27		4.12		2.63
Farm insurance		6.41		10.79		12.94
Utilities		10.63		18.51		14.55
Interest		11.74		49.46		3.35
Mach & bldg depreciation		30.24		94.16		31.62
Miscellaneous		4.44		7.75		6.41
Total overhead expenses		128.97		328.79		147.03
Total dir & ovhd expenses		666.37		1,200.27		752.19
Net return		-25.38		-677.61		344.24
Labor & management charge		54.27		81.27		52.07
Net return over lbr & mgt		-79.65		-758.88		292.17
Cost of Production						
Total direct expense per head		668.86		1,276.77		593.65
Total dir & ovhd expense per head		797.84		1,605.56		740.68
With labor and management		852.11		1,686.83		792.75
With other revenue adjustments		851.52		1,683.22		792.75
Est. labor hours per unit		11.54		19.96		10.09
Other Information						
No. purchased or trans in		122		112		98
Number sold or trans out		96		69		81
Average number of head		138		151		156
Percentage death loss		6.7		5.3		6.7
Feed cost per average head		261.61		302.77		240.04
Feed cost/head sold+trans		373.76		657.02		464.60
Avg. purchase weight		-		-		-
Avg. sales weight		19		42		466
Avg. purch price / head		696.54		1,020.48		-
Avg. sales price / head		295.94		758.40		911.29

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

Dairy and Repl Heifers -- Average Per Cow

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Milk sold (lb)	23,475.13	2,947.66
Milk used in home (lb)	5.50	1.10
Milk fed to animals (lb)	20.94	1.94
Dairy Calves sold (hd)	0.44	97.29
Transferred out (hd)	1.18	574.31
Cull sales (hd)	0.30	128.75
Butchered (hd)	0.01	1.14
Less purchased (hd)	-0.05	-58.48
Less transferred in (hd)	-1.12	-558.41
Inventory change (hd)	0.03	71.33
Total production		3,206.64
Other income		125.06
Gross return		3,331.70
Direct Expenses		
Corn (bu.)	94.24	193.37
Corn Silage (lb.)	17,884.75	170.22
Hay, Alfalfa (lb.)	3,259.27	141.71
Haylage, Alfalfa (lb.)	8,809.74	209.21
Wheat, Spring (bu.)	2.08	12.48
Protein Vit Minerals (lb.)	3,196.99	634.75
Other feed stuffs	1,464.73	28.56
Breeding fees		37.76
Veterinary		141.39
BST		41.26
Livestock supplies		212.54
DHIA		6.56
Fuel & oil		23.73
Repairs		84.27
Custom hire		99.94
Hired labor		101.44
Marketing		33.53
Total direct expenses		2,172.72
Return over direct expense		1,158.98
Overhead Expenses		
Custom hire		16.97
Hired labor		298.04
RE & pers. property taxes		7.84
Farm insurance		29.26
Utilities		47.53
Interest		63.98
Mach & bldg depreciation		148.79
Miscellaneous		39.39
Total overhead expenses		651.80
Total dir & ovhd expenses		2,824.52
Net return		507.18
Labor & management charge		203.77
Net return over lbr & mgt		303.41
Cost of Production		
Total direct expense per cwt.		9.24
Total dir & ovhd expense per cwt.		12.02
With labor and management		12.89
With other revenue adjustments		11.26
Est. labor hours per unit		46.91
Other Information		
Avg. number of Cows		214.9
Milk produced per Cow		23,502
Culling percentage		29.8
Turnover rate		38.1
Percent of barn capacity		113.5
Lbs. milk/lb grain & conc.		2.5
Feed cost per cwt of milk		5.92
Feed cost per Cow		1,390.29
Avg. milk price per cwt.		12.56

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

Beef Cow-Calf -- Average Per Cow

	Avg. Of All Farms	
Number of farms	13	
	Quantity	Value
Beef Calves sold (lb)	140.51	132.48
Transferred out (lb)	329.85	331.98
Cull sales (lb)	135.90	69.49
Butchered (lb)	2.82	1.69
Less purchased (lb)	-43.92	-43.16
Less transferred in (lb)	-109.92	-95.19
Inventory change (lb)	-97.74	45.32
Total production (lb)	357.50	442.62
Other income		8.02
Gross return		450.64
Direct Expenses		
Corn (bu.)	5.77	12.37
Corn Silage (lb.)	4,013.83	39.94
Hay, Alfalfa (lb.)	2,356.21	79.33
Hay, Grass & Other (lb.)	2,275.54	62.52
Haylage, Alfalfa (lb.)	130.35	2.80
Pasture (aum)	2.46	25.56
Complete Ration (lb.)	156.44	17.72
Protein Vit Minerals (lb.)	85.04	17.28
Other feed stuffs	604.11	5.81
Breeding fees		8.93
Veterinary		21.10
Livestock supplies		11.02
Fuel & oil		14.62
Repairs		27.79
Custom hire		1.91
Marketing		6.55
Operating interest		4.97
Total direct expenses		360.20
Return over direct expense		90.43
Overhead Expenses		
Custom hire		6.78
Hired labor		1.96
Machinery & bldg leases		2.36
Farm insurance		4.87
Utilities		8.51
Dues & professional fees		5.22
Interest		16.40
Mach & bldg depreciation		14.79
Miscellaneous		7.59
Total overhead expenses		68.48
Total dir & ovhd expenses		428.68
Net return		21.95
Labor & management charge		70.50
Net return over lbr & mgt		-48.54
Cost of Production		
Total direct expense per cwt.		100.76
Total dir & ovhd expense per cwt.		119.91
With labor and management		-775.46
With other revenue adjustments		-666.17
Est. labor hours per unit		8.59
Other Information		
Number of cows		60.1
Pregnancy percentage		97.3
Pregnancy loss percentage		1.5
Culling percentage		11.1
Calving percentage		95.9
Weaning percentage		87.8
Calves sold per cow		0.86
Calf death loss percent		7.3
Average weaning weight		535
Lbs weaned/exposed female		469
Feed cost per cow		263.32
Avg wgt/Beef Calf sold		624
Avg price / cwt		94.28

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

Beef, Finish Beef Calves -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>High 20%</u>	
	23		5	
	Quantity	Value	Quantity	Value
Number of farms				
Finish Beef sold (lb)	1,315.30	1,053.17	1,590.40	1,364.60
Transferred out (lb)	8.83	7.99	12.77	12.77
Butchered (lb)	2.47	1.98	2.69	2.36
Less purchased (lb)	-728.53	-710.09	-810.94	-764.09
Less transferred in (lb)	-23.80	-24.53	-52.20	-52.20
Inventory change (lb)	0.17	67.08	-61.84	32.48
Total production (lb)	574.45	395.60	680.88	595.91
Other income		4.95		52.74
Gross return		400.55		648.65
Direct Expenses				
Corn (bu.)	57.43	118.57	78.53	162.94
Corn Silage (lb.)	1,709.76	17.72	2,261.51	23.24
Corn, Ear (lb.)	224.92	6.14	-	-
Hay, Alfalfa (lb.)	328.08	12.95	403.92	16.03
Hay, Grass & Other (lb.)	111.99	3.06	354.69	8.87
Protein Vit Minerals (lb.)	182.93	24.44	151.44	25.63
Corn Distillers Grn (dry) (lb.)	215.91	5.36	-	-
Corn Gluten (lb.)	317.08	6.60	491.90	19.81
Other feed stuffs	328.48	8.75	23.20	2.97
Veterinary		9.03		5.09
Livestock supplies		9.22		11.16
Fuel & oil		3.88		2.15
Repairs		10.62		4.46
Marketing		4.16		-
Operating interest		14.93		8.41
Total direct expenses		255.41		290.76
Return over direct expense		145.14		357.89
Overhead Expenses				
Custom hire		1.64		2.42
Hired labor		6.57		4.93
RE & pers. property taxes		1.12		0.32
Farm insurance		2.40		2.31
Utilities		3.11		2.91
Interest		6.46		2.51
Mach & bldg depreciation		10.44		4.63
Miscellaneous		4.15		1.24
Total overhead expenses		35.87		21.27
Total dir & ovhd expenses		291.29		312.03
Net return		109.26		336.62
Labor & management charge		20.26		20.89
Net return over lbr & mgt		89.00		315.73
Cost of Production				
Total direct expense per cwt.		69.55		66.88
Total dir & ovhd expense per cwt.		72.26		68.21
With labor and management		73.79		69.51
With other revenue adjustments		73.42		66.22
Est. labor hours per unit		2.21		2.11
Other Information				
No. purchased or trans in		407		341
Number sold or trans out		381		339
Percentage death loss		0.6		0.4
Avg. daily gain (lbs)		2.32		2.93
Lbs of conc / lb of gain		7.53		7.44
Lbs of feed / lb of gain		9.60		9.67
Feed cost per cwt of gain		35.44		38.11
Feed cost per head		203.59		259.48
Average purchase weight		668		733
Average sales weight		1,250		1,340
Avg purch price / cwt		97.47		94.22
Avg sales price / cwt		80.07		85.80

Livestock Enterprise Analysis
Southeast & Southwest 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>		<u>High 20%</u>	
	23		5	
	Quantity	Value	Quantity	Value
Number of farms				
Finish Beef sold (lb)	228.97	183.33	233.58	200.42
Transferred out (lb)	1.54	1.39	1.88	1.88
Butchered (lb)	0.43	0.35	0.39	0.35
Less purchased (lb)	-126.82	-123.61	-119.10	-112.22
Less transferred in (lb)	-4.14	-4.27	-7.67	-7.67
Inventory change (lb)	0.03	11.68	-9.08	4.77
Total production (lb)	100.00	68.87	100.00	87.52
Other income		0.86		7.75
Gross return		69.73		95.27
Direct Expenses				
Corn (bu.)	10.00	20.64	11.53	23.93
Corn Silage (lb.)	297.63	3.08	332.15	3.41
Corn, Ear (lb.)	39.15	1.07	-	-
Hay, Alfalfa (lb.)	57.11	2.25	59.32	2.35
Hay, Grass & Other (lb.)	19.49	0.53	52.09	1.30
Protein Vit Minerals (lb.)	31.84	4.25	22.24	3.76
Corn Distillers Grn (dry) (lb.)	37.59	0.93	-	-
Corn Gluten (lb.)	55.20	1.15	72.25	2.91
Other feed stuffs	57.18	1.52	3.41	0.44
Veterinary		1.57		0.75
Livestock supplies		1.60		1.64
Fuel & oil		0.67		0.32
Repairs		1.85		0.66
Marketing		0.72		-
Operating interest		2.60		1.24
Total direct expenses		44.46		42.70
Return over direct expense		25.27		52.56
Overhead Expenses				
Custom hire		0.29		0.36
Hired labor		1.14		0.72
RE & pers. property taxes		0.19		0.05
Farm insurance		0.42		0.34
Utilities		0.54		0.43
Interest		1.12		0.37
Mach & bldg depreciation		1.82		0.68
Miscellaneous		0.72		0.18
Total overhead expenses		6.24		3.12
Total dir & ovhd expenses		50.71		45.83
Net return		19.02		49.44
Labor & management charge		3.53		3.07
Net return over lbr & mgt		15.49		46.37
Cost of Production				
Total direct expense per cwt.		69.55		66.88
Total dir & ovhd expense per cwt.		72.26		68.21
With labor and management		73.79		69.51
With other revenue adjustments		73.42		66.22
Est. labor hours per unit		0.38		0.31
Other Information				
No. purchased or trans in		407		341
Number sold or trans out		381		339
Percentage death loss		0.6		0.4
Avg. daily gain (lbs)		2.32		2.93
Lbs of conc / lb of gain		7.53		7.44
Lbs of feed / lb of gain		9.60		9.67
Feed cost per cwt of gain		35.44		38.11
Feed cost per head		203.59		259.48
Average purchase weight		668		733
Average sales weight		1,250		1,340
Avg purch price / cwt		97.47		94.22
Avg sales price / cwt		80.07		85.80

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

Dairy Steers -- Average Per Head

	Avg. Of All Farms	
Number of farms	10	
	Quantity	Value
Dairy Steers sold (lb)	866.85	648.84
Transferred out (lb)	2.87	2.01
Butchered (lb)	6.58	4.06
Less purchased (lb)	-150.77	-141.91
Less transferred in (lb)	-115.37	-82.14
Inventory change (lb)	178.98	25.19
Total production (lb)	789.14	456.04
Other income		3.41
Gross return		459.45
Direct Expenses		
Corn (bu.)	55.55	112.63
Corn Silage (lb.)	1,477.52	13.00
Hay, Alfalfa (lb.)	229.32	7.92
Hay, Grass & Other (lb.)	125.08	3.13
Haylage, Alfalfa (lb.)	677.52	14.98
Complete Ration (lb.)	260.59	33.77
Protein Vit Minerals (lb.)	315.44	50.39
Other feed stuffs	0.96	1.44
Veterinary		12.20
Livestock supplies		7.61
Fuel & oil		2.69
Repairs		10.06
Marketing		2.32
Total direct expenses		272.13
Return over direct expense		187.32
Overhead Expenses		
Hired labor		9.62
Machinery & bldg leases		2.31
Farm insurance		3.81
Utilities		6.66
Mach & bldg depreciation		8.88
Miscellaneous		5.56
Total overhead expenses		36.84
Total dir & ovhd expenses		308.97
Net return		150.48
Labor & management charge		25.99
Net return over lbr & mgt		124.49
Cost of Production		
Total direct expense per cwt.		53.69
Total dir & ovhd expense per cwt.		57.92
With labor and management		60.91
With other revenue adjustments		60.52
Est. labor hours per unit		3.14
Other Information		
No. purchased or trans in		53
Number sold or trans out		56
Percentage death loss		2.8
Avg. daily gain (lbs)		3.06
Lbs of conc / lb of gain		4.67
Lbs of feed / lb of gain		6.18
Feed cost per cwt of gain		30.06
Feed cost per head		237.25
Average purchase weight		333
Average sales weight		1,192
Avg purch price / head		313.89
Avg sales price / cwt		74.85

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

Dairy Steers -- Average Per Cwt. Produced

	Avg. Of All Farms	
Number of farms	10	
	Quantity	Value
Dairy Steers sold (lb)	109.85	82.22
Transferred out (lb)	0.36	0.25
Butchered (lb)	0.83	0.51
Less purchased (lb)	-19.11	-17.98
Less transferred in (lb)	-14.62	-10.41
Inventory change (lb)	22.68	3.19
Total production (lb)	100.00	57.79
Other income		0.43
Gross return		58.22
Direct Expenses		
Corn (bu.)	7.04	14.27
Corn Silage (lb.)	187.23	1.65
Hay, Alfalfa (lb.)	29.06	1.00
Hay, Grass & Other (lb.)	15.85	0.40
Haylage, Alfalfa (lb.)	85.86	1.90
Complete Ration (lb.)	33.02	4.28
Protein Vit Minerals (lb.)	39.97	6.38
Other feed stuffs	0.12	0.18
Veterinary		1.55
Livestock supplies		0.96
Fuel & oil		0.34
Repairs		1.28
Marketing		0.29
Total direct expenses		34.48
Return over direct expense		23.74
Overhead Expenses		
Hired labor		1.22
Machinery & bldg leases		0.29
Farm insurance		0.48
Utilities		0.84
Mach & bldg depreciation		1.13
Miscellaneous		0.70
Total overhead expenses		4.67
Total dir & ovhd expenses		39.15
Net return		19.07
Labor & management charge		3.29
Net return over lbr & mgt		15.78
Cost of Production		
Total direct expense per cwt.		53.69
Total dir & ovhd expense per cwt.		57.92
With labor and management		60.91
With other revenue adjustments		60.52
Est. labor hours per unit		0.40
Other Information		
No. purchased or trans in		53
Number sold or trans out		56
Percentage death loss		2.8
Avg. daily gain (lbs)		3.06
Lbs of conc / lb of gain		4.67
Lbs of feed / lb of gain		6.18
Feed cost per cwt of gain		30.06
Feed cost per head		237.25
Average purchase weight		333
Average sales weight		1,192
Avg purch price / head		313.89
Avg sales price / cwt		74.85

Livestock Enterprise Analysis
Southeast & Southwest 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	16	
	Quantity	Value
Raised Hogs sold (lb)	1,811.30	726.29
Transferred out (lb)	2.50	1.75
Cull sales (lb)	126.83	34.38
Butchered (lb)	1.07	0.33
Less purchased (lb)	-46.77	-44.12
Inventory change (lb)	44.68	29.61
Total production (lb)	1,939.61	748.23
Other income		-2.11
Gross return		746.12
Direct Expenses		
Corn (bu.)	84.75	183.69
Oats (bu.)	0.42	0.52
Complete Ration (lb.)	420.83	45.78
Protein Vit Minerals (lb.)	1,523.91	223.70
Other feed stuffs	10.20	3.28
Breeding fees		8.25
Veterinary		29.19
Livestock supplies		19.30
Fuel & oil		17.00
Repairs		17.77
Custom hire		12.74
Marketing		6.37
Operating interest		12.84
Total direct expenses		580.44
Return over direct expense		165.68
Overhead Expenses		
Custom hire		6.49
Hired labor		55.10
Machinery & bldg leases		7.61
RE & pers. property taxes		5.37
Farm insurance		16.18
Utilities		27.40
Interest		17.95
Mach & bldg depreciation		31.07
Miscellaneous		11.58
Total overhead expenses		178.75
Total dir & ovhd expenses		759.19
Net return		-13.07
Labor & management charge		69.86
Net return over lbr & mgt		-82.94
Cost of Production		
Total direct expense per cwt.		29.93
Total dir & ovhd expense per cwt.		39.14
With labor and management		42.74
With other revenue adjustments		43.06
Est. labor hours per unit		8.54
Other Information		
Average number of sows		134.9
Litters farrowed		250
Litters per sow		1.85
Litters per crate		7.57
Pigs born per litter		9.95
Pigs weaned per litter		8.91
Pigs weaned per sow		16.51
Number sold per litter		7.24
Lbs of feed / lb of gain		3.47
Feed cost / cwt. of gain		23.56
Feed cost per litter		456.98
Avg wgt/Raised Hog sold		250
Avg price / cwt		40.10

Livestock Enterprise Analysis
Southeast & Southwest 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	16	
	Quantity	Value
Raised Hogs sold (lb)	93.38	37.45
Transferred out (lb)	0.13	0.09
Cull sales (lb)	6.54	1.77
Butchered (lb)	0.06	0.02
Less purchased (lb)	-2.41	-2.27
Inventory change (lb)	2.30	1.53
Total production (lb)	100.00	38.58
Other income		-0.11
Gross return		38.47
Direct Expenses		
Corn (bu.)	4.37	9.47
Oats (bu.)	0.02	0.03
Complete Ration (lb.)	21.70	2.36
Protein Vit Minerals (lb.)	78.57	11.53
Other feed stuffs	0.53	0.17
Breeding fees		0.43
Veterinary		1.50
Livestock supplies		1.00
Fuel & oil		0.88
Repairs		0.92
Custom hire		0.66
Marketing		0.33
Operating interest		0.66
Total direct expenses		29.93
Return over direct expense		8.54
Overhead Expenses		
Custom hire		0.33
Hired labor		2.84
Machinery & bldg leases		0.39
RE & pers. property taxes		0.28
Farm insurance		0.83
Utilities		1.41
Interest		0.93
Mach & bldg depreciation		1.60
Miscellaneous		0.60
Total overhead expenses		9.22
Total dir & ovhd expenses		39.14
Net return		-0.67
Labor & management charge		3.60
Net return over lbr & mgt		-4.28
Cost of Production		
Total direct expense per cwt.		29.93
Total dir & ovhd expense per cwt.		39.14
With labor and management		42.74
With other revenue adjustments		43.06
Est. labor hours per unit		0.44
Other Information		
Average number of sows		134.9
Litters farrowed		250
Litters per sow		1.85
Litters per crate		7.57
Pigs born per litter		9.95
Pigs weaned per litter		8.91
Pigs weaned per sow		16.51
Number sold per litter		7.24
Lbs of feed / lb of gain		3.47
Feed cost / cwt. of gain		23.56
Feed cost per litter		456.98
Avg wgt/Raised Hog sold		250
Avg price / cwt		40.10

Livestock Enterprise Analysis
Southeast & Southwest 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	9	
	Quantity	Value
Finish Hogs sold (lb)	282.81	121.20
Butchered (lb)	0.35	0.14
Less purchased (lb)	-49.42	-50.07
Less transferred in (lb)	-4.96	-3.64
Inventory change (lb)	-20.18	-6.60
Total production (lb)	208.60	61.02
Other income		-
Gross return		61.02
Direct Expenses		
Corn (bu.)	10.08	20.88
Hay, Alfalfa (lb.)	56.02	7.58
Protein Vit Minerals (lb.)	117.10	16.61
Other feed stuffs	3.07	0.43
Veterinary		0.78
Livestock supplies		0.67
Fuel & oil		0.47
Repairs		2.38
Custom hire		0.60
Marketing		1.05
Operating interest		1.11
Total direct expenses		52.57
Return over direct expense		8.45
Overhead Expenses		
Custom hire		0.67
Hired labor		0.08
Machinery & bldg leases		1.48
RE & pers. property taxes		0.45
Farm insurance		0.70
Utilities		1.11
Interest		1.38
Mach & bldg depreciation		3.22
Miscellaneous		0.95
Total overhead expenses		10.05
Total dir & ovhd expenses		62.62
Net return		-1.59
Labor & management charge		6.32
Net return over lbr & mgt		-7.91
Cost of Production		
Total direct expense per cwt.		39.87
Total dir & ovhd expense per cwt.		43.42
With labor and management		45.65
With other revenue adjustments		45.65
Est. labor hours per unit		0.60
Other Information		
No. purchased or trans in		1,185
Number sold or trans out		1,227
Percentage death loss		4.0
Avg. daily gain (lbs)		1.32
Lbs of conc / lb of gain		3.18
Lbs of feed / lb of gain		3.45
Feed cost per cwt of gain		21.81
Feed cost per head		45.50
Average purchase weight		48
Average sales weight		248
Avg purch price / head		49.06
Avg sales price / cwt		42.86

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

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

	Avg. Of All Farms	
Number of farms	9	
	Quantity	Value
Finish Hogs sold (lb)	135.57	58.10
Butchered (lb)	0.17	0.07
Less purchased (lb)	-23.69	-24.00
Less transferred in (lb)	-2.38	-1.75
Inventory change (lb)	-9.67	-3.16
Total production (lb)	100.00	29.25
Other income		-
Gross return		29.25
Direct Expenses		
Corn (bu.)	4.83	10.01
Hay, Alfalfa (lb.)	26.85	3.63
Protein Vit Minerals (lb.)	56.14	7.96
Other feed stuffs	1.47	0.21
Veterinary		0.38
Livestock supplies		0.32
Fuel & oil		0.23
Repairs		1.14
Custom hire		0.29
Marketing		0.50
Operating interest		0.53
Total direct expenses		25.20
Return over direct expense		4.05
Overhead Expenses		
Custom hire		0.32
Hired labor		0.04
Machinery & bldg leases		0.71
RE & pers. property taxes		0.22
Farm insurance		0.34
Utilities		0.53
Interest		0.66
Mach & bldg depreciation		1.54
Miscellaneous		0.46
Total overhead expenses		4.82
Total dir & ovhd expenses		30.02
Net return		-0.76
Labor & management charge		3.03
Net return over lbr & mgt		-3.79
Cost of Production		
Total direct expense per cwt.		39.87
Total dir & ovhd expense per cwt.		43.42
With labor and management		45.65
With other revenue adjustments		45.65
Est. labor hours per unit		0.29
Other Information		
No. purchased or trans in		1,185
Number sold or trans out		1,227
Percentage death loss		4.0
Avg. daily gain (lbs)		1.32
Lbs of conc / lb of gain		3.18
Lbs of feed / lb of gain		3.45
Feed cost per cwt of gain		21.81
Feed cost per head		45.50
Average purchase weight		48
Average sales weight		248
Avg purch price / head		49.06
Avg sales price / cwt		42.86

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

Hogs, Weaning to Finish -- Average Per Head

	<u>Avg. Of All Farms</u>	
Number of farms	10	
	Quantity	Value
Wean-Fin Pig sold (lb)	264.46	107.62
Transferred out (lb)	0.04	0.01
Butchered (lb)	0.02	0.01
Less purchased (lb)	-15.46	-38.83
Less transferred in (lb)	-0.20	-0.35
Inventory change (lb)	1.58	2.84
Total production (lb)	250.44	71.30
Other income		1.99
Gross return		73.29
Direct Expenses		
Corn (bu.)	9.64	20.98
Complete Ration (lb.)	12.09	3.10
Protein Vit Minerals (lb.)	75.89	16.83
Other feed stuffs	0.04	6.67
Veterinary		2.64
Livestock supplies		0.90
Fuel & oil		1.18
Repairs		1.37
Custom hire		2.03
Hired labor		2.12
Machinery & bldg leases		5.62
Marketing		0.53
Operating interest		1.34
Total direct expenses		65.31
Return over direct expense		7.99
Overhead Expenses		
Custom hire		0.26
Hired labor		1.15
Machinery & bldg leases		0.26
Farm insurance		1.12
Utilities		0.91
Interest		1.62
Mach & bldg depreciation		2.30
Miscellaneous		0.71
Total overhead expenses		8.33
Total dir & ovhd expenses		73.64
Net return		-0.35
Labor & management charge		1.86
Net return over lbr & mgt		-2.20
Cost of Production		
Total direct expense per cwt.		38.43
Total dir & ovhd expense per cwt.		41.58
With labor and management		42.28
With other revenue adjustments		41.53
Est. labor hours per unit		0.31
Other Information		
No. purchased or trans in		13,194
Number sold or trans out		11,445
Percentage death loss		8.9
Avg. daily gain (lbs)		1.37
Lbs of conc / lb of gain		2.51
Lbs of feed / lb of gain		2.81
Feed cost per cwt of gain		19.00
Feed cost per head		47.58
Average purchase weight		13
Average sales weight		263
Avg purch price / head		33.90
Avg sales price / cwt		40.70

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

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

	<u>Avg. Of All Farms</u>	
Number of farms	10	
	Quantity	Value
Wean-Fin Pig sold (lb)	105.60	42.97
Transferred out (lb)	0.02	0.01
Butchered (lb)	0.01	0.00
Less purchased (lb)	-6.17	-15.50
Less transferred in (lb)	-0.08	-0.14
Inventory change (lb)	0.63	1.13
Total production (lb)	100.00	28.47
Other income		0.80
Gross return		29.27
Direct Expenses		
Corn (bu.)	3.85	8.38
Complete Ration (lb.)	4.83	1.24
Protein Vit Minerals (lb.)	30.30	6.72
Other feed stuffs	0.02	2.66
Veterinary		1.06
Livestock supplies		0.36
Fuel & oil		0.47
Repairs		0.55
Custom hire		0.81
Hired labor		0.85
Machinery & bldg leases		2.24
Marketing		0.21
Operating interest		0.53
Total direct expenses		26.08
Return over direct expense		3.19
Overhead Expenses		
Custom hire		0.10
Hired labor		0.46
Machinery & bldg leases		0.10
Farm insurance		0.45
Utilities		0.36
Interest		0.65
Mach & bldg depreciation		0.92
Miscellaneous		0.28
Total overhead expenses		3.33
Total dir & ovhd expenses		29.40
Net return		-0.14
Labor & management charge		0.74
Net return over lbr & mgt		-0.88
Cost of Production		
Total direct expense per cwt.		38.43
Total dir & ovhd expense per cwt.		41.58
With labor and management		42.28
With other revenue adjustments		41.53
Est. labor hours per unit		0.12
Other Information		
No. purchased or trans in		13,194
Number sold or trans out		11,445
Percentage death loss		8.9
Avg. daily gain (lbs)		1.37
Lbs of conc / lb of gain		2.51
Lbs of feed / lb of gain		2.81
Feed cost per cwt of gain		19.00
Feed cost per head		47.58
Average purchase weight		13
Average sales weight		263
Avg purch price / head		33.90
Avg sales price / cwt		40.70

Livestock Enterprise Analysis
Southeast & Southwest 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	15	
	Quantity	Value
Total production (hd)	0.00	0.00
Other income		35.80
Gross return		35.80
Direct Expenses		
Livestock supplies		1.83
Contract production exp.		0.77
Fuel & oil		0.32
Repairs		1.27
Total direct expenses		4.19
Return over direct expense		31.61
Overhead Expenses		
Custom hire		1.05
Hired labor		0.97
Machinery & bldg leases		2.57
RE & pers. property taxes		0.30
Farm insurance		1.00
Utilities		1.95
Interest		6.79
Mach & bldg depreciation		6.92
Miscellaneous		0.52
Total overhead expenses		22.06
Total dir & ovhd expenses		26.25
Net return		9.55
Labor & management charge		3.74
Net return over lbr & mgt		5.82
Cost of Production		
Total direct expense per head		-
Total dir& ovhd expense per head		-
With labor and management		-
With other revenue adjustments		-
Est. labor hours per unit		0.42
Other Information		
Number of pigs		5,143
Pigs per pig space (per year)		2.35
Pigs per 100 sq. ft. (per yr)		30.57
Net return per 100 sq. ft.		124.36
Net return per labor hour		22.79
Square feet per pig space		7.68

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>
1983	99.6	1994	148.2
1984	103.9	1995	152.4
1985	107.6	1996	156.9
1986	109.6	1997	160.5
1987	113.6	1998	163.0
1988	118.3	1999	166.6
1989	124.0	2000	172.2
1990	130.7	2001	177.1
1991	136.2	2002	179.9
1992	140.3	2003	183.8
1993	144.5		

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
Southeastern Minnesota Farm Business Management Association
(Overall averages for all farms reporting)

Row	Items	1983	1984	1985	1986	1987	1988	1989	1990	1991
1	Number of Farms	53	57	59	61	62	63	58	65	65
Farm Income Statement										
2	Gross Cash Farm Income	178,365	187,562	197,842	190,124	190,481	187,712	203,126	219,696	212,943
3	Total Cash Farm Expense	116,369	144,048	151,162	141,090	136,802	135,159	146,353	146,315	144,519
4	Inventory Change	7,628	9,584	415	1,833	9,817	2,922	3,482	8,706	1,827
5	Depr. & Cap. Adj.	-35,150	-32,373	-30,386	-25,685	-18,298	-13,646	-15,010	-20,043	-19,416
6	Net Farm Income	34,473	20,724	16,709	25,180	45,197	41,829	45,244	62,044	50,835
7	Net Farm Income (Constant \$)	63,616	36,661	28,542	42,227	73,127	64,989	67,063	87,251	68,601
Profitability and Liquidity Analysis										
8	Labor and Management Earnings	22,365	8,630	6,630	16,418	34,905	29,793	31,106	46,923	34,143
Rate of return on:										
9	Average Assets (%)	9	6	5	8	12	10	10	12	9
10	Average Equity (%)	8	1	-1	5	15	11	10	15	9
11	Operating Profit Margin (%)	20	13	10	16	22	20	19	23	19
12	Asset Turnover Rate (%)	46	45	50	50	54	52	50	53	46
13	Value of Farm Production	170,219	181,517	190,882	173,619	194,420	187,789	199,804	215,976	200,904
14	Farm Interest Paid	17,680	19,863	22,207	21,168	16,542	15,543	15,151	12,963	13,983
15	Cash Expense as a % of Income	65	77	76	74	72	72	72	67	68
Interest Paid as a % of:										
16	Gross Cash Income	10	11	11	11	9	8	7	6	7
17	Total Cash Expenses	15	14	15	15	12	11	10	9	10
18	Yrs. to T/O Non R.E. Debt	0.5	0.5	1.9	3.6	4.1	3.4	4.5	1.5	1.5
Comparative Financial Statement (Cost Basis)										
19	No. of Sole Proprietors	49	41	40	46	49	48	44	51	48
20	Total Ending Assets	407,995	391,624	370,853	320,601	326,849	331,420	376,054	384,259	417,616
21	Total Ending Liabilities	163,744	192,733	201,572	170,318	162,013	154,430	164,661	159,333	172,612
22	Ending Net Worth	244,251	198,891	169,281	150,283	164,836	176,990	211,393	224,926	245,004
23	Ending Farm C+I Debt to Asset %	32	42	50	45	38	33	33	31	31
24	Ending Total Debt to Asset %	40	49	54	53	50	47	44	41	41
Acreage Information										
25	Total Acres Owned	*	264	288	264	268	274	294	280	272
26	Total Crop Acres Farmed	*	363	423	376	365	348	372	350	401
27	Crop Acres Owned	*	210	231	198	225	223	222	210	237
28	Crop Acres Cash Rented	*	140	180	157	123	105	128	124	159
29	Crop Acres Share Rented	*	13	12	21	18	20	22	16	5
Crop Yields										
30	Corn per acre	100	127	125	140	143	88	142	140	134
31	Soybean per acre	39	39	37	41	44	31	42	41	42
Crop Prices Received (cash sales)										
32	Corn per Bushel	*	2.99	2.44	2.02	1.77	2.17	2.36	2.39	2.28
33	Soybeans per Bushel	*	7.20	5.06	5.07	4.95	6.87	6.88	5.89	5.33
Household Information										
34	No. Farms Reporting HseHld Info	13	14	15	15	14	12	11	16	16
35	Average Family Size	*	3.5	3.4	3.5	3.5	3.5	3.7	3.4	3.8
36	Total Family Use of Cash	26,003	24,531	27,308	26,945	35,772	41,392	44,050	49,370	46,635
37	Average Net Nonfarm Income	*	8,108	6,065	8,429	8,788	8,396	9,370	8,403	8,343

* Not available.

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

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Row
----	----	----	----	----	----	----	----	----	----	----	----	----
63	65	64	62	61	64	60	62	58	59	54	50	1
219,457	236,401	242,784	269,666	291,050	294,687	320,356	411,665	352,354	365,819	402,565	470,459	2
153,908	172,893	178,968	198,873	211,486	225,501	239,611	314,644	267,986	274,867	328,740	366,322	3
-7,685	2,930	7,424	20,130	3,690	21,010	1,575	-53	19,036	-6,480	14,376	12,101	4
-17,897	-23,192	-15,047	-19,541	-15,676	-16,885	-16,580	-30,556	-25,732	-23,494	-23,536	-30,568	5
39,967	43,246	56,192	71,382	67,579	73,311	65,739	66,412	77,672	60,978	64,666	85,669	6
52,359	55,008	69,690	86,089	79,165	83,954	74,128	73,268	82,904	63,285	66,068	85,669	7
22,049	25,084	37,384	47,696	41,777	45,620	36,896	35,032	45,373	26,509	25,398	44,067	8
5	6	8	9	8	9	7	7	8	6	5	7	9
3	5	9	10	8	9	7	7	9	5	5	7	10
11	14	20	22	21	24	19	18	22	17	15	17	11
42	38	40	40	39	37	36	39	37	34	35	40	12
198,818	184,576	201,239	239,151	242,598	256,273	268,551	320,367	309,214	287,161	338,181	409,738	13
12,509	13,339	14,175	15,370	15,571	18,957	17,964	22,135	22,111	19,291	20,758	20,191	14
70	73	74	74	73	77	75	76	76	75	82	78	15
6	6	6	6	5	6	6	5	6	5	5	4	16
8	8	8	8	7	8	7	7	8	7	6	6	17
2.0	1.5	1.3	1.2	1.0	1.4	1.4	1.2	2.1	1.4	2.4	1.5	18
46	47	46	44	45	47	45	49	46	45	41	36	19
474,752	455,144	507,456	571,147	610,645	673,379	735,178	789,710	849,829	878,408	1,045,929	1,066,423	20
192,695	198,475	218,738	227,621	217,061	251,000	260,958	266,181	296,006	295,360	378,343	361,425	21
282,057	256,670	288,718	343,526	393,584	422,379	474,219	523,529	553,823	583,049	667,586	704,997	22
33	40	38	36	35	37	35	36	37	35	39	34	23
41	44	43	40	36	37	35	34	35	34	36	34	24
285	325	335	362	336	325	367	330	342	336	355	391	25
417	432	430	496	504	513	560	580	576	577	634	691	26
261	264	258	276	252	266	285	304	301	301	317	346	27
152	162	163	214	244	241	268	271	266	275	314	339	28
4	5	8	6	8	7	7	5	9	2	3	5	29
117	91	158	129	126	146	167	156	154	143	163	158	30
32	33	46	44	42	44	50	45	49	40	50	37	31
2.34	1.97	2.22	2.37	3.19	2.54	2.15	1.86	1.85	1.88	2.02	2.14	32
5.28	5.98	5.94	5.72	7.00	7.11	5.72	4.59	4.65	4.43	4.90	6.18	33
16	19	30	21	18	17	15	16	13	18	16	9	34
4.0	3.3	3.0	2.1	3.6	3.5	3.7	3.8	4.0	3.6	2.8	3.0	35
44,940	32,132	37,652	41,005	36,438	60,231	50,081	61,086	86,083	81,341	73,210	56,374	36
10,377	12,192	12,435	14,786	20,634	26,290	20,692	27,419	26,602	29,753	28,780	31,939	37

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

	<u>Avg. Of All Farms</u>	<u>Dakota Le Sueur Nicollet Rice Scott Washington</u>	<u>Dodge Faribault Freeborn Mower Steele Waseca</u>	<u>Fillmore Goodhue Houston Olmsted Wabasha Winona</u>
Number of farms	50	13	7	30
Income Statement				
Gross cash farm income	470,459	640,215	248,960	448,581
Total cash farm expense	366,322	501,588	158,494	356,201
Net cash farm income	104,136	138,627	90,466	92,380
Inventory change	12,101	22,805	6,108	8,860
Depreciation and capital adjust	-30,568	-30,921	-15,675	-33,891
Net farm income	85,669	130,512	80,899	67,350
Profitability (cost)				
Labor and management earnings	44,067	55,902	44,688	38,793
Rate of return on assets	6.7 %	7.2 %	7.0 %	6.3 %
Rate of return on equity	7.2 %	7.8 %	7.7 %	6.4 %
Operating profit margin	16.9 %	19.4 %	25.9 %	13.8 %
Asset turnover rate	39.8 %	37.0 %	26.9 %	45.6 %
Liquidity				
Ending current ratio	3.65	5.47	3.20	2.97
Ending working capital	125,697	217,112	42,756	105,437
End working capital to gross inc	26.7 %	33.9 %	17.2 %	23.5 %
Term debt coverage ratio	363.0 %	439.4 %	111.8 %	386.2 %
Expense as a percent of income	75.8 %	75.7 %	63.2 %	77.6 %
Interest as a percent of income	4.2 %	3.1 %	6.3 %	4.6 %
Solvency (market)				
Number of sole proprietors	36	7	4	25
Ending farm assets	1,251,917	2,287,001	-	1,020,217
Ending farm liabilities	421,285	736,275	-	351,920
Ending total assets	1,488,629	2,591,759	-	1,249,360
Ending total liabilities	455,139	752,431	-	393,099
Ending net worth	1,033,490	1,839,328	-	856,261
Net worth change	122,567	266,288	-	89,853
Ending farm debt to asset ratio	34 %	32 %	-	34 %
Beg total debt to asset ratio	33 %	33 %	-	33 %
End total debt to asset ratio	31 %	29 %	-	31 %
Nonfarm Information				
Net nonfarm income	27,486	35,893	30,373	23,169
Farms reporting living expenses	14	2	1	11
Total family living expense	45,985	-	-	48,256
Total living, invest, & capital	80,455	-	-	80,193
Crop Acres				
Total acres owned	391	529	380	334
Total crop acres	691	983	558	595
Total crop acres owned	346	519	395	260
Total crop acres cash rented	339	462	163	327
Total crop acres share rented	5	2	-	8

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

	<u>Avg. Of All Farms</u>	<u>50,001 - 100,000</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	50	7	12	15	8	6
Income Statement						
Gross cash farm income	470,459	73,265	174,585	383,148	645,892	1,654,828
Total cash farm expense	366,322	54,470	136,908	278,512	489,619	1,356,126
Net cash farm income	104,136	18,795	37,677	104,636	156,273	298,703
Inventory change	12,101	-5,889	9,359	410	-11,255	102,368
Depreciation and capital adjust	-30,568	-7,978	-10,673	-29,309	-36,843	-100,975
Net farm income	85,669	4,928	36,363	75,738	108,175	300,096
Profitability (cost)						
Labor and management earnings	44,067	-2,965	10,051	49,014	48,973	162,993
Rate of return on assets	6.7 %	-0.9 %	2.8 %	7.8 %	5.9 %	8.7 %
Rate of return on equity	7.2 %	-4.9 %	1.5 %	8.9 %	6.3 %	9.9 %
Operating profit margin	16.9 %	-2.6 %	10.5 %	17.8 %	16.0 %	19.4 %
Asset turnover rate	39.8 %	35.9 %	26.8 %	43.9 %	36.5 %	44.9 %
Liquidity						
Ending current ratio	3.30	1.78	5.32	3.06	4.47	2.81
Ending working capital	196,361	18,553	127,042	145,552	283,456	612,604
End working capital to gross inc	41.7 %	25.3 %	72.8 %	38.0 %	43.9 %	37.0 %
Term debt coverage ratio	363.0 %	138.5 %	230.5 %	250.5 %	212.2 %	578.9 %
Expense as a percent of income	75.8 %	81.7 %	74.3 %	72.3 %	77.5 %	76.9 %
Interest as a percent of income	4.2 %	5.2 %	5.6 %	4.5 %	4.1 %	3.6 %
Solvency (market)						
Number of farms	50	7	12	15	8	6
Ending farm assets	1,612,798	419,762	1,054,189	1,236,375	2,202,002	4,693,372
Ending farm liabilities	510,049	139,130	279,426	394,386	662,801	1,610,614
Ending total assets	1,833,015	729,242	1,235,911	1,434,522	2,514,507	4,880,328
Ending total liabilities	537,855	212,879	287,524	436,357	663,911	1,632,348
Ending net worth	1,295,160	516,362	948,386	998,165	1,850,596	3,247,980
Net worth change	118,511	71,712	73,086	66,196	217,081	286,826
Ending farm debt to asset ratio	32 %	33 %	27 %	32 %	30 %	34 %
Beg total debt to asset ratio	31 %	30 %	25 %	31 %	27 %	36 %
End total debt to asset ratio	29 %	29 %	23 %	30 %	26 %	33 %
Nonfarm Information						
Net nonfarm income	27,486	59,448	22,324	15,208	18,678	32,164
Farms reporting living expenses	14	3	3	3	3	2
Total family living expense	45,985	-	-	-	-	-
Total living, invest, & capital	80,455	-	-	-	-	-
Crop Acres						
Total acres owned	391	132	296	315	537	988
Total crop acres	691	217	334	528	1,156	1,948
Total crop acres owned	346	93	219	252	518	999
Total crop acres cash rented	339	124	116	270	618	948
Total crop acres share rented	5	-	-	6	20	-

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

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Dairy</u>	<u>Crop and Dairy</u>
Number of farms	50	19	12	8
Income Statement				
Gross cash farm income	470,459	468,506	669,522	415,869
Total cash farm expense	366,322	379,271	518,521	273,871
Net cash farm income	104,136	89,235	151,001	141,999
Inventory change	12,101	7,947	23,086	24,286
Depreciation and capital adjust	-30,568	-20,608	-58,093	-30,581
Net farm income	85,669	76,575	115,994	135,704
Profitability (cost)				
Labor and management earnings	44,067	41,498	73,816	61,870
Rate of return on assets	6.7 %	7.4 %	8.1 %	7.4 %
Rate of return on equity	7.2 %	8.8 %	9.1 %	7.6 %
Operating profit margin	16.9 %	15.6 %	17.9 %	26.4 %
Asset turnover rate	39.8 %	47.6 %	45.0 %	28.1 %
Liquidity				
Ending current ratio	3.30	2.75	3.65	7.30
Ending working capital	196,361	220,786	177,304	264,506
End working capital to gross inc	41.7 %	47.1 %	26.5 %	63.6 %
Term debt coverage ratio	363.0 %	33.3 %	613.0 %	595.6 %
Expense as a percent of income	75.8 %	79.6 %	74.7 %	62.2 %
Interest as a percent of income	4.2 %	4.8 %	3.5 %	3.2 %
Solvency (market)				
Number of farms	50	19	12	8
Ending farm assets	1,612,798	1,643,779	1,542,051	2,173,893
Ending farm liabilities	510,049	567,633	524,859	476,976
Ending total assets	1,833,015	1,904,144	1,719,922	2,395,366
Ending total liabilities	537,855	632,994	524,859	478,851
Ending net worth	1,295,160	1,271,149	1,195,064	1,916,514
Net worth change	118,511	123,451	108,183	178,305
Ending farm debt to asset ratio	32 %	35 %	34 %	22 %
Beg total debt to asset ratio	31 %	35 %	33 %	23 %
End total debt to asset ratio	29 %	33 %	31 %	20 %
Nonfarm Information				
Net nonfarm income	27,486	40,618	8,046	22,204
Farms reporting living expenses	14	4	4	3
Total family living expense	45,985	-	-	-
Total living, invest, & capital	80,455	-	-	-
Crop Acres				
Total acres owned	391	440	259	615
Total crop acres	691	984	348	728
Total crop acres owned	346	401	229	550
Total crop acres cash rented	339	575	119	179
Total crop acres share rented	5	9	-	-

Financial Summary
Southeast 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	50	19	17	8	5
Income Statement					
Gross cash farm income	470,459	393,554	397,687	727,208	371,734
Total cash farm expense	366,322	244,778	325,889	648,106	331,029
Net cash farm income	104,136	148,776	71,798	79,102	40,704
Inventory change	12,101	9,215	8,408	31,576	-2,632
Depreciation and capital adjust	-30,568	-31,524	-19,916	-34,510	-9,952
Net farm income	85,669	126,467	60,290	76,168	28,120
Profitability (cost)					
Labor and management earnings	44,067	59,789	28,685	48,027	19,453
Rate of return on assets	6.7 %	7.6 %	5.4 %	7.7 %	3.5 %
Rate of return on equity	7.2 %	7.7 %	5.0 %	10.9 %	-3.7 %
Operating profit margin	16.9 %	25.6 %	13.8 %	12.8 %	7.0 %
Asset turnover rate	39.8 %	29.5 %	38.9 %	60.6 %	50.6 %
Liquidity					
Ending current ratio	3.30	14.30	3.81	2.31	1.31
Ending working capital	196,361	265,167	155,241	271,530	50,671
End working capital to gross inc	41.7 %	67.4 %	39.0 %	37.3 %	13.6 %
Term debt coverage ratio	363.0 %	875.0 %	173.8 %	202.2 %	25.9 %
Expense as a percent of income	75.8 %	60.9 %	80.3 %	85.2 %	89.6 %
Interest as a percent of income	4.2 %	1.1 %	5.1 %	5.1 %	7.1 %
Solvency (market)					
Number of farms	50	19	17	8	5
Ending farm assets	1,612,798	1,871,638	1,433,753	1,772,500	913,560
Ending farm liabilities	510,049	243,052	481,922	956,770	676,021
Ending total assets	1,833,015	2,144,074	1,616,045	2,041,685	1,015,743
Ending total liabilities	537,855	252,808	520,547	1,024,307	677,621
Ending net worth	1,295,160	1,891,266	1,095,498	1,017,378	338,122
Net worth change	118,511	139,846	136,623	103,606	7,868
Ending farm debt to asset ratio	32 %	13 %	34 %	54 %	74 %
Beg total debt to asset ratio	31 %	14 %	36 %	51 %	62 %
End total debt to asset ratio	29 %	12 %	32 %	50 %	67 %
Nonfarm Information					
Net nonfarm income	27,486	24,805	27,100	46,544	13,987
Farms reporting living expenses	14	7	4	3	-
Total family living expense	45,985	44,844	-	-	-
Total living, invest, & capital	80,455	66,305	-	-	-
Crop Acres					
Total acres owned	391	469	366	380	230
Total crop acres	691	631	575	1,127	704
Total crop acres owned	346	423	308	402	119
Total crop acres cash rented	339	203	256	726	583
Total crop acres share rented	5	4	11	-	2

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

	<u>Avg. Of All Farms</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	50	6	12	19	12
Income Statement					
Gross cash farm income	470,459	729,012	528,355	377,923	466,889
Total cash farm expense	366,322	632,299	416,054	275,337	357,245
Net cash farm income	104,136	96,714	112,302	102,586	109,644
Inventory change	12,101	51,117	8,819	6,827	5,514
Depreciation and capital adjust	-30,568	-15,021	-46,515	-24,757	-34,249
Net farm income	85,669	132,809	74,605	84,656	80,909
Profitability (cost)					
Labor and management earnings	44,067	96,819	45,430	36,025	32,005
Rate of return on assets	6.7 %	11.1 %	7.3 %	6.3 %	4.9 %
Rate of return on equity	7.2 %	16.6 %	7.8 %	6.5 %	4.4 %
Operating profit margin	16.9 %	17.4 %	14.8 %	19.6 %	14.8 %
Asset turnover rate	39.8 %	63.7 %	49.5 %	31.9 %	33.1 %
Liquidity					
Ending current ratio	3.30	4.83	1.81	4.26	4.01
Ending working capital	196,361	418,313	118,560	196,679	178,957
End working capital to gross inc	41.7 %	57.4 %	22.4 %	52.0 %	38.3 %
Term debt coverage ratio	363.0 %	1,148.4 %	250.7 %	459.8 %	526.2 %
Expense as a percent of income	75.8 %	80.6 %	77.5 %	71.7 %	75.5 %
Interest as a percent of income	4.2 %	2.8 %	4.9 %	4.2 %	4.3 %
Solvency (market)					
Number of farms	50	6	12	19	12
Ending farm assets	1,612,798	1,379,926	1,247,888	1,784,319	1,939,778
Ending farm liabilities	510,049	659,155	537,044	465,374	510,240
Ending total assets	1,833,015	1,566,342	1,362,143	2,097,994	2,152,004
Ending total liabilities	537,855	670,996	544,855	524,076	518,755
Ending net worth	1,295,160	895,347	817,289	1,573,918	1,633,249
Net worth change	118,511	176,451	70,422	164,858	73,082
Ending farm debt to asset ratio	32 %	48 %	43 %	26 %	26 %
Beg total debt to asset ratio	31 %	44 %	42 %	28 %	24 %
End total debt to asset ratio	29 %	43 %	40 %	25 %	24 %
Nonfarm Information					
Net nonfarm income	27,486	28,562	12,375	33,942	33,042
Farms reporting living expenses	14	2	4	5	3
Total family living expense	45,985	-	-	66,518	-
Total living, invest, & capital	80,455	-	-	112,821	-
Crop Acres					
Total acres owned	391	149	330	491	445
Total crop acres	691	1,080	656	726	532
Total crop acres owned	346	210	292	412	393
Total crop acres cash rented	339	858	365	305	137
Total crop acres share rented	5	12	-	9	2

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: $\text{Operating Profit Margin} = \text{Return to Farm Assets} \div \text{Value of Farm Production}$. 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:
 $\text{Asset Turnover Rate} = \text{Value of Farm Production} \div \text{Total Farm Assets}$.

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 $(\text{Total Farm Operating Expense} - \text{Farm Interest Expense}) \div \text{Gross Farm Income}$. 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 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 Per Acre.

Net return with government payments is Net Return Over Lbr & Mgt 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.

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 including labor and management minus government payments, income from secondary products, and other income, divided by yield per acre.

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. *With other revenue adjustments* includes the labor and management charge and the cost of replacement stock. Cull sales, other offspring sales, and any other miscellaneous income are subtracted from total expense to arrive at the portion of costs that must be covered by production of the primary product to break-even.

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 crop 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 Price	Average Feed Price/Year	Crop Enterprise Production	Ending Inventory Price
Corn	\$2.00	\$2.00	Actual	\$2.20
Oats	1.50	1.50	Actual	1.50
Soybeans	5.50	5.00	Actual	7.50
Alfalfa Hay	80.00	90.00	90.00	90.00
Mixed Hay	40.00	50.00	60.00	60.00
Haylage	40.00	45.00	45.00	45.00
Corn Silage	17.00	18.00	18.00	19.00
Oat Silage	12.00	12.00	12.00	12.00
Straw/ton	60.00	--	60.00	60.00
Corn Stalks	10.00	10.00	10.00	10.00
Barley	1.50	1.50	1.50	1.50

Pasture Rates	Tillable Pasture or Green Crop		Nontillable or Permanent Pasture	
	Per Month	Per Day	Per Month	Per Day
Dairy cow, bull, beef cow, feeder cattle & horses	\$10.00	\$.333	\$7.00	\$.233
Young cattle	5.00	.167	3.50	.117

Value of operator's labor is calculated by using this formula: For sole proprietors and partnerships, labor and management should be valued at \$15,000 per operator plus 5% of the value of farm production. The minimum labor and management charge is \$30,000 for a full-time farm operator.

Board for hired help: \$6.00/day
 Homegrown seed - soybeans: \$8.00/bu.
 Homegrown seed - oats: \$3.00/bu.