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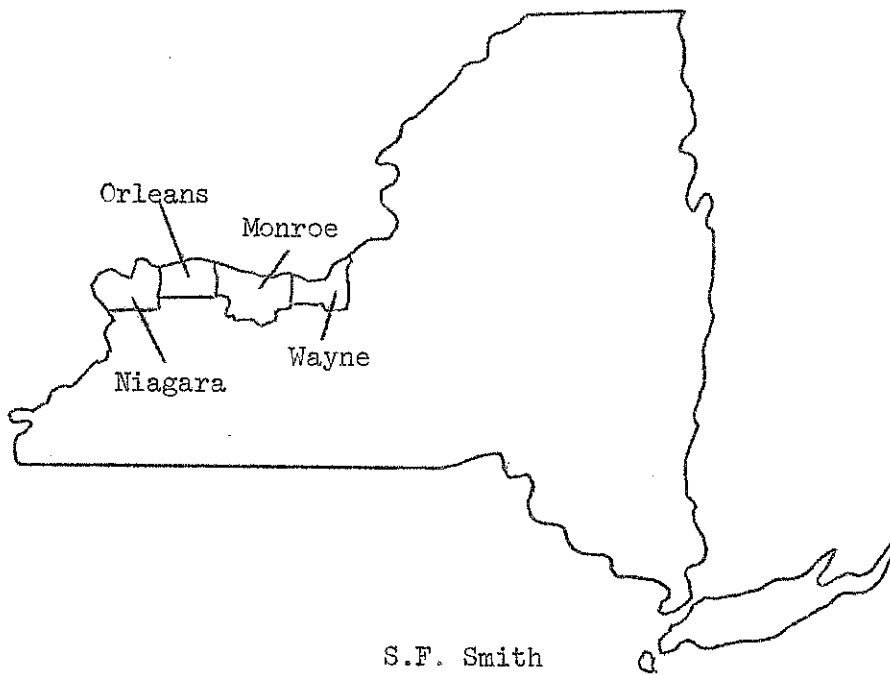
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May 1970

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1969 FRUIT FARM BUSINESS SUMMARY

LAKE ONTARIO
FRUIT GROWERS



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1969 FRUIT FARM
BUSINESS SUMMARY

LAKE ONTARIO FRUIT GROWERS

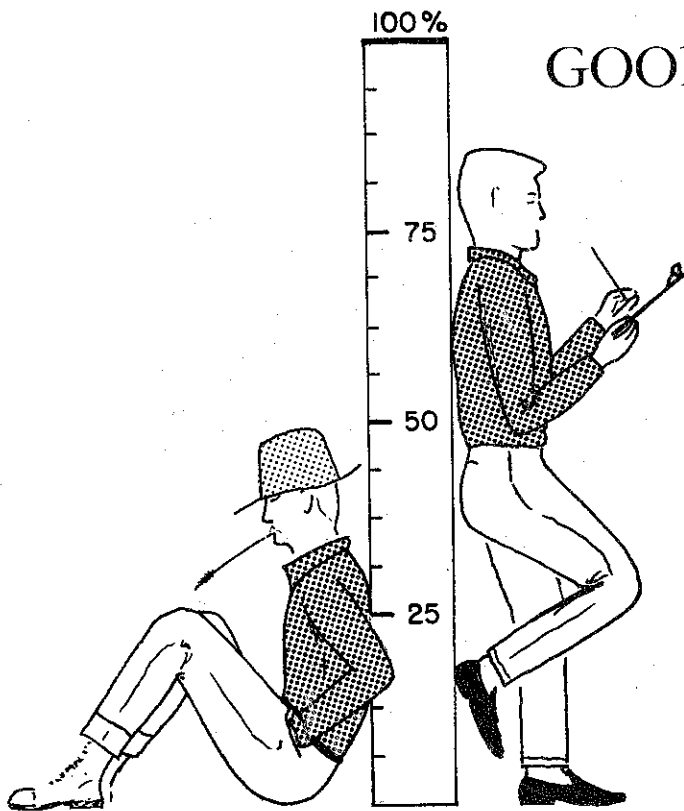
This report summarizes the 1969 farm business records of 12 Lake Ontario fruit growers located in Niagara and Wayne Counties. The records were kept under the Farm Business Management Program sponsored by the Cooperative Extension Service. Record keeping assistance and supervision was provided by R.L. Pease, Cooperative Extension Specialist, Niagara County, in cooperation with the Department of Agricultural Economics, Cornell University. The data presented here do not represent the average of all fruit growers in the Lake Ontario region, but the average of a group of fruit growers interested enough in their business to keep good records and take the time to study and analyze them.

One of the purposes of business management projects is to teach and encourage farmers to keep better records. A more important purpose is to teach farmers to use the records as a basis for sound management decisions. Each farmer has the opportunity to participate. He should learn good record keeping and learn how to analyze his business. This should enable him to use more effectively the economic and management information available from many sources, including the farm management program offered by Cooperative Extension.

Data from the 1968 Lake Ontario Fruit Summary is included this year for comparison purposes. Some data from fruit farms summarized in 1948, 1958 and 1967 are presented on page 15 for comparison purposes.

Seven percent was used as the interest rate charged on the average capital for all 1969 records. In previous years, five percent was used. Interest charged represents the "opportunity cost" of capital or the rate of return that farm capital could earn if invested in its best alternative use. The seven percent interest rate has been used in the comparisons on pages 9 and 14.

This summary was prepared by Stuart F. Smith, Extension Associate, Department of Agricultural Economics, Cornell University. Richard L. Pease, Cooperative Extension Specialist, Niagara County, worked with the fruit growers in providing the complete business records. The fruit farm management program is under the supervision of Professor B.A. Dominick, Jr., Department of Agricultural Economics, Cornell University.



GOOD MANAGEMENT IS BASIC

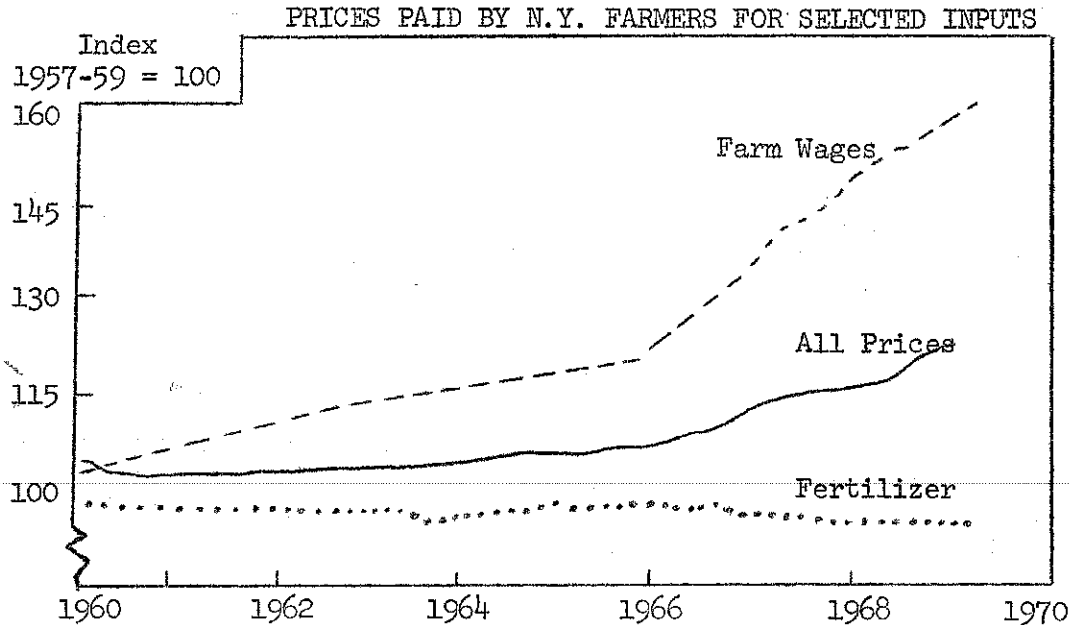
How do you measure up?

1. Have you developed a systematic approach to management problems?
2. Do you have the facts on your business?
3. Are you improving your managerial skills?

Steps in making a management decision :

1. Locate the trouble spot (problem)
2. What is your objective? (goal)
3. Size up what you have to work with (resources)
4. Look for various ways to solve the problem (alternatives)
5. Consider probable results of each way (consequences)
6. Compare the expected results (evaluate)
7. Select way best suited to your situation (decision)
8. Put the decision into operation (action)

This workbook can help you!



Prices are one of the important factors affecting farm incomes. The relationship of prices received and prices paid determine the general level of farm incomes. In recent years, prices of most farm inputs have risen. From 1965 to 1969 farm wages increased more than 30%. Farm land value, taxes and interest rates have risen even more rapidly than farm wage rates in recent years. The index of prices paid by farmers for all items used in production and in family living rose four percent in 1969. Only the index of fertilizer prices showed a decrease in 1969.

Prices received by New York fruit growers in 1969 were substantially lower than those received in 1968 and 1967. Prices of red tart cherries were more than \$50 per ton below the 1962-67 average and sweet cherries were \$10 below the average. Apple, peach and pear prices were only a few dollars above the 1962-67 average. This abrupt reversal in price levels plus rising costs put a tight economic squeeze on Lake Ontario fruit growers in 1969.

AVERAGE FARM PRICES OF FRUITS, NEW YORK AND UNITED STATES

	New York			United States		
	Ave. 1962-67	1968	1969	Ave. 1962-67	1968	1969
	Dollars Per Ton					
Apples						
Fresh	135	192	N.A.	119	168	N.A.
Processing	46	68	N.A.	48	66	N.A.
All sales	80	120	90	89	125	84
Grapes	124	141	N.A.	57	66	N.A.
Red tart cherries	209	314	157	204	303	149
Pears	113	148	123	117	136	101
Peaches	154	206	164	100	109	107
Sweet cherries	251	344	241	354	439	346

SOURCE: Agricultural Prices and Crop Values by USDA.

N.A. - Not Available

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

PART I
SUMMARY OF THE FARM BUSINESS

The first part of this booklet is designed to enable you to summarize your business in a systematic, orderly manner. It provides an opportunity to study your physical resources, capital investment, receipts, and expenses. This is the first step to be taken in the study and analysis of your farm business.

PHYSICAL RESOURCES

Knowledge of what resources are employed and how they are combined is fundamental to sound business planning. This includes both the physical and financial resources of the business. Below are listed the physical resources for this group of Lake Ontario Fruit Farms.

FARM ORGANIZATION

Item	Average of 16 Fruit Farms 1968	My Farm	12 Lake Ontario Fruit Farms, 1969		
			Average	Range Low High	
<u>Labor:</u>					
Man Equivalent	5.7	_____	5.0	2.5	8.5
Partnerships					
Full-time hired men					
Part-time hired men					
Family Labor					
<u>Crops: (acres grown)</u>					
Apples	83 (16)*	_____	70 (12)*	30	135
Cherries, red tart	12 (10)	_____	11 (10)	0	36
Cherries, sweet	4 (13)	_____	5 (9)	0	20
Peaches	5 (7)	_____	3 (6)	0	8
Pears	5 (9)	_____	6 (6)	0	39
Plums and prunes	4 (12)	_____	5 (7)	0	18
Grapes	3 (2)	_____	6 (3)	0	54
Non-bearing fruit**	<u>19</u> (13)	_____	_____		
Total fruit	135	_____	108	49	264
Other Crops	<u>52</u> (13)	_____	<u>19</u> (6)	0	92
Total Crop Acres	187	_____	127	71	264

* Number of growers that reported each crop although average acreage is for all growers.

**Information on non-bearing fruit acreage incomplete for 1969.

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

CAPITAL INVESTMENT

Management of the capital resource of a farm business is becoming increasingly important. To measure the complete financial progress of a farm, year to year changes in the capital structure must be considered.

In this report borrowed as well as owned capital is included and the end-of-year farm inventory is used as the measure of capital investment.

FARM INVENTORY VALUES, End of Year

Item	Average of 16 Fruit Farms 1968	My Farm	12 Lake Ontario Fruit Farms, 1969	
			Average Per Farm	Percent of Total
Machinery and equipment	\$ 31,459	\$ _____	\$ 23,061	20
Crops and supplies	22,671	_____	16,604	15
Livestock	3,868	_____	30	--
Land and buildings	<u>78,345</u>	_____	<u>74,804</u>	<u>65</u>
Total Farm Inventories	\$136,343	\$ _____	\$114,499	100

In many farm businesses, poor capital efficiency is a major cause of low profits. The following measures of capital efficiency will help you evaluate your overall capital management.

INVESTMENT ANALYSIS

Item	Average of	My Farm	Average of
	16 Fruit Farms 1968		12 Fruit Farms 1969
Total investment / man	\$ 23,919	\$ _____	\$ 22,900
Total investment / crop acre	\$ 729	\$ _____	\$ 902
Total investment / acre of fruit	\$ 1,010	\$ _____	\$ 1,060
Machinery investment / crop acre	\$ 168	\$ _____	\$ 182
Land & buildings / crop acre	\$ 419	\$ _____	\$ 589
Capital Turnover*	1.8 yrs.	_____ yrs.	2.3 yrs.

* Calculated by dividing the total year end investment by the total cash receipts for the year. Investment analysis on 45 Western New York dairy farms summarized in 1969 showed Investment Per Man at \$66,058, Land and Buildings per crop acre was \$359 and it took 2.6 years to turn over capital.

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

SOURCES OF INCOME

A successful farm business requires a level of gross earnings great enough to pay all costs, both operating and overhead, and leave a margin for the operator's labor and management. Here we examine the sources of receipts for this group of fruit farms.

FARM RECEIPTS

Item	Average of 16 Fruit Farms 1968	My Farm	12 Lake Ontario Fruit Farms, 1969	
			Average per Farm	Percent of Total
Apples	\$42,559	\$ _____	\$43,131	62
Cherries, red tart	9,735	_____	5,959	7
Cherries, sweet	1,894	_____	3,134	4
Peaches	1,924	_____	1,319	2
Pears	2,148	_____	2,083	3
Plums and prunes	1,941	_____	805	1
Grapes	1,633	_____	4,412	6
Other fruits*	---	_____	3,872	5
Total fruits	\$61,834	\$ _____	\$61,693	90
Other crop sales	5,273	_____	3,352	5
Livestock sales	3,945	_____	1,721	2
Miscellaneous	2,790	_____	2,104	3
TOTAL CASH RECEIPTS	\$73,842	\$ _____	\$68,870	100
Increase in inventory	12,036	_____	---	
TOTAL FARM RECEIPTS	\$85,878	\$ _____	\$68,870	

* Includes fruit purchased for resale in 1969.

Estimates were made for a few farms to arrive at a division of receipts from the various fruits.

Increases in inventory resulting from more crops in storage, more machinery and equipment, additions to land and new buildings are normal occurrences in most "going" farm businesses and are considered as farm receipts. These items could have been sold and turned into cash, but instead the operator decided to invest this additional capital in his business. The cost of producing or acquiring these items is normally included in the farm expenses.

When there is a net decrease in farm inventory it is included as an expense. In 1969 there was a net decrease in farm inventory on the 12 fruit farms. This item is explained at the bottom of page 7.

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

WHERE THE MONEY WENT

Some farmers may be able to increase profits by reducing costs. This requires a complete knowledge of what the business expenses are. With the large amount of cash flowing through a farm business today, it is important that the farm operator study his expenses closely. Here is an opportunity for you to see how you're doing.

FARM EXPENSES

Item	Average of 16 Fruit Farms 1968	My Farm	12 Lake Ontario Fruit Farms, 1969	
			Average Per Farm	Percent of Total
Hired labor	\$ 22,929	\$ _____	\$ 20,887	42
Machine hire	1,615	_____	2,263	5
Equipment repair	3,297	_____	2,765	6
Auto expense (farm share)	251	_____	176	--
Gasoline and oil	2,173	_____	2,172	4
Lime & fertilizer	2,681	_____	1,593	3
Seeds and plants	857	_____	931	2
Other crop expense*	10,726	_____	12,045	24
Real estate upkeep	1,283	_____	858	2
Taxes and insurance	3,226	_____	2,925	6
Electricity & telephone	852	_____	697	1
Miscellaneous**	<u>3,114</u>	_____	<u>2,480</u>	<u>5</u>
TOTAL CASH OPERATING EXP.	\$ 53,301	\$ _____	\$ 49,792	100
New machinery	6,799	_____	3,016	
New real estate & imp.	3,941	_____	3,023	
Purchased livestock	2,484	_____	701	
Unpaid family labor	413	_____	375	
Decrease in inventory	<u>---</u>	_____	<u>4,613</u>	
TOTAL FARM EXPENSES	\$ 66,938	\$ _____	\$ 61,520	

* Spray materials are the major part of other crop expenses.

** Miscellaneous includes livestock exp. and in some cases fruit bought for resale.

Cash operating expenses for 1969 were quite similar to those incurred in 1968. Hired labor and crop expense amount to 66% of all cash operating expenses. All capital expenditures were down in 1969. The amount spent for new machinery was more than 50% below the 1968 figure. Unpaid family labor has been charged at a rate of \$300 per month. The net decrease in inventory of \$4,613 is related to the relatively small capital outlay and a large decrease in feed and supply inventory which usually includes carryover of fruit.

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

FINANCIAL SUMMARY OF THE YEAR'S BUSINESS

There are several ways of measuring the returns from a farm business. These measures have been developed for specific purposes. The measure selected at any one time will depend upon the purpose for which it is to be used.

There are three measures used here. The first is "Farm Cash Operating Income." The second, "Labor Income," is a measure of the returns to the operator for his labor and management. The last one is "Return on Investment."

FARM CASH OPERATING INCOME

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Total Cash Receipts	\$73,842	\$ _____	\$68,870
Total Cash Oper. Expenses	-53,301	- _____	-49,792
FARM CASH OPERATING INCOME	\$20,541	\$ _____	\$19,078
Less: Family Living Exp.*	- 6,480	- _____	- 6,300
Amount available for debt payments & purchase of capital items	\$14,061	\$ _____	\$12,778

* Estimated cash living expenses at \$5,400 per operator. The 16 fruit farms in 1968 average 1.2 operators per farm and the 12 Lake Ontario fruit farms averaged 1.7 operators per farm in 1969.

"Farm Cash Operating Income" is the amount of money available from the farm business for family living, debt payments, and purchases of new capital items such as equipment, real estate, and livestock.

The "cash flow" of a farm business is important to the operator and his family in planning for capital purchases, debt payments and living expenses. However, the above measures are not good indicators of the profitability of your farm business. This is because you may increase the amount of cash available during the year by selling off or using up some of your farm property, or more likely, you will decrease the amount of cash available by investing more dollars in your business during the year. Labor Income is a much better measure of what the business did for you during the year.

The 1969 "Cash Operating Income" on these farms was not greatly different than that realized in 1968. However, 1969 cash receipts include the sale of a significant amount of fruit that was carried over from 1968. The 1969 carryover of fruit and supplies is down significantly but did not affect the cash flow.

LABOR INCOME

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Average capital investment	\$130,325	\$ _____	\$116,806
TOTAL FARM RECEIPTS	\$85,878	\$ _____	\$68,870
TOTAL FARM EXPENSES	-66,938	- _____	-61,520
FARM INCOME	\$18,940	\$ _____	\$ 7,350
Interest on capital at 7%	- 9,123	- _____	- 8,177
LABOR INCOME per farm	\$ 9,817	\$ _____	-\$ 827
Number of operators	19	_____	14
LABOR INCOME per operator	\$ 8,181	\$ _____	-\$ 709

"Labor Income" is a measure used to determine the return the farm operator receives for his labor and management. It is the amount left after paying all farm expenses, and deducting charges for unpaid family labor and for interest on all of the capital invested in the farm business. Labor income is the measure most commonly used when studying or comparing farm businesses.

Interest payments and payments on debts are not included in the farm expenses. To make all farms comparable, a seven percent interest charge on the average capital investment (average of beginning and end inventories) is deducted in calculating Labor Income.

The average labor income on the 12 fruit farms was -\$709 per operator in 1969, nearly \$9,000 below the 1968 labor income and \$15,000 below the 1967 average. Seven of the 12 farms had positive labor incomes. Labor income per operator ranged from \$11,214 to -\$14,000.

RETURN ON INVESTMENT

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Farm Income	\$ 18,940	\$ _____	\$ 7,350
Value of Operator's Labor*	- 6,480	- _____	- 6,300
Return on Investment	\$ 12,460	\$ _____	\$ 1,050
Rate of Return on Capital and Management	9.6%	_____ %	0.9%

* \$5,400 per year. There were 14 operators on the 12 Lake Ontario fruit farms.

"Return on Investment" is calculated by deducting from the "farm income" a charge for the operator's labor. This return is then divided by the average capital investment for the year to arrive at the rate of return on investment.

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

PART II
ANALYSIS OF THE FARM BUSINESS

Farm business records provide information which can be used in making management decisions. One important phase of management is finding ways to improve the income. A number of measures have been developed to aid in analyzing farm businesses for strong and weak points.

In this section, four business factors are examined. These are: size of business, rates of production, labor efficiency and cost control. Capital efficiency measures were presented on page 5. The 1968 and 1969 averages for selected measures for each of these factors are reported.

When analyzing a farm business, remember that many of the measures are interrelated. This means that all of the factors should be examined before arriving at major conclusions. A complete analysis of the business factors should point up the major strong and weak points of a farm business.

SIZE OF BUSINESS

In analyzing a farm business, size is usually the first factor to be examined. Size of farm has an important effect on many of the other factors such as labor efficiency, cost control, and capital efficiency. The prices received and paid by a farmer are often affected by the volume involved which is a function of the size factor.

In general, larger farm businesses make larger incomes. There are at least basic reasons for this. Larger businesses make possible more efficient use of inputs such as equipment, the regular labor force, and other overhead items. Secondly, there are more units of production on which to make a profit. However, some small farms make greater incomes than larger farms. This can happen when management ability is not in balance with the size of business.

MEASURES OF SIZE OF BUSINESS

Measure	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Acres in fruit	135	_____	108
Total crop acres	187	_____	127
Man equivalent	5.7	_____	5.0
Total work units	1,440	_____	1,238

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

RATES OF PRODUCTION

High rates of production of both animals and crops are very important to the success of a farm business. However, when high crop and animal yields are achieved without regard to costs, net income is reduced. In general, it pays to increase yields up to the point where the last unit of input (such as feed or fertilizer) is just paid for by the increase in output due to this last unit of input.

MEASURES OF RATES OF PRODUCTION

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Bushels of apples / acre	313	_____	350
Tons sour cherries / acre	1.9	_____	3.1
Tons sweet cherries / acre	2.4	_____	4.2
Bushels peaches / acre	90	_____	164
Bushels pears / acre	115	_____	235

LABOR EFFICIENCY

Labor is one of the limiting resources on many farms. Efficient use of labor tends to add to the profitability of a farm business. The productivity of labor can be increased by use of modern equipment, buildings and materials. However, one must be careful not to invest in technology that adds little to productivity in relation to cost.

MEASURES OF LABOR EFFICIENCY

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Acres in fruit per man	24	_____	22
Fruit receipts per man	\$10,848	\$ _____	\$12,338
Total cash receipts per man	\$12,955	\$ _____	\$13,774
Work units per man	253	_____	248

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

COST CONTROL

Obtaining high production at reasonable cost is one of the keys to a profitable farm business. The exact level of production items to be used to obtain the greatest net return is difficult to determine. The averages presented here may help you find some of the weaknesses in the cost structure on your farm.

FARM POWER AND MACHINERY COSTS

On today's farms, power and machinery costs account for a large part of the total costs. For this group of farms, power and machinery costs were 23 percent of the total farm expenses.

POWER AND MACHINERY COSTS

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Beginning inventory	\$29,941	\$ _____	\$23,808
New machinery bought	<u>6,799</u>	_____	<u>3,016</u>
Total	\$36,740	\$ _____	\$26,824
End inventory	\$31,459	\$ _____	\$23,061
Machinery sold	<u>162</u>	_____	<u>20</u>
Total	<u>\$31,621</u>	\$ _____	<u>\$23,081</u>
Depreciation	\$ 5,119	\$ _____	\$ 3,743

Depreciation	\$ 5,119	\$ _____	\$ 3,743
Interest @ 7% ave. inven.	2,149	_____	1,640
Gas and oil	2,173	_____	2,172
Machinery repairs	3,297	_____	2,768
Machine hire	1,615	_____	2,263
Auto expense (farm share)	251	_____	176
Electricity (farm share)	<u>634</u>	_____	<u>462</u>
TOTAL MACHINERY COSTS	\$15,238	\$ _____	\$13,224
Gas tax refunds	\$ 50	\$ _____	\$ 81
Income from machine work	<u>305</u>	_____	<u>92</u>
Total	- <u>355</u>	- _____	- <u>173</u>
NET MACHINERY COST	\$14,883	\$ _____	\$13,051

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969
NET MACHINERY COST ANALYSIS

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ontario Fruit Farms 1969
Net machinery cost / man	\$2,503	\$ _____	\$2,610
Net machinery cost / crop acre	\$ 76	\$ _____	\$ 103
Net machinery cost / dollar of fruit sold	\$ 0.23	\$ _____	\$ 0.21

(Net power and machinery cost does not include insurance, housing, or farm labor on repairs.)

LABOR AND MACHINERY COSTS

Most farm operators justify major machinery purchases as a way to save labor and increase productivity. How well labor and machinery are combined has an important bearing on farm profits.

LABOR AND POWER AND MACHINERY COSTS

Item	Average of 16 Fruit Farms 1968	My Farm	Average of 12 Lake Ont. Fruit Farms, 1969
Value of operator's labor	\$ 6,412	\$ _____	\$ 6,300
Hired labor	22,903	_____	20,887
Unpaid family labor	<u>394</u>	_____	<u>375</u>
TOTAL LABOR COSTS	\$29,709	\$ _____	\$27,562
Net power and machinery cost	<u>14,269</u>	_____	<u>13,051</u>
TOTAL LABOR & MACHINERY COST	\$43,978	\$ _____	\$40,613
<hr style="border-top: 1px dashed black;"/>			
Total per man	\$ 7,715	\$ _____	\$ 8,123
Total per crop acre	\$ 235	\$ _____	\$ 320
Total per dollar of fruit sold	\$ 0.71	\$ _____	\$ 0.66

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

FARM BUSINESS CHART FOR FRUIT GROWERS

Bushels of Apples	Fruit Yields Per Acre			Total Work Units	Man Equiv- alent	Work Units / Man
	Bushels of Pears	Tons of Grapes	Tons of Sour Cherries			
540	330	7.0	6.6	1,000	3.5	420
480	260	6.0	4.6	720	2.7	340
430	230	5.5	3.6	590	2.3	310
390	200	5.0	3.0	520	2.0	290
355	180	4.6	2.6	460	1.8	270
325	160	4.7	2.3	430	1.6	250
295	140	3.8	2.0	390	1.4	230
260	120	3.4	1.6	350	1.3	210
220	100	3.0	1.2	310	1.2	190
180	70	2.5	0.8	250	1.0	160

SOURCE: Farm Business Chart, prepared by S.W. Warren, Department of Agricultural Economics, Cornell University.

The Farm Business Chart is a tool which can be used in analyzing a business to determine the strong and weak points. The chart shows how far the individual farm is above or below the average for each factor.

The figure at the top of each column is the average of the top ten percent of the farms for that factor. For example, the figure 540 at the top of the first column is the average apple yield on the ten percent of farms with the highest apple yields. The other figures in the column are the averages for "the next ten percent," "the ten percent below that," and so forth. The figure 180 at the bottom of the column is the average of the ten percent of the farms with the lowest apple yields.

Each column of the chart is independent of the others. The farms which are in the top ten percent for one factor would not necessarily be the same farms which make up the top ten percent for any other factor.

This chart is used in analyzing particular businesses by drawing a line through the figure in each column which shows where the farm being analyzed stands for that factor. This helps identify the strengths and weaknesses.

LAKE ONTARIO FRUIT GROWERS SUMMARY 1969

TWENTY YEARS OF CHANGE ON LAKE ONTARIO
FRUIT FARMS

	74 Niagara County Fruit Farms 1948	15 Wayne County Fruit Farms 1958	Lake Ont. 11 Farms 1967	Fruit Sum. 12 Farms 1969
<u>Size of Business</u>				
Acres of tree fruits	49	107	141	108
Total crop acres	146	140	154	127
Man equivalent	3.5	3.8	5.4	5.0
Total work units	1,200	1,243	1,651	1,238
<u>Rates of Production</u>				
Bushels of apples/acre	138	371	417	350
Tons sour cherries/acre	2.0	1.5	3.8	3.1
<u>Labor Efficiency</u>				
Acres in fruit/man	14	30	26	22
Crop acres/man	42	38	29	25
Work units/man	343	353	306	248
<u>Capital Efficiency</u>				
Investment/man	N.A.	\$17,192	\$19,584	\$22,900
Investment/acre fruit	N.A.	\$ 589	\$ 904	\$ 1,060
Investment/crop acre	N.A.	\$ 486	\$ 778	\$ 902
<u>Selected Cost Items</u>				
Labor expense	\$6,200	\$10,469	\$22,612	\$20,887
Net machinery cost (per crop acre)	\$ 27 ^{1/}	\$ 51	\$ 76	\$ 103
Crop exp./crop acre	\$ 50 ^{2/}	\$ 52	\$ 64	\$ 115
<u>Financial Summary</u>				
Apple Receipts	\$8,858	\$19,184	\$30,794	\$43,131
Sour Cherry Receipts	\$1,080	\$ 2,779	\$12,000	\$ 5,959
Total Farm Receipts	N.A.	\$32,374	\$79,465	\$68,870
Total Farm Expenses	N.A.	\$26,128	\$56,007	\$61,520
Labor Income Per Farm	\$3,074	\$ 2,987	\$18,418	\$ - 827

N.A. - Information not available.

^{1/} Use of horse and equipment on apples only.^{2/} Includes only apples in 1948.

PROGRESS OF THE FARM BUSINESS

One phase of business analysis is that of comparing your business with that of other farmers. Another kind of analysis is that of comparing your current year's business with that of previous years. This shows the progress you are making. In planning ahead, it is helpful to set business targets or goals which should be related to the progress you have been making.

	1967	1968	1969	1970 Target
<u>Size of Business</u>				
Ave. number of fruit acres	_____	_____	_____	_____
Total fruit sales	\$ _____	\$ _____	\$ _____	\$ _____
<u>Rates of Production</u>				
Bushels of apples/acre	_____	_____	_____	_____
Tons sour cherries/acre	_____	_____	_____	_____
<u>Labor Efficiency</u>				
Acres in fruit/man	_____	_____	_____	_____
<u>Cost Control</u>				
Machinery cost/crop acre	\$ _____	\$ _____	\$ _____	\$ _____
Labor & machinery cost per crop acre	\$ _____	\$ _____	\$ _____	\$ _____
<u>Capital Efficiency</u>				
Total inventory value	\$ _____	\$ _____	\$ _____	\$ _____
Total investment/acre	\$ _____	\$ _____	\$ _____	\$ _____
<u>Debt Situation</u>				
Total debt outstanding	\$ _____	\$ _____	\$ _____	\$ _____
Annual debt payments	\$ _____	\$ _____	\$ _____	\$ _____
Net Worth	\$ _____	\$ _____	\$ _____	\$ _____
<u>Financial Summary</u>				
Total Farm Receipts	\$ _____	\$ _____	\$ _____	\$ _____
Total Farm Expenses	\$ _____	\$ _____	\$ _____	\$ _____
Labor Income/Operator	\$ _____	\$ _____	\$ _____	\$ _____
Rate of Return on Capital	_____ %	_____ %	_____ %	_____ %