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SOUTHWESTERN MINNESOTA
FARM BUSINESS MANAGEMENT ASSOCIATION

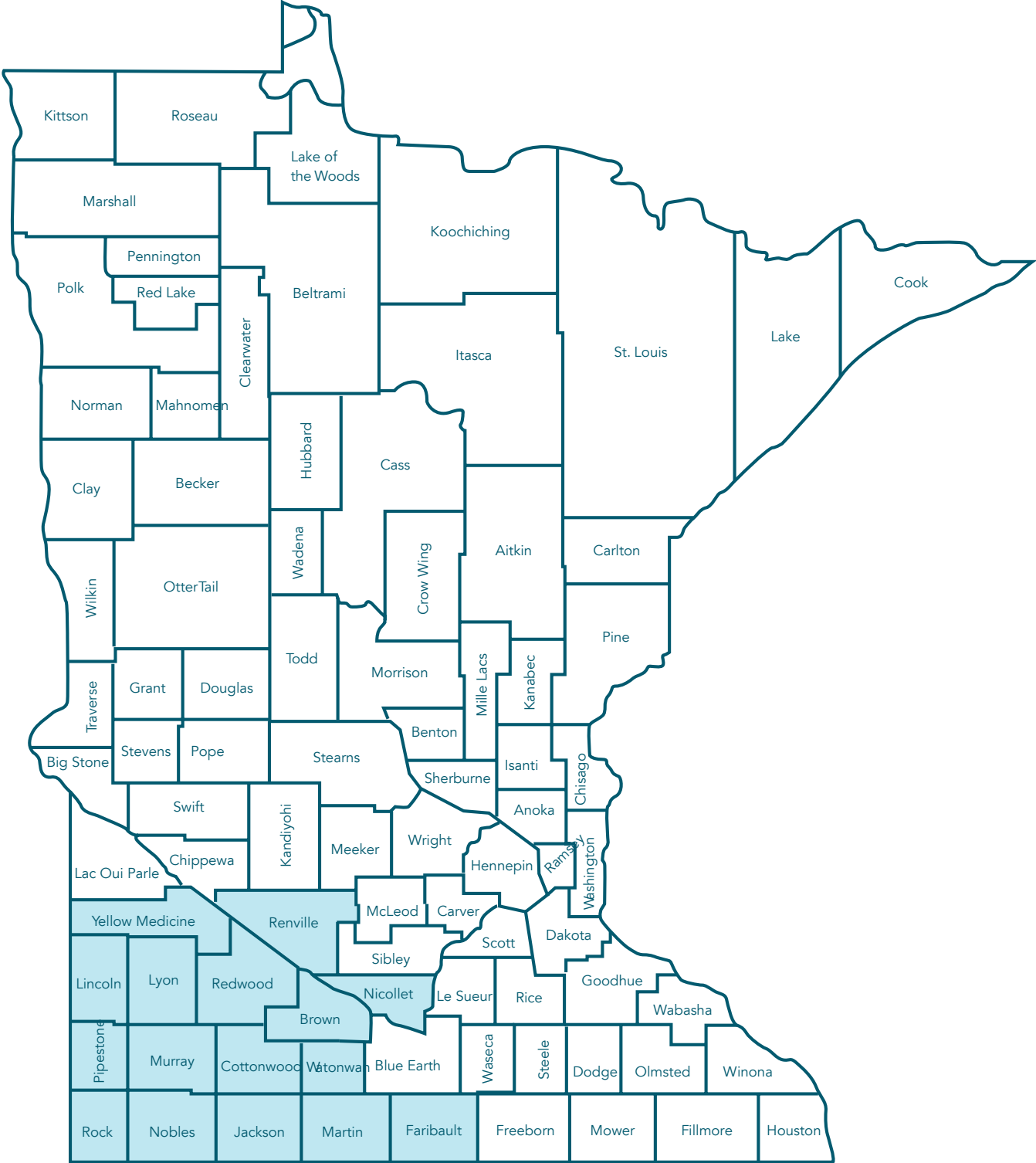
2014 ANNUAL REPORT



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College of Food, Agricultural and Natural Resource Sciences · University of Minnesota

SOUTHWEST MINNESOTA FARM BUSINESS MANAGEMENT ASSOCIATION

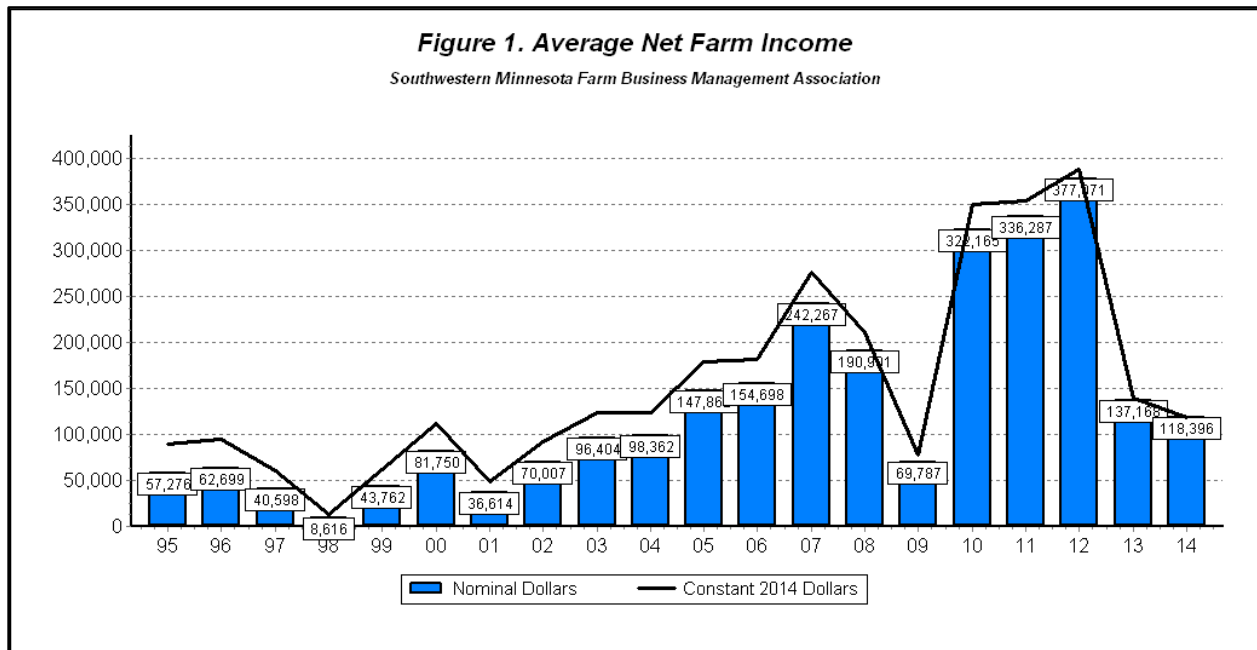


Executive Summary

2014 Annual Report of the Southwestern Minnesota Farm Business Management Association

by Dale W. Nordquist, Donald L. Nitchie, Garen J. Paulson, James N. Kurtz,
Tonya L. Knorr, Janet M. Froslan and John L. Woodford

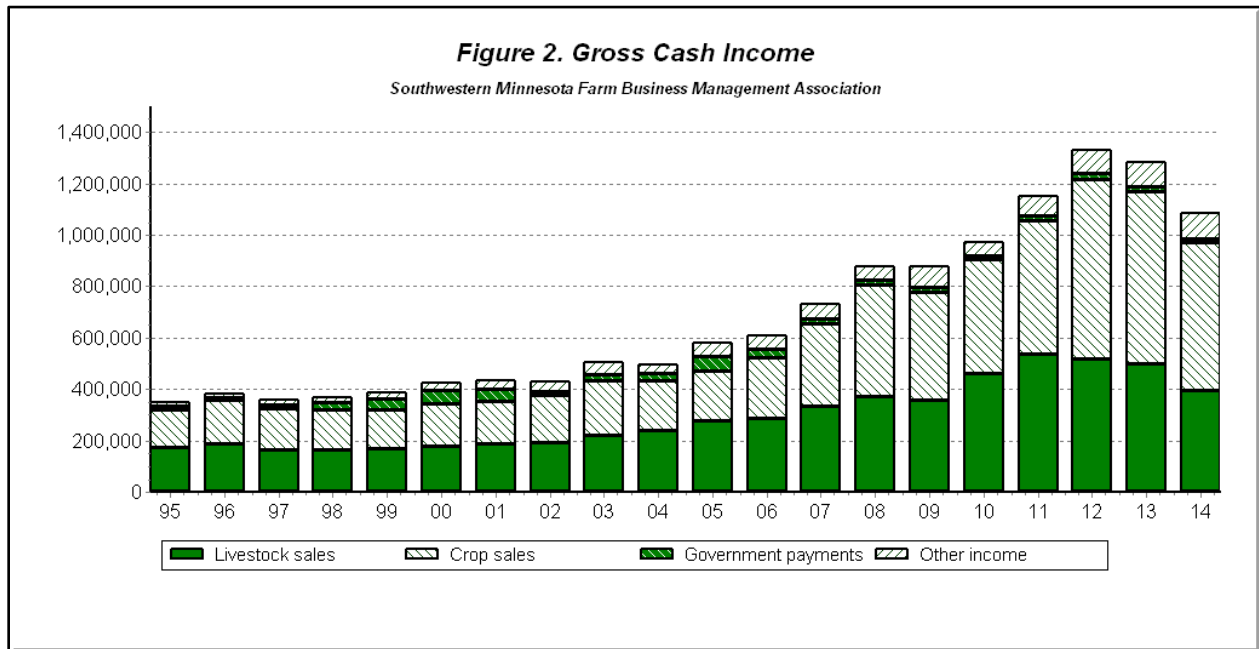
Average net farm income was \$118,396 for the 109 farms included in this 2014 annual report of the Southwestern Minnesota Farm Business Management Association, the lowest earnings for associations members since 2009. Inflation adjusted profits were down 15% from earnings reported in 2013. The decline in profits was driven primarily by decreasing crop prices and somewhat below average crop yields, particularly for corn production. Cropping losses were tempered by high returns for most livestock producers who benefited from lower feed costs and high prices for beef, pork and milk.



Highlights of association financial results for 2014:

- Median net farm income, or the income earned by the middle farm, was \$83,335, somewhat lower than the average. This indicates that the average is skewed by high profits of the most profitable farms. Much like in 2013, however, this difference was not as large as it has been in recent years. As in 2013, several large farms fell into the “Low Profit” group in 2014. This is probably related to enterprise more than farm size, with large livestock farms falling into the “High Profit” group and large crop farms landing in the “Low Profit” group of farms.
- As is the case every year, incomes varied widely across the entire group. The average net farm income for the most profitable 20% of the farms was \$504,054 while the least profitable 20% experienced a loss of (\$146,665).

Entire report is available at: http://www.cffm.umn.edu/Publications/Pubs/FBMA/SW_MN_FBMA_2014.pdf



- Average gross cash income was down 16% from 2013 while cash expenses decreased 17%. Much of the decrease in net farm income resulted from the decreased value of crop inventories held at the end of the year. The value of crop inventories decreased 16% in 2014 after dropping by 15% in 2013.
- Crop sales accounted for 53% of gross income while livestock sales were 36% (Figure 2). Government payments accounted for 1% of gross cash income and 10% of net farm income. There were very limited government program payments in 2014 given the phase-out of direct crop payments. The amount of government payments for the 2014 crop year under the new farm bill will not be known until late in 2015. Crop insurance payments accounted for 4% of gross cash income.
- Rates of return were down again. After three consecutive years of returns on equity of 19% or greater from 2010 – 2012, the average rate of return on equity (ROE) fell to 4% in 2013 and again to 3% in 2014 with assets valued at adjusted cost or book value (Figure 3).
- The average farm reported net worth growth of \$139,199. However, only slightly more than one-third of reported net worth change resulted from earnings. The remaining two-thirds resulted from increases in the estimated market value of capital assets.
- The debt-to-asset ratio of the average sole proprietor farm improved slightly, down from 35% to 34% (Figure 4).

Crops

- Corn yields averaged 167 bushels per acre, down from 175 in 2013 and eight bushels under the 10 year average for association members. Corn production got off to a slow start with very cold and wet conditions in May and June and never totally recovered. Soybean yields averaged 48 bushels per acre compared to 52 in 2013.

Figure 3: Rates of Return on Assets (ROA) and Equity (ROE)

Southwest Minnesota Farm Business Management Association

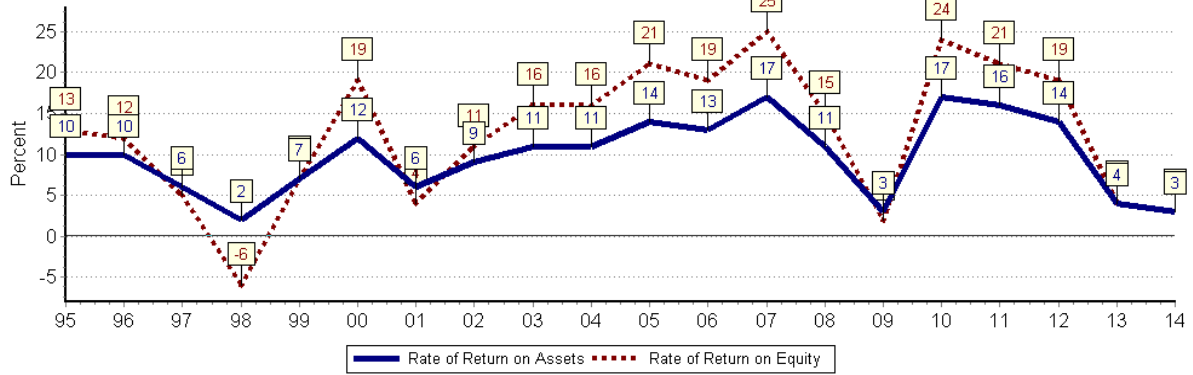


Figure 4: Ending Equity and Ending Debt to Asset Ratio

Southwest Minnesota Farm Business Management Association, Sole Proprietors Only

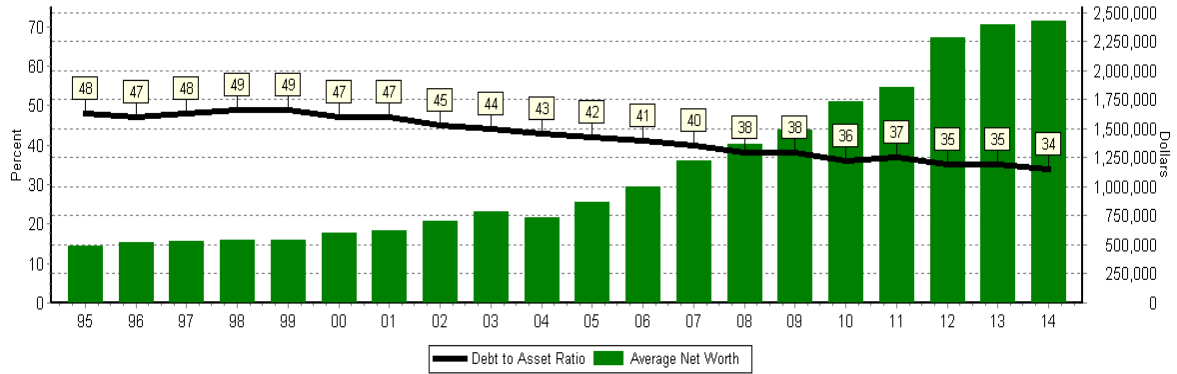
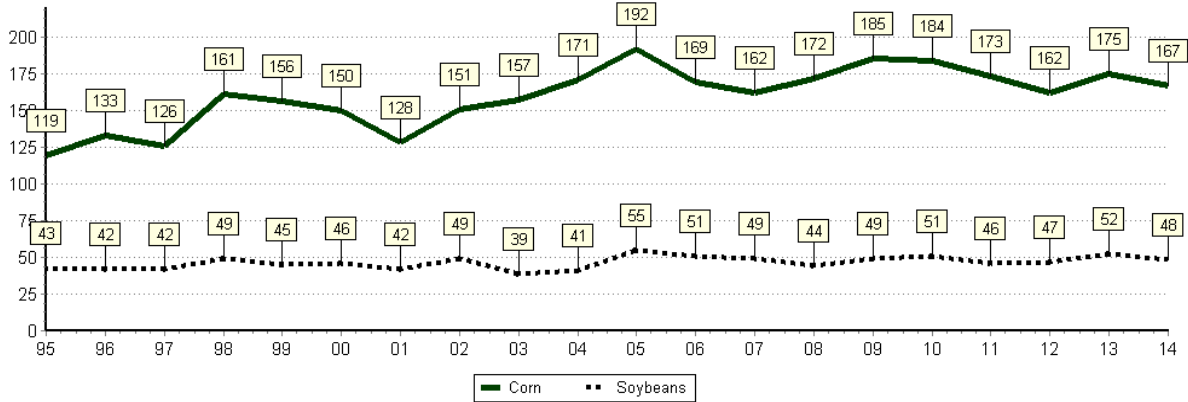
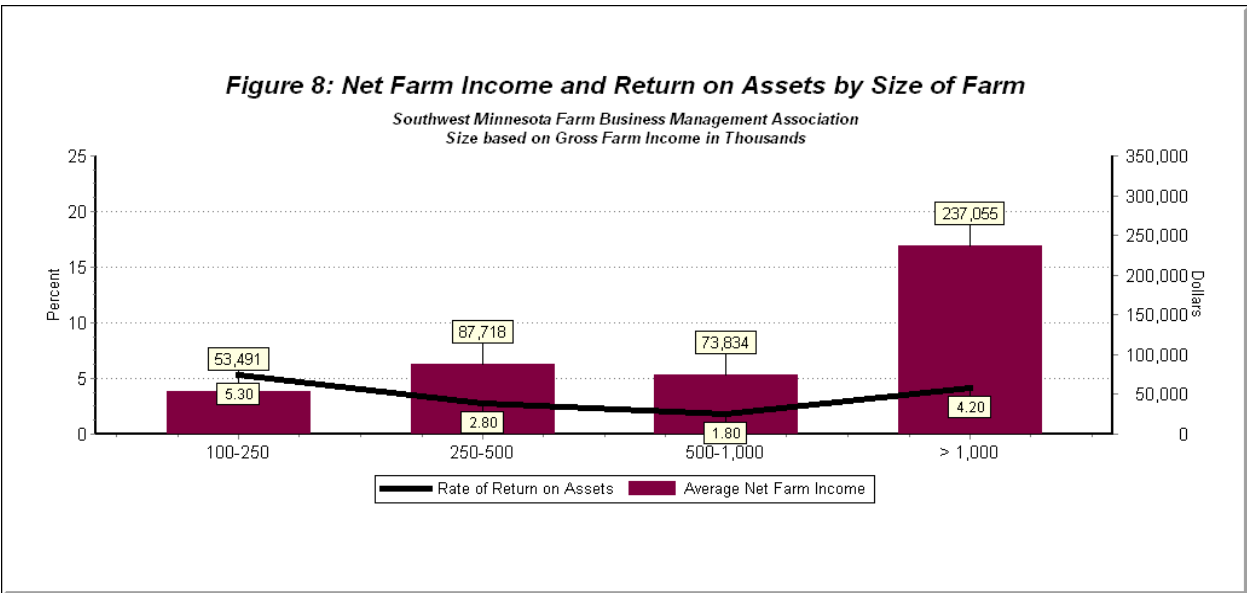
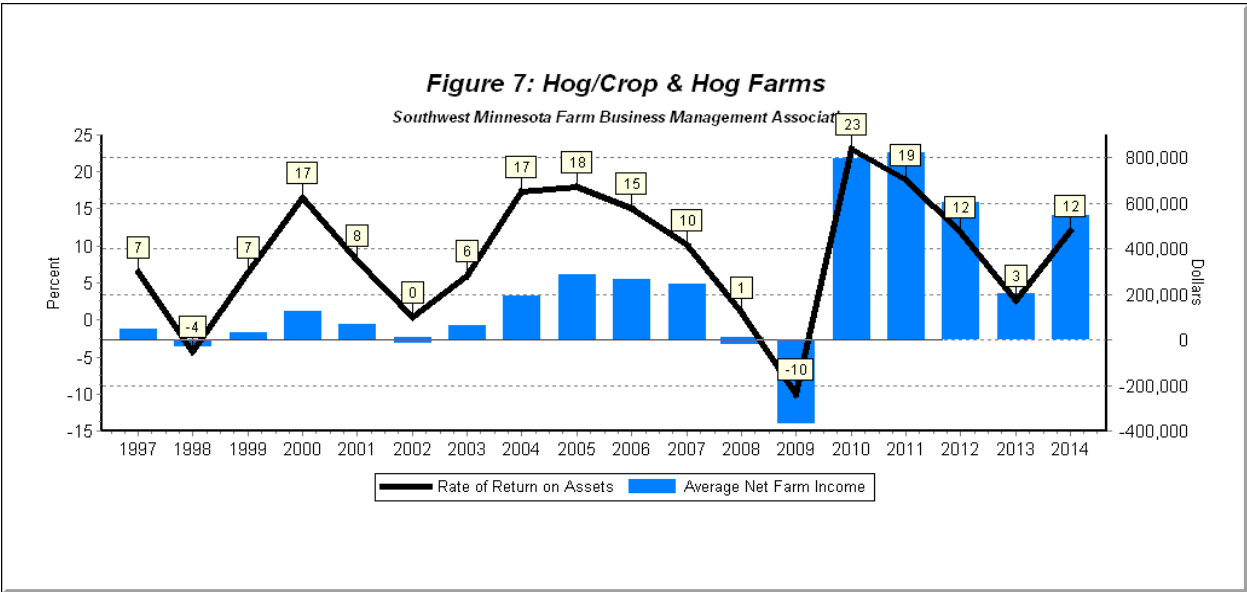
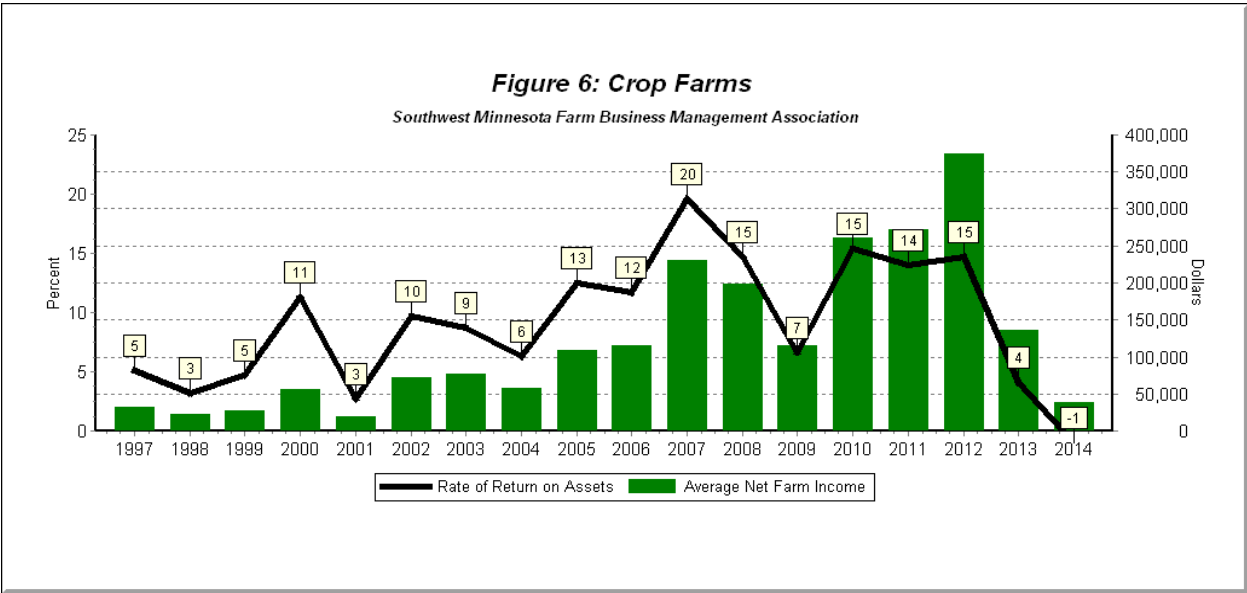


Figure 5: Average Corn and Soybean Yields





- Corn prices dropped sharply from record highs in 2013. The average price received for corn was \$4.35 per bushel compared to \$6.48 in 2013. Soybeans prices held up much better, averaging \$12.73 per bushel, down from \$13.97. However, these higher soybean prices had a negligible impact on farm earnings. Most sales at these prices were for the 2013 crop, and that income was already recognized in the previous year. By the end of the year, soybean prices had dropped to \$10.00 per bushel.
- The cost to raise an acre of corn and soybeans (with land rent) decreased by 1% to 2%. Cash rental rates decreased by 2% on corn and soybean acres.
- The cost to produce a bushel of corn decreased from \$4.31 in 2013 to \$4.25. Soybean costs per bushel increased from \$11.06 in 2013 to \$11.49 due to the lower yield per acre. These costs include a charge for unpaid labor and management, but do not include a charge for equity capital.

Type of Farm

- Crop farm profits plummeted for the second consecutive year following three years of very strong profitability. The average crop farm earned \$38,493 compared to \$136,634 in 2013. The average crop farm earned a -1% rate of return on assets (Figure 6). The average producer lost (\$54) per acre on cash rented corn production and broke even on rented soybean land.
- Strong pork prices and lower feed costs resulted in a turnaround year for pork producers. Specialized hog farms and hog/crop farms (those farms with over 70% of gross income from sale of hogs or a combination of hogs and crops) earned an average net farm income of \$546,714, up from \$205,222 in 2013. While these profits are much higher than the returns for the average farm, it should be recognized that these farms have a much larger capital investment than other farm types. The average pork producer earned a 12% rate of return on assets (Figure 7).
- There were not enough specialized beef or dairy farms to summarize these farms by type.

Size of Farm

- As is usually the case, net incomes generally increased with farm size when measured based on gross farm income (Figure 8).
- Rates of return on assets, however, did not follow the same pattern. In fact, mid-sized farms generally had the lowest returns. It is likely that enterprise, rather than farm size, had a lot to do with these results. Large livestock operations likely increased the profitability of the large farm group. In fact, when only crop farms are included, both net farm income and ROA decreased with farm size.

Debt Level

- Thirty-nine of the 109 farms had debt-to-asset ratios above 40% of 16 of those farms had debt-to-assets of greater than 60%.
- The average farm with debt greater than 60% of assets lost over \$31,000 and earned negative returns on assets (ROA).

Operator Age

- There were 7 farms whose principle operator was 30 years of age or under among the 109 farms included in the report. These farms were the lowest earning age group.
- The highest earning age group was those farms between 51 and 60 years of age.

Projected Profitability

Page 21 of the report displays actual results for association members in 2014 along with projected financial results for 2015. Projected results are based on the author's assumptions on changes in revenue, operating expenses, interest rates, and asset values. Assumptions are displayed at the bottom of the page.

- **2014 All Farms Actual** – this is the average financial results for all farms in 2014. Balance sheet measures reflect the average position of association farms at the end of the year.
- **2014 Improved Margin Management** – This column is included to show the potential impacts of small changes in farm performance. If association farms had, on average, improved sales by 5% and cut costs by 5%, the Net Farm Income of the average farm would have almost doubled.
- **2014 SW Association Crop Farms Actual** – the average financial results for the 67 crop farms in the association for 2014.
- **2015 SW Association Crop Farms Projected** -- Based on the assumptions of the authors, crop farms are projected to be somewhat less profitable in 2015. This is based on continued expected decreases in crop prices, especially for soybeans and somewhat moderating input prices for fuel, fertilizer, and cash rents. Given these assumptions, it is projected that the average crop farm will not generate enough income to cover scheduled debt payments and again will have to consume working capital to meet financial obligations.
- **2014 Statewide Livestock Farms Actual** – the average financial results for the 486 farmers in the statewide database who received the predominant portion of their income from livestock and milk sales for 2014. This includes farms enrolled in MnSCU Farm Business Management programs.
- **2015 Statewide Livestock Farms Projected** -- Based on the assumptions of the authors, livestock farms profits are projected to decline sharply in 2015. This is heavily weighted by expected losses for dairy and hog farms. Beef farms are expected to remain profitable for at least another year.

The assumptions used to project these results are somewhat subjective and will likely be proven wrong by changing events as the year progresses. We offer these projections as a most likely scenario to help members consider management decisions in a period of tightening margins.

Full Report

The complete report provides additional information on whole farm financial performance as well as detailed information on crop and livestock enterprise profitability. The report also includes whole-farm financial condition and performance by business size, type of farm, debt-to-asset ratio, and age of operator.

2014 Annual Report of the Southwestern Minnesota¹ Farm Business Management Association

by

by Dale W. Nordquist, Donald L. Nitchie, Garen J. Paulson, James N. Kurtz,
Tonya L. Knorr, Janet M. Froslan and John L. Woodford²

This report summarizes the individual farm records of the members of the Southwestern Minnesota Farm Business Management Association for 2014.

Whole-farm information and enterprise costs and returns are reported. The year-end analysis of the individual farms was performed by the Association fieldstaff 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 farm size, type of farm, debt to asset ratio, and operator age.

Of the 122 farms in the Southwestern Association, the data for 109 farms are included in this report. The rest were omitted because the records were incomplete at the time that this report was prepared. In addition to this report, members receive an annual farm business analysis; on-farm instructional visits; end-of-year income tax planning and preparation; periodic meetings, tours, and seminars; a monthly newsletter; and other managerial and educational assistance. Each farmer pays an annual fee which covers the majority of the cost, with the balance defrayed by University of Minnesota Extension and research programs of the University of Minnesota.

This year, for the first time, the livestock enterprise summaries include data from both Southwest Minnesota Farm Management Association farms and Minnesota State Colleges and Universities Farm Business Management program farms. This was done to provide a greater numbers for each enterprise with the goal of providing more accurate benchmark information. MnSCU FBM programs are distributed across the state and include over 2,000 participating farms. We thank the MnSCU FBM program and participating producers for making this data available to be included in this report.

¹This report was partially funded by a Farm Business Management and Benchmarking Grant from the USDA National Institute of Food and Agriculture.

²Nordquist is Extension Economist–Center for Farm Financial Management (CFFM), University of Minnesota, Twin Cities; Nitchie is Regional Extension Educator--Farm Management and Fieldmen for the Association; Paulson, Kurtz, Knorr, Froslan and Woodford are financial analysts for the Association. Special thanks to Rann Loppnow, Software Development, CFFM; Eliza Herman, Program Associate, CFFM; and Gretchen Thillen, Southwest Research and Outreach Center.

Southwestern Minnesota Farm Business Management Association

Distribution of Membership -- 2014

County	Number of Farm Units	Number of Records Submitted
Cottonwood	13	10
Faribault	2	2
Jackson	16	15
Lyon	3	1
Martin	3	2
Murray	19	19
Nobles	21	17
Pipestone	11	12
Redwood	10	9
Rock	5	5
Wabasha	2	3
Watonwan	9	6
Others ²	8	<u>8</u>
TOTAL	122	109

Officers and Directors

Mike Metz, President

Brent Pohlman, Vice President

Kerry Tutt, Secretary-Treasurer

The directors of the Southwestern Minnesota Farm Business Management Association for 2014/2015 are: Mark Christensen, Ian Sandager, Bob Hartman, Wesley Beck, Brian Ling, Ben Fast, and Matt Wolle.

²Records were also submitted from members in Lac Qui Parle, McLeod, and Yellow Medicine counties.

Southwestern Minnesota Farm Business Management Association

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Whole-Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2014. Each table (except for the balance sheets) includes the average of the 109 farms included in the report and the average 20 percent of the farms with the lowest and highest profits (base on Net Farm Income). In a change from previous years, the balance sheet reports include all farms, including partnerships and corporations. Appendix I provides detail on how the whole-farm measures are calculated. Below is a short summary of the whole farm reports.

Financial Summary

The Financial Summary report provides a summary of the key financial measures and ratios included on the other detailed whole farm reports.

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 <http://www.ffsc.org/guidelines.htm>.

Farm Income Statement

The Income Statement calculates the accrual Net Farm Income generated by the average farm for year 2014. 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.

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 and Repayment Capacity Measures

Liquidity reflects the ability of the farm to meet its financial obligations on time. *Current Ratio* is current farm assets divided by current farm liabilities. *Working Capital* is current farm assets minus current farm liabilities. Businesses with more working capital are generally in a better position to overcome short-term financial downturns or production problems. *Working Capital to Gross Income* measures liquidity relative to business size.

Repayment capacity measures the ability of the business to meet debt payments and replace capital assets. *Term Debt Coverage Ratio* measures the ability of the business to meet its scheduled debt payments. A term debt coverage ratio greater than 1.0 indicates that the business produced more than enough earnings to meet its scheduled debt payments. *Replacement Coverage Ratio* adds the need for capital replacement. A replacement coverage ratio greater than 1.0 indicates that the business produced more than enough earnings to meet its payments and replace its depreciable assets.

Balance Sheets

Balance sheet reports are included for both the cost and market value of assets. Current assets are identical in both tables, with crop and livestock inventories generally valued at market value. This conforms to the methodology recommended by the Farm Financial Standards 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. *Cash From Investing Activities* reflect cash used to buy and sell capital assets. *Cash From Financing Activities* includes sources and uses of borrowed funds as well as cash from nonfarm activities.

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.

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Income Statement			
Gross cash farm income	1,086,085	1,111,824	2,407,839
Total cash farm expense	856,705	920,358	1,971,065
Net cash farm income	229,380	191,466	436,774
Inventory change	-49,479	-261,550	136,426
Depreciation	-70,801	-77,457	-112,918
Net farm income from operations	109,099	-147,540	460,282
Gain or loss on capital sales	9,296	875	43,773
Average net farm income	118,396	-146,665	504,054
Median net farm income	83,335	-42,218	246,639
Profitability (cost)			
Rate of return on assets	3.3 %	-7.4 %	10.5 %
Rate of return on equity	3.0 %	-12.7 %	13.4 %
Operating profit margin	9.6 %	-21.1 %	27.3 %
Asset turnover rate	34.0 %	34.9 %	38.4 %
Liquidity & Repayment (end of year)			
Current assets	910,597	1,113,899	1,601,845
Current liabilities	348,450	484,273	596,109
Current ratio	2.61	2.30	2.69
Working capital	562,147	629,626	1,005,736
Working capital to gross inc	54.3 %	70.0 %	40.4 %
Term debt coverage ratio	1.40	-1.29	3.37
Replacement coverage ratio	0.97	-0.82	2.41
Term debt to EBITDA	1.99	-13.56	1.07
Solvency (end of year at market)			
Number of farms	109	21	22
Total assets	3,896,029	4,392,627	6,201,655
Total liabilities	1,357,656	1,680,945	2,096,521
Net worth	2,538,374	2,711,682	4,105,134
Total net worth change	139,199	85,176	406,439
Farm debt to asset ratio	37 %	40 %	35 %
Total debt to asset ratio	35 %	38 %	34 %
Change in total net worth %	6 %	3 %	11 %
Nonfarm Information			
Net nonfarm income	42,073	63,100	27,812
Farms reporting living expenses	41	7	7
Total family living expense	73,073	78,970	66,058
Total living, invest, cap. purch	140,853	190,555	65,259
Crop Acres			
Total crop acres	902	1,400	1,198
Total crop acres owned	208	220	302
Total crop acres cash rented	626	1,139	796
Total crop acres share rented	67	41	100
Machinery value per crop acre	528	395	571

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Liquidity			
Current ratio	2.61	2.30	2.69
Working capital	562,147	629,626	1,005,736
Working capital to gross inc	54.3 %	70.0 %	40.4 %
Solvency (market)			
Farm debt to asset ratio	37 %	40 %	35 %
Farm equity to asset ratio	63 %	60 %	65 %
Farm debt to equity ratio	0.58	0.66	0.54
Profitability (cost)			
Rate of return on farm assets	3.3 %	-7.4 %	10.5 %
Rate of return on farm equity	3.0 %	-12.7 %	13.4 %
Operating profit margin	9.6 %	-21.1 %	27.3 %
Net farm income	118,396	-146,665	504,054
EBITDA	207,104	-36,418	622,458
Repayment Capacity			
Capital debt repayment capacity	113,521	-103,182	439,568
Capital debt repayment margin	32,472	-182,965	309,163
Replacement margin	-3,008	-229,782	257,151
Term debt coverage ratio	1.40	-1.29	3.37
Replacement coverage ratio	0.97	-0.82	2.41
Efficiency			
Asset turnover rate (cost)	34.0 %	34.9 %	38.4 %
Operating expense ratio	80.0 %	104.0 %	75.0 %
Depreciation expense ratio	6.8 %	8.6 %	4.5 %
Interest expense ratio	2.6 %	3.7 %	2.0 %
Net farm income ratio	11.4 %	-16.3 %	20.2 %

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Cash Farm Income			
Barley	172	-	-
Corn	289,790	569,960	294,029
Corn Silage	2,749	-	2,894
Hay, Alfalfa	54,074	721	301
Hay, Mixed	393	54	-
Oats	303	-	310
Peas, Processing	461	-	1,876
Soybeans	236,626	423,904	269,650
Soybeans Seed	856	-	4,239
Sugar Beets	986	-	-
Sweet Corn, Processing	786	-	-
Wheat, Spring	510	-	1,313
Wheat, Winter	420	-	-
Miscellaneous crop income	1,418	2	2,493
Beef Cow-Calf, Beef Calves	2,570	572	5,679
Beef Backgrounding	697	3,616	-
Beef Finishing	28,274	21,141	82,594
Dairy, Milk	90,063	-	430,324
Dairy, Dairy Calves	1,166	-	5,777
Dairy Heifers (for sale)	3,256	-	-
Dairy Finishing	10,513	-	39,416
Hogs, Farrow To Finish, Raised Hog	32,517	-	89,923
Hogs, Finish Feeder Pigs	3,615	-	-
Sheep, Market Lamb Prod, Mkt Lambs	2,229	-	6,744
Sheep, Market Lamb Prod, Wool	83	-	289
Hogs, Weaning to Finish	202,297	-	963,095
Dairy Backgrounding	213	-	-
Cull breeding livestock	3,217	505	9,421
Misc. livestock income	95	-	76
Crop government payments	4,660	4,950	12,928
CRP payments	967	1,992	802
Other government payments	6,531	3,739	19,151
Custom work income	25,827	16,344	34,833
Patronage dividends, cash	6,502	7,972	11,261
Crop insurance income	46,994	40,414	92,743
Property insurance income	599	218	2,394
Sale of resale items	760	-	-
Contract livestock income	10,114	-	5,097
Other farm income	12,785	15,720	18,184
Gross Cash Farm Income	1,086,085	1,111,824	2,407,839

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Cash Farm Expense			
Seed	82,040	123,112	115,546
Fertilizer	68,554	90,523	105,550
Crop chemicals	27,975	30,171	45,761
Crop insurance	13,628	17,674	20,170
Drying expense	7,267	11,109	9,141
Storage	333	90	271
Irrigation energy	160	-	-
Crop custom hire	3,068	3,740	3,042
Crop miscellaneous	2,808	2,788	2,660
Consultants	1,493	3,844	1,757
Feeder livestock purchase	75,902	1,114	318,796
Purchased feed	169,222	5,560	630,946
Breeding fees	1,489	-	6,071
Veterinary	7,335	269	32,660
Supplies	8,507	113	35,586
DHIA	33	-	164
Contract production exp.	15,898	-	74,486
Livestock insurance	721	-	3,532
Livestock leases	719	-	3,356
Bedding	1,653	-	8,188
Interest	26,239	34,959	45,326
CCC buyback	19,960	92,947	-
Fuel & oil	37,134	39,925	52,786
Repairs	42,719	41,666	69,424
Custom hire	8,720	526	23,652
Hired labor	26,720	16,008	66,092
Land rent	149,985	329,358	197,812
Machinery leases	8,052	18,706	16,448
Building leases	4,264	11,518	810
Real estate taxes	7,309	6,598	12,862
Farm insurance	11,033	10,959	18,574
Utilities	9,714	7,031	18,226
Hauling and trucking	2,762	494	11,201
Marketing	3,356	7,172	6,790
Dues & professional fees	3,194	3,613	5,030
Purchase of resale items	676	-	-
Miscellaneous	6,064	8,774	8,350
Total cash expense	856,705	920,358	1,971,065
Net cash farm income	229,380	191,466	436,774
Inventory Changes			
Prepays and supplies	3,700	-37,216	61,394
Accounts receivable	31,046	6,905	80,961
Hedging accounts	-11,753	-32,705	-27,625
Other current assets	457	-	-
Crops and feed	-96,026	-179,710	-87,323
Market livestock	25,413	-12,062	122,910
Breeding livestock	2,739	-349	19,550
Other assets	-1,938	5,803	-25,244
Accounts payable	-2,153	-13,508	-4,265
Accrued interest	-964	1,293	-3,932
Total inventory change	-49,479	-261,550	136,426
Net operating profit	179,901	-70,084	573,200
Depreciation			
Machinery and equipment	-50,122	-54,245	-77,334
Titled vehicles	-4,395	-8,145	-4,082
Buildings and improvements	-16,284	-15,067	-31,502
Total depreciation	-70,801	-77,457	-112,918
Net farm income from operations	109,099	-147,540	460,282
Gain or loss on capital sales	9,296	875	43,773
Net farm income	118,396	-146,665	504,054

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Profitability (assets valued at cost)			
Net farm income from operations	109,099	-147,540	460,282
Rate of return on assets	3.3 %	-7.4 %	10.5 %
Rate of return on equity	3.0 %	-12.7 %	13.4 %
Operating profit margin	9.6 %	-21.1 %	27.3 %
Asset turnover rate	34.0 %	34.9 %	38.4 %
Farm interest expense	27,203	33,666	49,258
Value of operator lbr and mgmt.	60,594	74,240	89,463
Return on farm assets	75,709	-188,114	420,077
Average farm assets	2,326,980	2,558,241	4,017,531
Return on farm equity	48,506	-221,780	370,819
Average farm equity	1,602,334	1,740,406	2,770,615
Value of farm production	790,270	893,031	1,541,326
	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Profitability (assets valued at market)			
Net farm income from operations	186,081	122,373	480,829
Rate of return on assets	4.5 %	2.1 %	8.1 %
Rate of return on equity	5.8 %	2.0 %	11.1 %
Operating profit margin	19.3 %	9.2 %	28.6 %
Asset turnover rate	23.3 %	23.1 %	28.2 %
Farm interest expense	27,203	33,666	49,258
Value of operator lbr and mgmt.	60,594	74,240	89,463
Return on farm assets	152,690	81,800	440,624
Average farm assets	3,392,077	3,872,783	5,467,574
Return on farm equity	125,487	48,134	391,366
Average farm equity	2,159,105	2,407,421	3,512,803
Value of farm production	790,270	893,031	1,541,326

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Liquidity			
Current ratio	2.61	2.30	2.69
Working capital	562,147	629,626	1,005,736
Working capital to gross inc	54.3 %	70.0 %	40.4 %
Current assets	910,597	1,113,899	1,601,845
Current liabilities	348,450	484,273	596,109
Gross revenues (accrual)	1,036,070	899,705	2,491,067
Repayment capacity			
Net farm income from operations	109,099	-147,540	460,282
Depreciation	70,801	77,457	112,918
Personal income	42,073	63,100	27,812
Family living/owner withdrawals	-88,421	-84,671	-130,017
Cash discrepancy	103	357	308
Payments on personal debt	-2,303	-2,195	-1,418
Income taxes paid	-37,977	-34,824	-62,773
Interest on term debt	20,145	25,135	32,455
Capital debt repayment capacity	113,521	-103,182	439,568
Scheduled term debt payments	-81,049	-79,783	-130,405
Capital debt repayment margin	32,472	-182,965	309,163
Cash replacement allowance	-35,479	-46,817	-52,012
Replacement margin	-3,008	-229,782	257,151
Term debt coverage ratio	1.40	-1.29	3.37
Replacement coverage ratio	0.97	-0.82	2.41

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	109		21		22	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Assets						
Current Farm Assets						
Cash and checking balance	51,009	70,268	94,248	133,181	9,087	52,439
Prepaid expenses & supplies	126,238	129,939	162,928	125,712	167,402	228,796
Growing crops	48	0	0	0	0	0
Accounts receivable	45,178	76,224	41,050	47,955	76,547	157,508
Hedging accounts	9,013	6,007	13,929	9,156	18,995	12,857
Crops held for sale or feed	527,372	440,833	712,194	545,182	689,387	615,109
Crops under government loan	58,026	53,302	229,587	243,231	23,409	10,364
Market livestock held for sale	104,436	129,849	21,544	9,482	401,863	524,772
Other current assets	3,670	4,174	0	0	0	0
Total current farm assets	924,991	910,597	1,275,480	1,113,899	1,386,690	1,601,845
Intermediate Farm Assets						
Breeding livestock	29,789	30,880	4,045	4,669	122,865	129,003
Machinery and equipment	454,875	470,939	532,193	512,157	662,895	718,212
Titled vehicles	20,767	20,022	32,570	30,640	16,316	17,776
Other intermediate assets	69,930	65,682	22,225	23,152	241,714	220,110
Total intermediate farm assets	575,361	587,523	591,033	570,618	1,043,789	1,085,101
Long Term Farm Assets						
Farmland	485,286	524,394	576,864	604,150	740,754	838,321
Buildings and improvements	291,998	307,758	261,608	256,545	570,648	591,109
Other long-term assets	42,563	44,735	36,500	42,233	85,711	91,093
Total long-term farm assets	819,846	876,886	874,973	902,928	1,397,113	1,520,523
Total Farm Assets	2,320,198	2,375,005	2,741,485	2,587,445	3,827,592	4,207,469
Total Nonfarm Assets	303,597	325,668	239,434	256,456	339,528	390,712
Total Assets	2,623,795	2,700,673	2,980,919	2,843,901	4,167,120	4,598,180
Liabilities						
Current Farm Liabilities						
Accrued interest	6,734	7,701	9,163	7,888	9,020	12,953
Accounts payable	20,371	22,437	16,941	30,449	55,337	59,415
Current notes	208,099	225,902	218,752	261,974	398,240	413,236
Government crop loans	23,249	27,021	92,947	124,122	8,442	4,964
Principal due on term debt	60,904	65,389	54,648	59,840	97,950	105,541
Total current farm liabilities	319,358	348,450	392,452	484,273	568,990	596,109
Total intermediate farm liabs	110,600	97,740	133,769	117,862	135,382	120,820
Total long term farm liabilities	300,857	313,532	360,192	359,569	531,949	540,581
Total farm liabilities	730,814	759,722	886,414	961,704	1,236,320	1,257,510
Total nonfarm liabilities	71,287	67,686	62,065	52,272	46,413	77,316
Total liabilities	802,101	827,407	948,479	1,013,976	1,282,733	1,334,826
Net worth (farm and nonfarm)	1,821,694	1,873,266	2,032,440	1,829,925	2,884,387	3,263,354
Net worth change		51,571		-202,515		378,968
Percent net worth change		3 %		-10 %		13 %
Ratio Analysis						
Current farm liabilities / assets	35 %	38 %	31 %	43 %	41 %	37 %
Intermediate farm liab. / assets	19 %	17 %	23 %	21 %	13 %	11 %
Long term farm liab. / assets	37 %	36 %	41 %	40 %	38 %	36 %
Total debt to asset ratio	31 %	31 %	32 %	36 %	31 %	29 %

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

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	109		21		22	
	<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	51,009	70,268	94,248	133,181	9,087	52,439
Prepaid expenses & supplies	126,238	129,939	162,928	125,712	167,402	228,796
Growing crops	48	0	0	0	0	0
Accounts receivable	45,178	76,224	41,050	47,955	76,547	157,508
Hedging accounts	9,013	6,007	13,929	9,156	18,995	12,857
Crops held for sale or feed	527,372	440,833	712,194	545,182	689,387	615,109
Crops under government loan	58,026	53,302	229,587	243,231	23,409	10,364
Market livestock held for sale	104,436	129,849	21,544	9,482	401,863	524,772
Other current assets	3,670	4,174	0	0	0	0
Total current farm assets	924,991	910,597	1,275,480	1,113,899	1,386,690	1,601,845
Intermediate Farm Assets						
Breeding livestock	41,955	42,761	4,531	8,405	173,988	167,072
Machinery and equipment	660,865	682,789	800,470	795,797	924,658	972,146
Titled vehicles	30,003	29,280	48,847	47,004	27,698	28,363
Other intermediate assets	73,449	73,259	33,967	49,183	243,737	223,179
Total intermediate farm assets	806,272	828,089	887,815	900,389	1,370,080	1,390,760
Long Term Farm Assets						
Farm land	1,168,790	1,278,726	1,423,340	1,674,623	1,586,346	1,774,658
Buildings and improvements	395,978	418,468	287,389	291,700	807,131	837,238
Other long-term assets	45,959	47,529	48,332	55,046	87,444	92,955
Total long-term farm assets	1,610,727	1,744,722	1,759,061	2,021,369	2,480,921	2,704,852
Total Farm Assets	3,341,990	3,483,408	3,922,356	4,035,657	5,237,691	5,697,457
Total Nonfarm Assets	376,726	412,622	315,474	356,970	444,095	504,198
Total Assets	3,718,716	3,896,029	4,237,830	4,392,627	5,681,786	6,201,655
Liabilities						
Current Farm Liabilities						
Accrued interest	6,734	7,701	9,163	7,888	9,020	12,953
Accounts payable	20,371	22,437	16,941	30,449	55,337	59,415
Current notes	208,099	225,902	218,752	261,974	398,240	413,236
Government crop loans	23,249	27,021	92,947	124,122	8,442	4,964
Principal due on term debt	60,904	65,389	54,648	59,840	97,950	105,541
Total current farm liabilities	319,358	348,450	392,452	484,273	568,990	596,109
Total intermediate farm liabs	110,600	97,740	133,769	117,862	135,382	120,820
Total long term farm liabilities	300,857	313,532	360,192	359,569	531,949	540,581
Total farm liabilities	730,814	759,722	886,414	961,704	1,236,320	1,257,510
Total nonfarm liabilities	71,287	67,686	62,065	52,272	46,413	77,316
Total liabs excluding deferreds	802,101	827,407	948,479	1,013,976	1,282,733	1,334,826
Total deferred liabilities	517,440	530,248	662,845	666,969	700,358	761,695
Total liabilities	1,319,541	1,357,656	1,611,324	1,680,945	1,983,091	2,096,521
Retained earnings	1,821,694	1,873,266	2,032,440	1,829,925	2,884,387	3,263,354
Market valuation equity	577,481	665,108	594,066	881,757	814,308	841,779
Net worth (farm and nonfarm)	2,399,175	2,538,374	2,626,506	2,711,682	3,698,695	4,105,134
Net worth excluding deferreds	2,916,615	3,068,622	3,289,352	3,378,651	4,399,052	4,866,829
Net worth change		139,199		85,176		406,439
Percent net worth change		6 %		3 %		11 %
Ratio Analysis						
Current farm liabilities / assets	35 %	38 %	31 %	43 %	41 %	37 %
Intermediate farm liab. / assets	14 %	12 %	15 %	13 %	10 %	9 %
Long term farm liab. / assets	19 %	18 %	20 %	18 %	21 %	20 %
Total debt to asset ratio	35 %	35 %	38 %	38 %	35 %	34 %
Debt to assets excl deferreds	22 %	21 %	22 %	23 %	23 %	22 %

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Beginning cash (farm & nonfarm)	61,885	98,448	10,658
Cash Provided By Operating Activities			
Gross cash farm income	1,086,085	1,111,824	2,407,839
Total cash farm expense	-856,705	-920,358	-1,971,065
Net cash from hedging transactions	-8,747	-27,931	-21,487
Cash provided by operating	220,633	163,535	415,287
Cash Provided By Investing Activities			
Sale of breeding livestock	3,551	124	17,475
Sale of machinery & equipment	8,200	12,606	8,792
Sale of titled vehicles	598	-	274
Sale of farm land	10,588	-	52,395
Sale of farm buildings	2	-	9
Sale of other farm assets	3,209	312	380
Sale of nonfarm assets	11,220	5,200	13,980
Purchase of breeding livestock	-1,782	-1,098	-3,462
Purchase of machinery & equip.	-72,947	-45,940	-137,955
Purchase of titled vehicles	-4,102	-6,214	-5,542
Purchase of farm land	-41,732	-27,286	-110,553
Purchase of farm buildings	-32,045	-10,004	-51,972
Purchase of other farm assets	-3,436	-1,168	-9,403
Purchase of nonfarm assets	-29,057	-29,067	-35,349
Cash provided by investing	-147,732	-102,535	-260,931
Cash Provided By Financing Activities			
Money borrowed	482,120	714,991	775,389
Principal payments	-465,334	-683,500	-756,131
Personal income	42,073	63,100	27,812
Family living/owner withdrawals	-88,385	-84,576	-130,017
Income and social security tax	-33,220	-32,049	-38,677
Capital contributions	5,382	-	26,666
Capital distributions	-3,398	-	-16,837
Dividends paid	-37	-95	-
Cash gifts and inheritances	8,927	667	4,693
Gifts given	-2,817	-	-4,227
Other cash flows	-	-	-
Cash provided by financing	-54,688	-21,462	-111,329
Net change in cash balance	18,213	39,537	43,028
Ending cash (farm & nonfarm)	80,201	138,342	53,994
Discrepancy	-103	-357	-308

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Acreage Summary			
Total acres owned	208	257	287
Total crop acres	902	1,400	1,198
Crop acres owned	208	220	302
Crop acres cash rented	626	1,139	796
Crop acres share rented	67	41	100
Total pasture acres	8	14	14
Percent crop acres owned	23 %	16 %	25 %
Mach invest/crop acre cost	528	395	571
Mach invest/crop acre market	767	604	789
Average Price Received (Cash Sales Only)			
Soybeans per bushel	12.73	12.78	12.87
Corn per bushel	4.35	4.22	4.40
Hay, Grass per ton	92.11	-	-
Hay, Alfalfa per ton	104.52	-	-
Corn Silage per ton	38.69	-	-
Average Yield Per Acre			
Corn (bushel)	166.57	167.32	168.13
Soybeans (bushel)	48.26	48.80	48.24
Hay, Alfalfa (ton)	4.16	-	5.15
Corn Silage (ton)	21.46	-	23.18
Hay, Grass (ton)	2.02	-	-
Oats (bushel)	68.80	-	-

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	41	7	7
Average family size	2.8	2.1	2.6
Family Living Expenses			
Food and meals expense	8,485	6,879	9,698
Medical care	5,224	3,382	8,265
Health insurance	5,907	3,787	3,798
Cash donations	5,633	2,324	3,864
Household supplies	8,026	6,948	6,282
Clothing	2,649	2,002	3,048
Personal care	1,379	1,128	1,494
Child / Dependent care	581	1,322	-
Alimony and child support	-	-	-
Gifts	4,269	6,818	5,165
Education	1,620	61	849
Recreation	5,125	10,175	4,697
Utilities (household share)	3,742	4,504	3,624
Personal vehicle operating exp	5,318	4,737	3,615
Household real estate taxes	554	306	503
Dwelling rent	-	-	-
Household repairs	2,329	3,829	1,883
Personal interest	1,406	1,865	1,533
Disability / Long term care ins	528	756	156
Life insurance payments	2,928	2,609	3,168
Personal property insurance	484	639	36
Miscellaneous	6,647	14,899	3,931
Total cash family living expense	72,833	78,970	65,608
Family living from the farm	239	-	450
Total family living	73,073	78,970	66,058
Other Nonfarm Expenditures			
Income taxes	41,492	49,942	33,365
Furnishing & appliance purchases	243	324	-
Nonfarm vehicle purchases	2,860	1,938	6,621
Nonfarm real estate purchases	9,142	714	-
Other nonfarm capital purchases	1,681	9,425	-
Nonfarm savings & investments	12,602	49,242	-40,335
Total other nonfarm expenditures	68,020	111,585	-350
Total cash family living investment & nonfarm capital purch	140,853	190,555	65,259

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Operator Information			
Average number of operators	1.2	1.2	1.3
Average age of operators	50.4	44.3	55.1
Average number of years farming	25.9	20.8	31.0
Results Per Operator			
Working capital	467,741	528,886	762,972
Total assets (market)	3,241,734	3,689,807	4,704,704
Total liabilities	1,129,652	1,411,994	1,590,465
Net worth (market)	2,112,082	2,277,813	3,114,239
Net worth excl deferred liabs	2,553,281	2,838,067	3,692,077
Gross farm income	862,073	755,752	1,889,775
Total farm expense	771,296	879,686	1,540,596
Net farm income from operations	90,777	-123,934	349,179
Net nonfarm income	35,007	53,004	21,099
Family living & tax withdrawals	105,086	100,076	146,020
Total acres owned	173.0	216.0	217.5
Total crop acres	750.2	1,176.3	908.5
Crop acres owned	173.3	184.8	229.3
Crop acres cash rented	521.2	956.7	603.7
Crop acres share rented	55.7	34.8	75.5
Total pasture acres	6.6	11.8	10.6
Labor Analysis			
Number of farms	109	21	22
Total unpaid labor hours	2,157	2,149	2,812
Total hired labor hours	1,641	1,141	3,931
Total labor hours per farm	3,798	3,290	6,742
Unpaid hours per operator	1,795	1,806	2,133
Value of farm production / hour	208.05	271.40	228.60
Net farm income / unpaid hour	50.57	-68.64	163.71
Average hourly hired labor wage	20.59	28.25	21.12
Partnerships & LLCs			
Number of farms	13	2	4
Number of operators	2.3	-	-
Owner withdrawals per farm	98,373	-	-
Withdrawals per operator	40,989	-	-
Corporations			
Number of farms	9	2	2
Number of operators	1.2	-	-

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	109	21	22
Nonfarm Income			
Personal wages & salary	17,646	13,919	9,928
Net nonfarm business income	3,692	11,956	2,406
Personal rental income	6,596	23,921	1,989
Personal interest income	789	470	354
Personal cash dividends	518	39	-
Tax refunds	1,508	2,910	314
Other nonfarm income	11,324	9,884	12,821
Total nonfarm income	42,073	63,100	27,812
Gifts and inheritances	8,927	667	4,693
Nonfarm Assets (market)			
Checking & savings	9,933	5,160	1,556
Stocks & bonds	57,721	78,442	143,080
Other current assets	3,814	154	1,450
Furniture & appliances	11,158	5,005	9,344
Nonfarm vehicles	20,968	22,401	14,878
Cash value of life ins.	14,981	23,303	5,595
Retirement accounts	97,293	81,610	117,576
Other intermediate assets	21,141	2,940	9,854
Nonfarm real estate	106,658	76,880	83,775
Personal bus. investment	23,305	48	86,827
Other long term assets	45,650	61,027	30,265
Total nonfarm assets	412,622	356,970	504,198
Nonfarm Liabilities			
Accrued interest	169	137	205
Accounts payable	6,674	7,937	1,936
Current notes	292	824	662
Princ due on term debt	2,589	1,788	1,976
Total current liabilities	36,765	25,440	55,547
Intermediate liabilities	7,850	6,464	8,391
Long term liabilities	23,071	20,367	13,377
Total nonfarm liabilities	67,686	52,272	77,316
Nonfarm net worth	344,936	304,698	426,882
Nonfarm debt to asset ratio	16 %	15 %	15 %

Projected Profitability
Southwest Minnesota Farm Business Management Association

	2014 All Farms Actual	2014 Improved Margin Mgmt.	2014 SW Assn Crop Farms Actual	2015 SW Assn Crop Farms Projected	2014 Statewide Lvst Farms Actual	2015 Statewide Lvst Farms Projected
Liquidity						
Current ratio	2.6	2.7	2.8	2.6	1.9	1.8
Working capital to gross	54%	56%	75%	69%	19%	19%
Solvency¹						
Debt to asset	22%	22%	20%	21%	36%	38%
Debt to equity	0.28	0.27	0.24	0.26	0.57	0.62
Profitability						
Rate of return on assets ²	2%	5%	0%	-1%	9%	-2%
Operating profit margin	10%	20%	-2%	-3%	24%	-6%
Net farm income ³	\$109,875	\$207,093	\$31,478	\$15,145	\$245,563	\$-34,038
Repayment capacity						
Term debt coverage	1.4	2.6	0.4	0.2	2.8	0.1
Replacement coverage	1.0	1.8	0.3	0.2	2.4	0.1
Efficiency						
Asset turnover rate	23%	25%	19%	20%	39%	28%
Operating expense ratio	81%	73%	85%	86%	78%	94%
Net worth growth						
Net worth change	5%	9%	3%	3%	16%	-2%

	2014 All Farms Actual	2014 Improved Margin Mgmt.	2014 SW Assn Crop Farms Actual	2015 SW Assn Crop Farms Projected	2014 Statewide Lvst Farms Actual	2015 Statewide Lvst Farms Projected
Projected Changes						
Gross income	-	+5%	-	-5%	-	-19%
Operating expenses	-	-5%	-	-4%	-	-2%
Interest rates	-	-	-	+1%	-	+1
Current assets	-	+5%	-	-8%	-	-8%
Noncurrent assets	-	-	-	-5%	-	-5

¹ Assets at estimated market value excluding deferred liabilities.

² Assets at estimated market value, returns excluding change in market valuation.

³ Differs from previous tables because Owner Wages and Benefits are treated as expenses. In previous tables, owner wages and benefits are moved to Value of Operator Labor and Management to improve comparative analysis.

Crop Reports

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

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

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

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

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

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

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

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

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

Corn on Owned Land

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	62	12	13
Yield per acre (bu.)	163.87	161.94	149.74
Operators share of yield %	100.00	100.00	100.00
Value per bu.	3.83	3.73	3.98
Other product return per acre	0.67	2.70	-
Total product return per acre	628.55	606.88	595.62
Hedging gains/losses per acre	1.77	0.49	1.70
Crop insurance per acre	107.61	36.81	227.02
Other crop income per acre	7.86	4.36	1.10
Gross return per acre	745.79	648.53	825.45
Direct Expenses			
Seed	131.68	130.99	136.26
Fertilizer	145.83	162.37	126.88
Crop chemicals	33.47	31.92	35.05
Crop insurance	17.73	13.52	23.84
Drying expense	17.67	16.26	10.31
Storage	0.43	0.89	-
Packaging and supplies	0.25	-	1.52
Fuel & oil	29.14	36.38	23.23
Repairs	42.11	60.65	29.75
Custom hire	10.64	2.44	12.00
Hired labor	1.39	-	0.17
Machinery leases	0.44	2.16	-
Hauling and trucking	0.50	1.14	-
Marketing	0.60	0.05	2.17
Operating interest	7.09	6.07	7.18
Miscellaneous	2.01	3.08	2.78
Total direct expenses per acre	440.99	467.93	411.12
Return over direct exp per acre	304.80	180.60	414.33
Overhead Expenses			
Hired labor	11.15	13.66	5.33
Machinery leases	2.27	1.78	0.02
Building leases	4.10	19.70	0.79
RE & pers. property taxes	28.16	24.77	27.43
Farm insurance	10.20	8.71	5.97
Utilities	6.18	6.45	3.67
Dues & professional fees	3.58	2.33	3.24
Interest	44.44	63.00	28.71
Mach & bldg depreciation	75.77	98.52	58.87
Miscellaneous	4.55	4.91	6.60
Total overhead expenses per acre	190.40	243.83	140.62
Total dir & ovhd expenses per acre	631.39	711.76	551.74
Net return per acre	114.40	-63.23	273.71
Government payments	5.07	2.45	-
Net return with govt pmts	119.47	-60.78	273.71
Labor & management charge	54.68	51.76	49.88
Net return over lbr & mgt	64.78	-112.55	223.83
Cost of Production			
Total direct expense per bu.	2.69	2.89	2.75
Total dir & ovhd exp per bu.	3.85	4.40	3.68
Less govt & other income	3.10	4.11	2.15
With labor & management	3.44	4.43	2.48
Net value per unit	3.84	3.73	3.99
Machinery cost per acre	152.39	188.35	119.44
Est. labor hours per acre	3.12	2.59	2.26

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

Corn on Cash Rent

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	90	18	18
Yield per acre (bu.)	167.52	163.43	154.60
Operators share of yield %	100.00	100.00	100.00
Value per bu.	3.78	3.64	3.98
Other product return per acre	0.25	0.01	0.21
Total product return per acre	632.70	595.23	616.25
Hedging gains/losses per acre	-6.41	-23.70	4.56
Crop insurance per acre	107.06	38.08	231.47
Other crop income per acre	5.52	3.19	9.12
Gross return per acre	738.87	612.80	861.40
Direct Expenses			
Seed	128.85	125.61	121.42
Fertilizer	139.48	117.17	125.88
Crop chemicals	32.67	28.83	36.92
Crop insurance	17.81	13.14	24.47
Drying expense	15.12	12.11	10.70
Packaging and supplies	0.10	-	0.63
Fuel & oil	29.18	32.18	23.65
Repairs	34.72	36.31	32.15
Custom hire	8.97	16.33	6.39
Hired labor	0.75	0.03	1.88
Land rent	238.94	288.21	211.32
Machinery leases	1.24	1.23	1.14
Utilities	0.38	0.42	0.64
Hauling and trucking	1.43	0.50	0.55
Marketing	2.02	4.90	0.35
Operating interest	7.89	11.78	4.64
Miscellaneous	2.89	4.75	2.25
Total direct expenses per acre	662.46	693.51	604.98
Return over direct exp per acre	76.41	-80.71	256.42
Overhead Expenses			
Hired labor	10.94	11.39	3.80
Machinery leases	6.65	15.71	2.82
Building leases	3.84	8.99	1.29
Farm insurance	9.14	8.09	6.70
Utilities	4.70	4.11	4.38
Dues & professional fees	3.26	1.92	2.48
Interest	4.20	4.55	3.04
Mach & bldg depreciation	58.44	47.04	56.48
Miscellaneous	5.11	4.28	5.12
Total overhead expenses per acre	106.28	106.07	86.11
Total dir & ovhd expenses per acre	768.74	799.58	691.09
Net return per acre	-29.87	-186.78	170.31
Government payments	2.51	1.46	-
Net return with govt pmts	-27.36	-185.32	170.31
Labor & management charge	52.99	42.24	56.37
Net return over lbr & mgt	-80.35	-227.55	113.94
Cost of Production			
Total direct expense per bu.	3.95	4.24	3.91
Total dir & ovhd exp per bu.	4.59	4.89	4.47
Less govt & other income	3.94	4.78	2.88
With labor & management	4.25	5.03	3.25
Net value per unit	3.74	3.50	4.01
Machinery cost per acre	134.59	144.16	119.86
Est. labor hours per acre	2.38	1.88	2.17

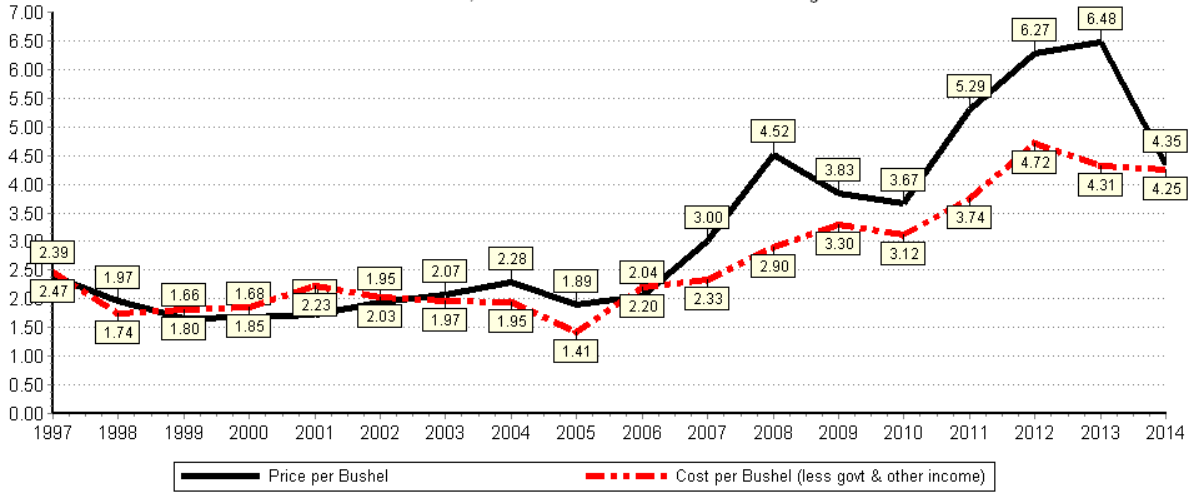
Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Return to Overhead)

Corn on Share Rent

	<u>Avg. Of All Farms</u>
Number of farms	15
Yield per acre (bu.)	170.64
Operators share of yield %	49.59
Value per bu.	3.73
Total product return per acre	315.87
Crop insurance per acre	39.24
Other crop income per acre	0.41
Gross return per acre	355.51
Direct Expenses	
Seed	72.79
Fertilizer	69.17
Crop chemicals	17.64
Crop insurance	8.75
Drying expense	7.52
Fuel & oil	28.70
Repairs	32.96
Custom hire	4.43
Utilities	0.81
Hauling and trucking	2.36
Operating interest	2.72
Miscellaneous	0.73
Total direct expenses per acre	248.59
Return over direct exp per acre	106.92
Overhead Expenses	
Hired labor	4.04
Machinery leases	0.31
Building leases	1.89
Farm insurance	4.97
Utilities	4.15
Dues & professional fees	1.35
Interest	4.02
Mach & bldg depreciation	60.32
Miscellaneous	3.23
Total overhead expenses per acre	84.27
Total dir & ovhd expenses per acre	332.86
Net return per acre	22.65
Government payments	-
Net return with govt pmts	22.65
Labor & management charge	47.42
Net return over lbr & mgt	-24.77
Cost of Production	
Total direct expense per bu.	2.94
Total dir & ovhd exp per bu.	3.93
Less govt & other income	3.47
With labor & management	4.03
Net value per unit	3.73
Machinery cost per acre	124.03
Est. labor hours per acre	2.26

Figure 9: Corn Price and Cost of Production

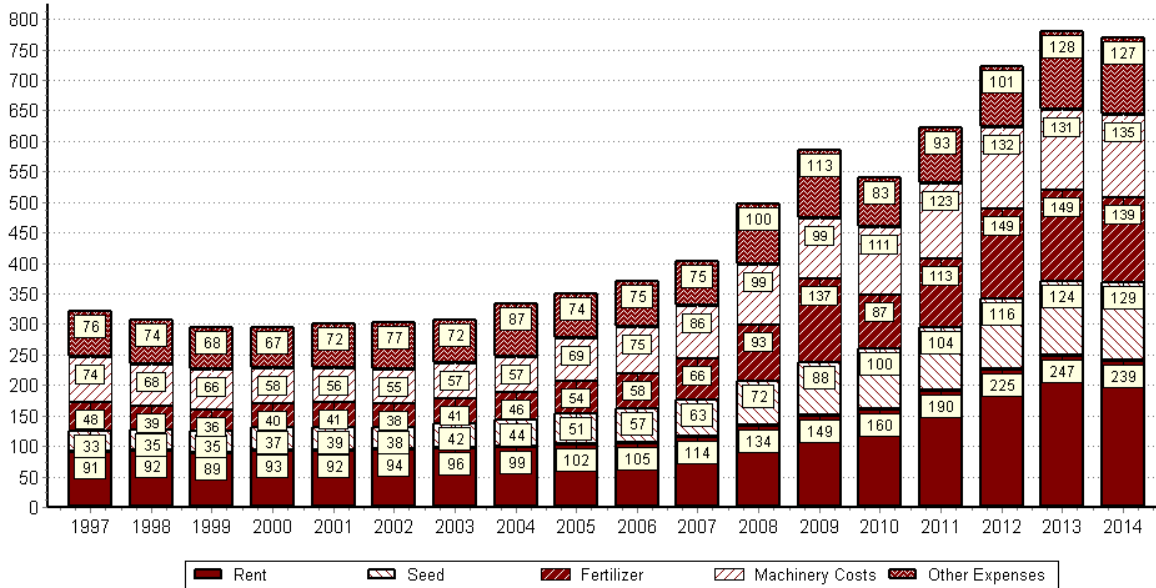
Costs Based on Cash Rented Land, Southwest Minnesota Farm Business Management Association



Price does not include LDP payments and other government support

Figure 10: Corn Cost Per Acre

Cash Rented, Southwest Minnesota Farm Business Management Association



Machinery costs include fuel, repairs, custom hire, lease expense, interest, and depreciation.

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

Soybeans on Owned Land

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	61	12	13
Yield per acre (bu.)	47.76	43.35	52.62
Operators share of yield %	100.00	100.00	100.00
Value per bu.	10.10	10.19	10.23
Total product return per acre	482.51	441.89	538.45
Hedging gains/losses per acre	0.52	-	2.70
Crop insurance per acre	36.20	23.35	68.08
Other crop income per acre	7.95	6.93	11.31
Gross return per acre	527.18	472.17	620.54
Direct Expenses			
Seed	63.64	67.49	65.09
Fertilizer	41.81	65.02	27.47
Crop chemicals	40.53	40.11	41.69
Crop insurance	15.20	10.75	20.89
Fuel & oil	23.29	24.19	20.05
Repairs	30.86	36.19	29.70
Custom hire	8.03	3.36	4.66
Hired labor	1.25	1.25	-
Machinery leases	0.63	1.76	-
Hauling and trucking	0.32	1.10	-
Operating interest	5.17	3.50	14.01
Miscellaneous	2.60	4.51	0.83
Total direct expenses per acre	233.34	259.22	224.39
Return over direct exp per acre	293.84	212.95	396.15
Overhead Expenses			
Hired labor	8.95	8.99	8.39
Machinery leases	2.03	4.21	0.29
Building leases	1.85	7.48	-
RE & pers. property taxes	28.92	29.49	22.87
Farm insurance	8.75	6.70	9.35
Utilities	5.01	5.56	5.03
Dues & professional fees	3.43	2.14	2.96
Interest	47.10	93.72	22.93
Mach & bldg depreciation	61.87	72.35	55.50
Miscellaneous	2.87	2.94	1.98
Total overhead expenses per acre	170.76	233.58	129.30
Total dir & ovhd expenses per acre	404.11	492.80	353.69
Net return per acre	123.08	-20.63	266.84
Government payments	5.85	-	5.17
Net return with govt pmts	128.93	-20.63	272.02
Labor & management charge	44.90	44.37	45.84
Net return over lbr & mgt	84.02	-65.01	226.18
Cost of Production			
Total direct expense per bu.	4.89	5.98	4.26
Total dir & ovhd exp per bu.	8.46	11.37	6.72
Less govt & other income	7.40	10.67	5.06
With labor & management	8.34	11.69	5.93
Net value per unit	10.11	10.19	10.28
Machinery cost per acre	119.53	126.99	107.40
Est. labor hours per acre	2.46	2.03	2.56

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

Soybeans on Cash Rent

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	91	18	19
Yield per acre (bu.)	48.34	47.56	51.78
Operators share of yield %	100.00	100.00	100.00
Value per bu.	9.97	9.76	10.40
Total product return per acre	481.99	464.00	538.50
Hedging gains/losses per acre	-7.96	-25.75	-
Crop insurance per acre	33.36	11.56	69.30
Other crop income per acre	5.46	0.85	11.15
Gross return per acre	512.85	450.66	618.95
Direct Expenses			
Seed	58.76	55.01	61.50
Fertilizer	38.01	38.45	41.98
Crop chemicals	37.47	34.26	41.84
Crop insurance	15.36	11.22	22.67
Fuel & oil	22.36	23.69	22.78
Repairs	25.82	22.67	33.57
Custom hire	6.07	7.31	9.96
Hired labor	1.00	0.03	-
Land rent	244.30	296.59	171.77
Machinery leases	0.80	1.07	-
Marketing	2.04	4.89	0.61
Operating interest	6.38	8.78	3.34
Miscellaneous	3.92	4.00	2.66
Total direct expenses per acre	462.27	507.94	412.66
Return over direct exp per acre	50.58	-57.28	206.29
Overhead Expenses			
Hired labor	8.13	9.33	5.53
Machinery leases	5.63	12.81	0.07
Building leases	3.29	6.85	1.10
Farm insurance	6.97	5.30	8.27
Utilities	3.61	3.45	4.88
Dues & professional fees	2.49	2.30	4.28
Interest	3.26	2.35	2.74
Mach & bldg depreciation	46.77	34.40	51.97
Miscellaneous	3.44	2.04	3.22
Total overhead expenses per acre	83.58	78.82	82.06
Total dir & ovhd expenses per acre	545.85	586.76	494.73
Net return per acre	-33.00	-136.10	124.23
Government payments	1.93	-	1.41
Net return with govt pmts	-31.07	-136.10	125.64
Labor & management charge	42.34	36.29	50.11
Net return over lbr & mgt	-73.41	-172.39	75.53
Cost of Production			
Total direct expense per bu.	9.56	10.68	7.97
Total dir & ovhd exp per bu.	11.29	12.34	9.55
Less govt & other income	10.61	12.62	7.97
With labor & management	11.49	13.38	8.94
Net value per unit	9.81	9.21	10.40
Machinery cost per acre	103.79	98.07	112.37
Est. labor hours per acre	1.86	1.58	1.95

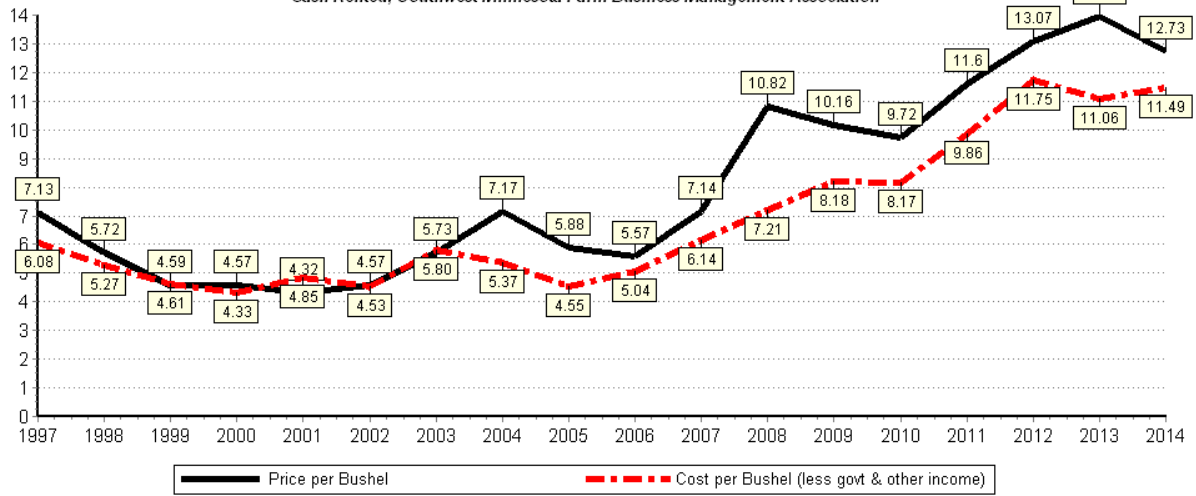
Crop Enterprise Analysis
Southwest Minnesota Farm Business Management Association
(Farms Sorted By Return to Overhead)

Soybeans on Share Rent

	<u>Avg. Of All Farms</u>
Number of farms	19
Yield per acre (bu.)	48.17
Operators share of yield %	49.87
Value per bu.	9.93
Other product return per acre	1.32
Total product return per acre	239.96
Crop insurance per acre	23.34
Other crop income per acre	4.05
Gross return per acre	267.35
Direct Expenses	
Seed	36.31
Fertilizer	20.54
Crop chemicals	20.04
Crop insurance	9.57
Fuel & oil	22.61
Repairs	28.32
Custom hire	4.69
Operating interest	2.98
Miscellaneous	3.21
Total direct expenses per acre	148.27
Return over direct exp per acre	119.08
Overhead Expenses	
Hired labor	3.73
Machinery leases	0.33
Building leases	1.24
Farm insurance	5.27
Utilities	2.85
Dues & professional fees	1.10
Interest	3.58
Mach & bldg depreciation	51.63
Miscellaneous	2.49
Total overhead expenses per acre	72.21
Total dir & ovhd expenses per acre	220.48
Net return per acre	46.87
Government payments	1.82
Net return with govt pmts	48.69
Labor & management charge	38.06
Net return over lbr & mgt	10.63
Cost of Production	
Total direct expense per bu.	6.17
Total dir & ovhd exp per bu.	9.18
Less govt & other income	7.91
With labor & management	9.49
Net value per unit	9.93
Machinery cost per acre	106.32
Est. labor hours per acre	1.76

Figure 11: Soybean Price and Cost of Production

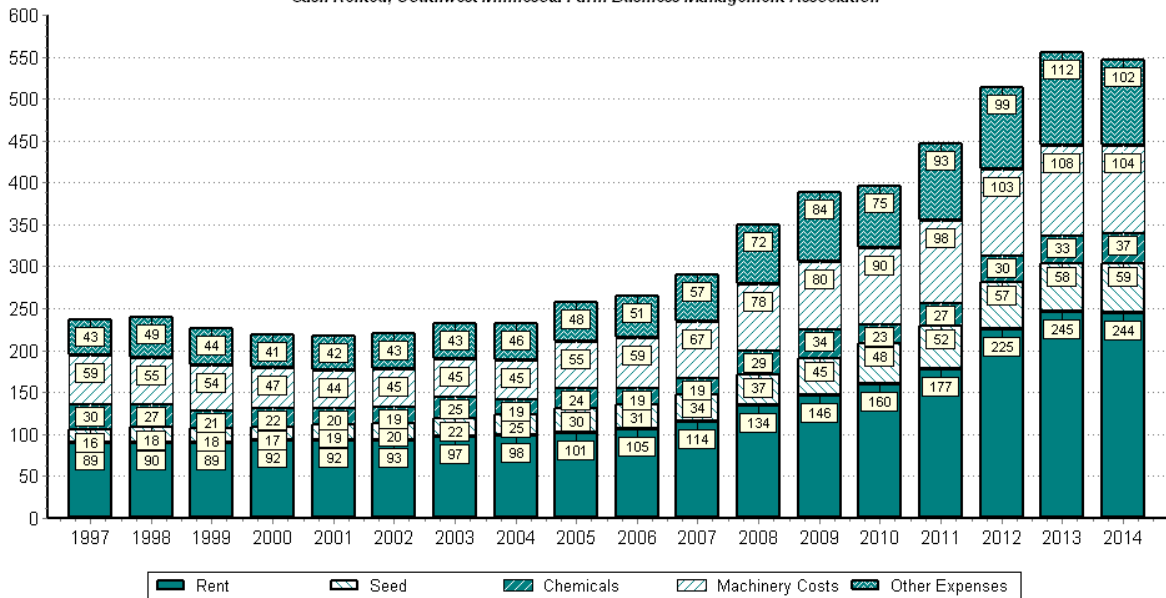
Cash Rented, Southwest Minnesota Farm Business Management Association



Does not include LDP payments and other government support

Figure 12: Soybean Cost Per Acre

Cash Rented, Southwest Minnesota Farm Business Management Association



Machinery costs include fuel, repairs, custom hire, lease payments, interest and depreciation.

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

Corn Silage on Owned Land

	Avg. Of All Farms
Number of farms	9
Yield per acre (ton)	22.09
Operators share of yield %	100.00
Value per ton	37.13
Total product return per acre	820.26
Crop insurance per acre	159.51
Other crop income per acre	0.51
Gross return per acre	980.29
Direct Expenses	
Seed	117.74
Fertilizer	80.38
Crop chemicals	21.94
Crop insurance	10.09
Fuel & oil	31.42
Repairs	38.21
Custom hire	5.35
Operating interest	2.36
Miscellaneous	0.18
Total direct expenses per acre	307.66
Return over direct exp per acre	672.63
Overhead Expenses	
Hired labor	5.63
Machinery leases	9.86
RE & pers. property taxes	35.51
Farm insurance	2.75
Utilities	3.47
Dues & professional fees	1.73
Interest	50.05
Mach & bldg depreciation	90.80
Miscellaneous	2.77
Total overhead expenses per acre	202.57
Total dir & ovhd expenses per acre	510.23
Net return per acre	470.06
Government payments	-
Net return with govt pmts	470.06
Labor & management charge	45.34
Net return over lbr & mgt	424.71
Cost of Production	
Total direct expense per ton	13.93
Total dir & ovhd exp per ton	23.10
Less govt & other income	15.85
With labor & management	17.91
Net value per unit	37.13
Machinery cost per acre	173.51
Est. labor hours per acre	1.99

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

Corn Silage on Cash Rent

	Avg. Of All Farms
Number of farms	8
Yield per acre (ton)	19.41
Operators share of yield %	100.00
Value per ton	35.02
Total product return per acre	679.68
Hedging gains/losses per acre	2.08
Crop insurance per acre	114.13
Gross return per acre	795.89
Direct Expenses	
Seed	113.67
Fertilizer	116.24
Crop chemicals	38.55
Crop insurance	12.12
Fuel & oil	25.21
Repairs	31.65
Custom hire	6.81
Hired labor	6.50
Land rent	195.26
Marketing	2.11
Operating interest	7.42
Miscellaneous	1.53
Total direct expenses per acre	557.07
Return over direct exp per acre	238.83
Overhead Expenses	
Hired labor	5.87
Machinery leases	8.05
Building leases	8.16
Farm insurance	5.75
Utilities	4.59
Dues & professional fees	1.22
Interest	4.12
Mach & bldg depreciation	72.82
Miscellaneous	3.10
Total overhead expenses per acre	113.67
Total dir & ovhd expenses per acre	670.74
Net return per acre	125.15
Government payments	-
Net return with govt pmts	125.15
Labor & management charge	56.49
Net return over lbr & mgt	68.66
Cost of Production	
Total direct expense per ton	28.70
Total dir & ovhd exp per ton	34.55
Less govt & other income	28.57
With labor & management	31.48
Net value per unit	35.12
Machinery cost per acre	132.62
Est. labor hours per acre	2.32

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

Hay, Alfalfa on Owned Land

	<u>Avg. Of All Farms</u>
Number of farms	8
Yield per acre (ton)	4.78
Operators share of yield %	100.00
Value per ton	140.77
Total product return per acre	672.71
Crop insurance per acre	4.87
Other crop income per acre	2.30
Gross return per acre	679.88
Direct Expenses	
Fertilizer	54.68
Crop chemicals	5.39
Crop insurance	3.17
Fuel & oil	35.68
Repairs	38.05
Custom hire	15.32
Machinery leases	0.61
Operating interest	1.17
Miscellaneous	1.62
Total direct expenses per acre	155.70
Return over direct exp per acre	524.17
Overhead Expenses	
Hired labor	11.68
Building leases	0.01
RE & pers. property taxes	35.16
Farm insurance	7.53
Utilities	5.63
Dues & professional fees	3.19
Interest	27.82
Mach & bldg depreciation	99.63
Miscellaneous	3.09
Total overhead expenses per acre	193.75
Total dir & ovhd expenses per acre	349.45
Net return per acre	330.42
Government payments	-
Net return with govt pmts	330.42
Labor & management charge	49.61
Net return over lbr & mgt	280.81
Cost of Production	
Total direct expense per ton	32.58
Total dir & ovhd exp per ton	73.13
Less govt & other income	71.63
With labor & management	82.01
Net value per unit	140.77
Machinery cost per acre	183.47
Est. labor hours per acre	3.52

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

Hay, Alfalfa on Cash Rent

	<u>Avg. Of All Farms</u>
Number of farms	8
Yield per acre (ton)	4.23
Operators share of yield %	100.00
Value per ton	144.10
Total product return per acre	609.11
Crop insurance per acre	22.92
Gross return per acre	632.02
Direct Expenses	
Seed	0.82
Fertilizer	79.78
Crop chemicals	21.16
Crop insurance	2.78
Fuel & oil	31.27
Repairs	26.45
Custom hire	4.64
Land rent	121.74
Operating interest	3.26
Miscellaneous	4.63
Total direct expenses per acre	296.54
Return over direct exp per acre	335.48
Overhead Expenses	
Hired labor	9.45
Machinery leases	0.85
Farm insurance	3.99
Utilities	3.05
Dues & professional fees	0.55
Interest	3.66
Mach & bldg depreciation	45.13
Miscellaneous	1.59
Total overhead expenses per acre	68.27
Total dir & ovhd expenses per acre	364.81
Net return per acre	267.21
Government payments	-
Net return with govt pmts	267.21
Labor & management charge	30.75
Net return over lbr & mgt	236.46
Cost of Production	
Total direct expense per ton	70.16
Total dir & ovhd exp per ton	86.31
Less govt & other income	80.89
With labor & management	88.16
Net value per unit	144.10
Machinery cost per acre	107.98
Est. labor hours per acre	2.45

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

Pasture on Owned Land

	Avg. Of All Farms
Number of farms	5
Yield per acre (aum)	4.58
Operators share of yield %	100.00
Value per aum	12.16
Other product return per acre	2.05
Total product return per acre	57.70
Other crop income per acre	0.22
Gross return per acre	57.92
 Direct Expenses	
Fertilizer	0.71
Crop chemicals	0.14
Fuel & oil	3.84
Repairs	4.74
Operating interest	0.35
Total direct expenses per acre	9.79
Return over direct exp per acre	48.13
 Overhead Expenses	
Hired labor	2.08
Building leases	1.93
RE & pers. property taxes	15.56
Farm insurance	1.23
Utilities	1.04
Interest	24.98
Mach & bldg depreciation	8.05
Miscellaneous	0.77
Total overhead expenses per acre	55.62
Total dir & ovhd expenses per acre	65.42
Net return per acre	-7.50
 Government payments	
Net return with govt pmts	-
Labor & management charge	-7.50
Net return over lbr & mgt	5.61
	-13.10
 Cost of Production	
Total direct expense per aum	2.14
Total dir & ovhd exp per aum	14.29
Less govt & other income	13.79
With labor & management	15.02
 Net value per unit	
Net value per unit	12.16
Machinery cost per acre	15.04
Est. labor hours per acre	0.42

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

CRP on Owned Land

	Avg. Of All Farms
Number of farms	17
Yield per acre (\$)	103.29
Operators share of yield %	100.00
Value per \$	1.00
Total product return per acre	103.29
Gross return per acre	103.29
Direct Expenses	
Fuel & oil	3.63
Repairs	4.66
Operating interest	0.41
Miscellaneous	3.59
Total direct expenses per acre	12.29
Return over direct exp per acre	90.99
Overhead Expenses	
Hired labor	0.64
Machinery leases	0.28
RE & pers. property taxes	16.26
Farm insurance	1.53
Utilities	1.18
Interest	40.71
Mach & bldg depreciation	11.10
Miscellaneous	1.20
Total overhead expenses per acre	72.90
Total dir & ovhd expenses per acre	85.19
Net return per acre	18.09
Government payments	-
Net return with govt pmts	18.09
Labor & management charge	7.98
Net return over lbr & mgt	10.11
Cost of Production	
Total direct expense per \$	0.12
Total dir & ovhd exp per \$	0.82
Less govt & other income	0.82
With labor & management	0.90
Net value per unit	1.00
Machinery cost per acre	18.79
Est. labor hours per acre	0.39

Livestock Reports

The Livestock Enterprise Analysis tables show the average physical production, gross margin over purchase costs, direct costs, overhead costs, and net returns per budget unit.

This year, for the first time, the livestock enterprise summaries include data from both Southwest Minnesota Farm Management Association farms and Minnesota State Colleges and Universities Farm Business Management program farms. This was done to provide a greater numbers for each enterprise with the goal of providing more accurate benchmark information. MnSCU FBM programs are distributed across the state and include over 2,000 participating farms. We thank the MnSCU FBM program and participating producers for making this data available to be included in this report.

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

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

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

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

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

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

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Farrow To Finish -- Average Per Litter

	<u>Avg. Of All Farms</u>	
Number of farms	11	
	Quantity	Value
Raised Hogs sold (lb)	1,824.5	1,387.58
Transferred out (lb)	10.1	11.35
Cull sales (lb)	40.2	30.65
Other income		-8.44
Purchased (lb)	-3.7	-7.78
Inventory change (lb)	301.7	252.45
Gross margin		1,665.80
Direct Expenses		
Protein Vit Minerals (lb.)	2,031.3	477.38
Complete Ration (lb.)	41.7	9.54
Corn (bu.)	87.0	321.12
Other feed stuffs (lb)	69.7	8.79
Breeding fees		15.38
Veterinary		60.04
Supplies		63.15
Fuel & oil		13.74
Repairs		16.30
Custom hire		2.78
Hired labor		47.97
Livestock leases		39.10
Utilities		13.39
Total direct expenses		1,088.67
Return over direct expense		577.14
Overhead Expenses		
Hired labor		20.95
Building leases		51.67
Farm insurance		17.28
Utilities		9.72
Interest		5.66
Mach & bldg depreciation		26.76
Miscellaneous		20.19
Total overhead expenses		152.24
Total dir & ovhd expenses		1,240.91
Net return		424.90
Labor & management charge		48.32
Net return over lbr & mgt		376.58
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		83.08
Total dir & ovhd expense per unit		94.69
With other revenue adjustments		93.79
With labor and management		97.47
Est. labor hours per unit		4.35
Other Information		
Average number of sows		372.4
Litters farrowed		807
Litters per sow		2.17
Litters per crate		7.78
Pigs born per litter		11.63
Pigs weaned per litter		10.01
Pigs weaned per sow		21.09
Pigs sold per litter		6.66
Percent substandard hogs		2
Lb. of feed / lb. of gain		3.23
Feed cost / cwt. of gain		37.58
Feed cost per litter		816.82
Avg wgt/Raised Hogs sold		274
Avg price / cwt.		76.05
Average carcass weight		201
Average price / cwt. carcass		104.32

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Farrow To Finish -- Average Per Cwt. Carcass Sold

	<u>Avg. Of All Farms</u>	
Number of farms	11	
	Quantity	Value
Raised Hogs sold (lb)	139.23	105.89
Transferred out (lb)	0.77	0.87
Cull sales (lb)	3.07	2.34
Other income		-0.64
Purchased (lb)	-0.28	-0.59
Inventory change (lb)	23.02	19.26
Gross margin		127.12
Direct Expenses		
Protein Vit Minerals (lb.)	155.01	36.43
Complete Ration (lb.)	3.18	0.73
Corn (bu.)	6.64	24.50
Other feed stuffs (lb)	5.32	0.67
Veterinary		4.58
Supplies		5.20
Fuel & oil		1.05
Repairs		1.24
Custom hire		0.21
Hired labor		3.66
Livestock leases		2.98
Utilities		1.02
Operating interest		0.79
Total direct expenses		83.08
Return over direct expense		44.04
Overhead Expenses		
Hired labor		1.60
Building leases		3.94
RE & pers. property taxes		0.30
Farm insurance		1.32
Utilities		0.74
Interest		0.43
Mach & bldg depreciation		2.04
Miscellaneous		1.24
Total overhead expenses		11.62
Total dir & ovhd expenses		94.69
Net return		32.42
Labor & management charge		3.69
Net return over lbr & mgt		28.74
Cost of Production/Cwt. Carcass Sold		
Total direct expense per unit		83.08
Total dir & ovhd expense per unit		94.69
With other revenue adjustments		93.79
With labor and management		97.47
Est. labor hours per unit		0.33
Other Information		
Average number of sows		372.4
Litters farrowed		807
Litters per sow		2.17
Litters per crate		7.78
Pigs born per litter		11.63
Pigs weaned per litter		10.01
Pigs weaned per sow		21.09
Pigs sold per litter		6.66
Percent substandard hogs		2
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Feed cost / cwt. of gain		37.58
Feed cost per litter		816.82
Avg wgt/Raised Hogs sold		274
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Average carcass weight		201
Average price / cwt. carcass		104.32

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Finish Feeder Pigs -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	35		6		7	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Finish Hogs sold (lb)	277.3	204.14	303.1	212.03	290.7	216.01
Transferred out (lb)	0.1	0.11	0.2	0.19	-	-
Cull sales (lb)	1.6	0.78	1.1	0.61	4.0	1.85
Other income		3.97		0.50		16.40
Purchased (lb)	-40.1	-59.29	-34.8	-69.01	-38.5	-62.97
Transferred in (lb)	-7.2	-10.45	-0.3	-0.19	-2.4	-2.23
Inventory change (lb)	4.6	3.00	-33.2	-30.81	5.8	6.50
Gross margin		142.25		113.31		175.56
Direct Expenses						
Corn Distillers Grn (dry) (lb.)	4.5	0.30	29.6	1.51	-	-
Protein Vit Minerals (lb.)	166.6	33.63	193.8	41.17	196.8	45.31
Complete Ration (lb.)	71.6	10.04	73.7	8.74	1.3	0.16
Corn (bu.)	7.6	31.98	8.0	34.39	9.3	35.62
Other feed stuffs (lb)	14.4	1.17	9.2	0.66	14.5	1.34
Veterinary		1.10		0.97		2.06
Supplies		2.36		3.69		1.22
Contract production exp.		1.68		2.06		-
Fuel & oil		1.37		1.38		0.65
Repairs		1.52		0.96		1.59
Custom hire		5.42		2.52		13.35
Hired labor		0.40		2.94		0.16
Hauling and trucking		1.59		4.03		0.84
Marketing		2.34		1.22		2.79
Operating interest		0.69		1.17		0.08
Total direct expenses		95.59		107.40		105.16
Return over direct expense		46.65		5.91		70.40
Overhead Expenses						
Hired labor		1.85		0.55		1.04
Building leases		6.51		0.38		12.58
RE & pers. property taxes		0.27		0.73		0.20
Farm insurance		0.90		0.83		0.69
Utilities		1.18		2.48		0.60
Interest		0.84		2.20		0.54
Mach & bldg depreciation		3.12		4.27		2.51
Miscellaneous		1.26		1.20		0.93
Total overhead expenses		15.91		12.64		19.07
Total dir & ovhd expenses		111.51		120.04		124.23
Net return		30.74		-6.73		51.33
Labor & management charge		4.94		5.56		2.35
Net return over lbr & mgt		25.80		-12.29		48.99
Cost of Production/Cwt. Carcass Sold						
Total direct expense per unit		78.92		91.32		75.70
Total dir & ovhd expense per unit		86.70		96.92		84.61
With other revenue adjustments		84.84		96.92		76.97
With labor and management		87.25		99.38		78.07
Est. labor hours per unit		0.25		0.48		0.14
Other Information						
No. purchased or trans in		6,749		2,697		9,943
Number sold or trans out		6,401		3,260		9,073
Percentage death loss		2.1		4.6		0.5
Percent substandard hogs		2		1		2
Avg. daily gain (lb.)		1.45		1.59		1.25
Lb. of feed / lb. of gain		2.90		3.19		2.83
Feed cost per cwt. of gain		32.60		36.53		31.76
Feed cost per head		77.11		86.46		82.42
Average purchase weight		44		41		36
Avg wgt / Finish Hogs sold		281		295		286
Avg purch price / head		65.79		82.17		58.64
Avg sales price / cwt.		73.61		69.96		74.31
Average carcass weight		212		221		215
Average price / cwt. carcass		98.79		93.54		99.85

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Finish Feeder Pigs -- Average Per Cwt. Carcass Sold

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	35		6		7	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Finish Hogs sold (lb)	135.59	99.82	134.15	93.85	135.88	100.97
Transferred out (lb)	0.06	0.05	0.09	0.08	-	-
Cull sales (lb)	0.76	0.38	0.48	0.27	1.86	0.87
Other income		1.94		0.22		7.67
Purchased (lb)	-19.60	-28.99	-15.39	-30.55	-18.02	-29.43
Transferred in (lb)	-3.51	-5.11	-0.15	-0.08	-1.13	-1.04
Inventory change (lb)	2.27	1.46	-14.70	-13.64	2.69	3.04
Gross margin		69.55		50.16		82.06
Direct Expenses						
Protein Vit Minerals (lb.)	81.45	16.44	85.80	18.23	92.01	21.18
Complete Ration (lb.)	34.99	4.91	32.64	3.87	0.61	0.08
Corn (bu.)	3.74	15.64	3.55	15.22	4.35	16.65
Other feed stuffs (lb)	9.24	0.72	17.14	0.96	6.79	0.62
Veterinary		0.54		0.43		0.96
Supplies		1.15		1.63		0.57
Contract production exp.		0.82		0.91		-
Fuel & oil		0.67		0.61		0.30
Repairs		0.75		0.42		0.74
Custom hire		2.65		1.12		6.24
Hired labor		0.20		1.30		0.07
Hauling and trucking		0.78		1.78		0.39
Marketing		1.15		0.54		1.31
Operating interest		0.34		0.52		0.04
Total direct expenses		46.74		47.54		49.15
Return over direct expense		22.81		2.61		32.91
Overhead Expenses						
Hired labor		0.90		0.24		0.48
Building leases		3.18		0.17		5.88
Farm insurance		0.44		0.37		0.32
Utilities		0.58		1.10		0.28
Interest		0.41		0.97		0.25
Mach & bldg depreciation		1.52		1.89		1.17
Miscellaneous		0.75		0.86		0.52
Total overhead expenses		7.78		5.59		8.91
Total dir & ovhd expenses		54.52		53.13		58.07
Net return		15.03		-2.98		23.99
Labor & management charge		2.42		2.46		1.10
Net return over lbr & mgt		12.61		-5.44		22.90
Cost of Production/Cwt. Carcass Sold						
Total direct expense per unit		78.92		91.32		75.70
Total dir & ovhd expense per unit		86.70		96.92		84.61
With other revenue adjustments		84.84		96.92		76.97
With labor and management		87.25		99.38		78.07
Est. labor hours per unit		0.12		0.21		0.07
Other Information						
No. purchased or trans in		6,749		2,697		9,943
Number sold or trans out		6,401		3,260		9,073
Percentage death loss		2.1		4.6		0.5
Percent substandard hogs		2		1		2
Avg. daily gain (lb.)		1.45		1.59		1.25
Lb. of feed / lb. of gain		2.90		3.19		2.83
Feed cost per cwt. of gain		32.60		36.53		31.76
Feed cost per head		77.11		86.46		82.42
Average purchase weight		44		41		36
Avg wgt / Finish Hogs sold		281		295		286
Avg purch price / head		65.79		82.17		58.64
Avg sales price / cwt.		73.61		69.96		74.31
Average carcass weight		212		221		215
Average price / cwt. carcass		98.79		93.54		99.85

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Weaning to Finish -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	34		6		7	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Wean-Fin Pig sold (lb)	266.0	200.83	262.2	194.52	263.5	207.69
Transferred out (lb)	1.3	1.26	1.0	0.62	-	-
Cull sales (lb)	0.2	0.10	1.1	0.74	-	-
Other income		-6.79		-7.88		2.82
Purchased (lb)	-13.6	-45.21	-16.4	-84.78	-13.9	-40.42
Transferred in (lb)	-1.4	-5.50	0.0	-0.19	-	-
Inventory change (lb)	10.2	8.06	19.3	29.38	11.6	5.70
Gross margin		152.77		132.41		175.78
Direct Expenses						
Protein Vit Minerals (lb.)	173.1	32.48	149.8	24.60	139.0	32.65
Complete Ration (lb.)	134.3	17.22	175.0	32.02	52.0	9.19
Corn (bu.)	7.0	27.56	7.5	30.92	8.4	34.75
DDGS, dry (lb.)	50.5	3.91	4.3	0.36	57.9	3.62
Other feed stuffs (lb)	5.7	2.85	1.1	0.47	-	-
Veterinary		3.76		6.68		1.58
Supplies		2.85		3.00		1.81
Contract production exp.		7.78		15.33		5.45
Fuel & oil		1.84		1.13		2.56
Repairs		2.18		0.78		4.74
Custom hire		1.50		3.53		0.60
Hired labor		1.07		0.20		0.91
Livestock leases		0.48		1.33		0.06
Hauling and trucking		1.28		0.40		0.00
Marketing		0.97		0.48		0.56
Miscellaneous		0.29		1.61		-
Total direct expenses		108.03		122.83		98.48
Return over direct expense		44.74		9.58		77.30
Overhead Expenses						
Hired labor		2.33		0.41		3.12
Building leases		3.48		0.00		3.07
Farm insurance		0.82		0.59		1.25
Utilities		0.72		0.68		1.91
Interest		0.99		0.06		0.68
Mach & bldg depreciation		2.47		0.97		5.00
Miscellaneous		1.00		0.63		1.10
Total overhead expenses		11.82		3.36		16.14
Total dir & ovhd expenses		119.86		126.19		114.62
Net return		32.92		6.22		61.16
Labor & management charge		4.20		3.87		6.64
Net return over lbr & mgt		28.72		2.36		54.53
Cost of Production/Cwt. Carcass Sold						
Total direct expense per unit		76.25		91.70		68.54
Total dir & ovhd expense per unit		82.24		93.43		76.85
With other revenue adjustments		85.78		97.50		75.42
With labor and management		87.91		99.50		78.83
Est. labor hours per unit		0.31		0.21		0.30
Other Information						
No. purchased or trans in		16,823		9,226		11,374
Number sold or trans out		14,916		6,801		10,475
Percentage death loss		4.8		5.6		2.8
Percent substandard hogs		1		2		1
Avg. daily gain (lb.)		1.51		1.55		1.54
Lb. of feed / lb. of gain		2.89		2.81		2.76
Feed cost per cwt. of gain		31.96		33.07		30.70
Feed cost per head		84.02		88.37		80.21
Average purchase weight		14		13		13
Avg wgt / Wean-Fin Pig sold		275		285		272
Avg purch price / head		46.06		67.69		38.40
Avg sales price / cwt.		75.51		74.19		78.82
Average carcass weight		207		215		202
Average price / cwt. carcass		101.22		99.19		106.35

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Weaning to Finish -- Average Per Cwt. Carcass Sold

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	34		6		7	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Wean-Fin Pig sold (lb)	134.84	101.81	135.32	100.40	135.62	106.90
Transferred out (lb)	0.65	0.64	0.53	0.32	-	-
Cull sales (lb)	0.08	0.05	0.59	0.38	-	-
Other income		-3.44		-4.07		1.45
Purchased (lb)	-6.87	-22.92	-8.47	-43.76	-7.14	-20.81
Transferred in (lb)	-0.70	-2.79	-0.02	-0.10	-	-
Inventory change (lb)	5.17	4.08	9.95	15.17	5.95	2.93
Gross margin		77.45		68.34		90.48
Direct Expenses						
Protein Vit Minerals (lb.)	87.75	16.46	77.30	12.70	71.56	16.81
Complete Ration (lb.)	68.07	8.73	90.32	16.53	26.78	4.73
Corn (bu.)	3.55	13.97	3.89	15.96	4.34	17.89
DDGS, dry (lb.)	25.59	1.98	2.22	0.18	29.82	1.86
Other feed stuffs (lb)	2.90	1.44	0.58	0.24	-	-
Veterinary		1.90		3.45		0.81
Supplies		1.44		1.55		0.93
Contract production exp.		3.95		7.91		2.81
Fuel & oil		0.93		0.58		1.32
Repairs		1.11		0.40		2.44
Custom hire		0.76		1.82		0.31
Hired labor		0.54		0.10		0.47
Livestock leases		0.24		0.69		0.03
Hauling and trucking		0.65		0.21		0.00
Marketing		0.49		0.25		0.29
Miscellaneous		0.15		0.83		-
Total direct expenses		54.77		63.40		50.69
Return over direct expense		22.68		4.94		39.79
Overhead Expenses						
Hired labor		1.18		0.21		1.61
Building leases		1.76		0.00		1.58
Farm insurance		0.41		0.31		0.64
Utilities		0.37		0.35		0.98
Interest		0.50		0.03		0.35
Mach & bldg depreciation		1.25		0.50		2.57
Miscellaneous		0.51		0.33		0.57
Total overhead expenses		5.99		1.73		8.31
Total dir & ovhd expenses		60.76		65.13		59.00
Net return		16.69		3.21		31.48
Labor & management charge		2.13		2.00		3.42
Net return over lbr & mgt		14.56		1.22		28.07
Cost of Production/Cwt. Carcass Sold						
Total direct expense per unit		76.25		91.70		68.54
Total dir & ovhd expense per unit		82.24		93.43		76.85
With other revenue adjustments		85.78		97.50		75.42
With labor and management		87.91		99.50		78.83
Est. labor hours per unit		0.16		0.11		0.15
Other Information						
No. purchased or trans in		16,823		9,226		11,374
Number sold or trans out		14,916		6,801		10,475
Percentage death loss		4.8		5.6		2.8
Percent substandard hogs		1		2		1
Avg. daily gain (lb.)		1.51		1.55		1.54
Lb. of feed / lb. of gain		2.89		2.81		2.76
Feed cost per cwt. of gain		31.96		33.07		30.70
Feed cost per head		84.02		88.37		80.21
Average purchase weight		14		13		13
Avg wgt / Wean-Fin Pig sold		275		285		272
Avg purch price / head		46.06		67.69		38.40
Avg sales price / cwt.		75.51		74.19		78.82
Average carcass weight		207		215		202
Average price / cwt. carcass		101.22		99.19		106.35

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Finish Feeder Pigs (Contract Grower) -- Average Per DJJ 'GdUWY

	<u>Avg. Of</u> <u>All Farms</u>		<u>High 20%</u>	
	23		5	
Number of farms	Quantity	Value	Quantity	Value
Other income		40.97		49.36
Gross margin		40.97		49.36
Direct Expenses				
Veterinary		0.11		0.07
Supplies		1.52		0.25
Contract production exp.		1.52		0.20
Fuel & oil		2.14		1.98
Repairs		3.48		2.98
Repair, machinery		0.14		-
Custom hire		1.04		0.57
Repair, buildings		0.12		-
Hired labor		1.42		1.51
Utilities		1.82		1.20
Bedding		0.14		-
Operating interest		0.45		0.02
Total direct expenses		13.89		8.78
Return over direct expense		27.08		40.58
Overhead Expenses				
Hired labor		0.34		0.69
Building leases		0.28		-
RE & pers. property taxes		0.87		0.50
Farm insurance		1.74		1.53
Utilities		1.32		1.45
Dues & professional fees		0.58		0.43
Interest		3.92		3.81
Mach & bldg depreciation		11.03		11.04
Miscellaneous		0.92		0.99
Total overhead expenses		21.01		20.45
Total dir & ovhd expenses		34.90		29.23
Net return		6.08		20.13
Labor & management charge		6.79		7.62
Net return over lbr & mgt		-0.72		12.51
Est. labor hours per unit		0.42		0.60
Other Information				
Number of pigs		5,838		3,233
Pigs per pig space (per year)		2.41		1.83
Pigs per 100 sq. ft. (per yr)		31.35		21.79
Net return per 100 sq. ft.		79.16		239.58
Net return per labor hour		14.59		33.43
Square feet per pig space		7.67		8.40

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Hogs, Weaning to Finish (Contract Grower) -- Average Per DJ['GdUWY

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	63		12		13	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Other income		37.72		35.30		40.93
Gross margin		37.72		35.30		40.93
Direct Expenses						
Supplies		1.52		3.22		0.86
Contract production exp.		1.45		0.41		0.60
Fuel & oil		1.94		1.32		2.14
Repairs		2.59		2.72		2.51
Repair, machinery		0.18		0.23		-
Repair, livestock equip		0.23		0.34		0.49
Custom hire		0.61		1.48		0.64
Repair, buildings		0.09		0.41		-
Hired labor		0.92		2.15		0.37
Machinery leases		0.05		0.23		-
Livestock leases		0.36		-		-
Utilities		1.13		1.21		0.34
Operating interest		0.17		0.30		0.03
Total direct expenses		11.23		14.03		7.98
Return over direct expense		26.49		21.27		32.95
Overhead Expenses						
Hired labor		0.31		0.41		0.08
Building leases		0.86		2.19		-
RE & pers. property taxes		0.71		1.26		0.71
Farm insurance		1.48		2.01		1.14
Utilities		1.20		1.53		1.51
Dues & professional fees		0.13		0.23		0.08
Interest		3.70		6.29		2.09
Mach & bldg depreciation		10.23		13.13		7.40
Miscellaneous		0.78		0.80		0.55
Total overhead expenses		19.41		27.86		13.56
Total dir & ovhd expenses		30.64		41.89		21.53
Net return		7.08		-6.59		19.40
Labor & management charge		5.00		3.93		6.19
Net return over lbr & mgt		2.08		-10.52		13.20
Est. labor hours per unit		0.32		0.34		0.35
Other Information						
Number of pigs		7,528		5,986		7,902
Pigs per pig space (per year)		2.40		2.12		2.47
Pigs per 100 sq. ft. (per yr)		33.31		27.47		35.45
Net return per 100 sq. ft.		98.15		-85.28		278.39
Net return per labor hour		22.39		-19.26		55.33
Square feet per pig space		7.22		7.73		6.97

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Beef Cow-Calf -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	107		21		22	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Beef Calves sold (lb)	234.2	497.29	216.3	457.35	213.5	460.27
Transferred out (lb)	220.8	517.30	214.8	408.10	234.5	561.80
Cull sales (lb)	84.6	179.46	140.9	169.92	134.9	196.94
Other income		5.17		-		4.06
Purchased (lb)	-24.2	-98.01	-37.3	-93.80	-49.8	-138.05
Transferred in (lb)	-49.1	-104.14	-49.4	-101.42	-64.9	-97.71
Inventory change (lb)	145.6	290.69	-5.5	56.40	476.3	547.17
Gross margin		1,295.14		896.55		1,554.19
Direct Expenses						
Protein Vit Minerals (lb.)	413.6	39.01	2,171.1	44.19	195.4	31.43
Complete Ration (lb.)	181.5	26.29	558.2	77.16	64.0	7.87
Corn Silage (lb.)	5,224.9	88.93	4,594.0	82.71	4,031.1	70.79
Hay, Alfalfa (lb.)	1,198.1	71.12	1,301.3	95.53	1,465.1	90.21
Hay, Grass (lb.)	3,931.7	170.03	4,564.9	230.69	3,360.6	130.87
Pasture (aum)	5.0	62.73	1.5	23.58	4.6	77.70
Other feed stuffs (lb)	1,535.8	50.38	402.5	23.91	1,532.2	46.65
Veterinary		27.93		22.65		32.66
Supplies		44.92		56.07		45.84
Fuel & oil		39.11		45.01		36.18
Repairs		44.94		61.10		48.89
Custom hire		6.89		13.17		5.41
Operating interest		12.46		18.66		15.45
Total direct expenses		684.74		794.43		639.95
Return over direct expense		610.40		102.13		914.24
Overhead Expenses						
Hired labor		11.10		9.59		5.33
RE & pers. property taxes		7.20		12.79		6.38
Farm insurance		16.79		23.56		13.97
Utilities		17.91		31.08		16.93
Dues & professional fees		8.10		15.08		5.23
Interest		25.79		45.91		18.61
Mach & bldg depreciation		57.29		115.25		34.69
Miscellaneous		14.58		19.18		9.36
Total overhead expenses		158.77		272.45		110.51
Total dir & ovhd expenses		843.51		1,066.87		750.46
Net return		451.63		-170.32		803.73
Labor & management charge		111.40		162.32		87.95
Net return over lbr & mgt		340.23		-332.63		715.78
Cost of Production Per Cwt. Produced						
Total direct expense per unit		111.51		165.59		67.52
Total dir & ovhd expense per unit		137.36		222.38		79.18
With other revenue adjustments		115.78		212.51		49.31
With labor and management		133.92		246.35		58.59
Est. labor hours per unit		9.92		13.99		7.46
Other Information						
Number of cows		67.8		33.5		90.6
Pregnancy percentage		96.8		94.1		98.5
Pregnancy loss percentage		3.4		1.1		1.5
Culling percentage		13.1		14.7		14.2
Calving percentage		93.5		93.1		97.0
Weaning percentage		87.3		84.2		91.5
Calves sold per cow		0.79		0.78		0.80
Calf death loss percent		5.8		5.3		3.1
Cow death loss percent		2.4		3.8		1.6
Cows per FTE		282.1		200.2		375.1
Average weaning weight		533		495		563
Lb. weaned/exposed female		465		417		515
Feed cost per cow		508.48		577.77		455.52
Avg wgt/ Beef Calves sold		615		574		621
Avg price / cwt.		212.33		211.43		215.63

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Beef Cow-Calf -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	107		21		22	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Beef Calves sold (lb)	38.14	80.98	45.09	95.33	22.52	48.56
Transferred out (lb)	35.95	84.24	44.78	85.06	24.74	59.28
Cull sales (lb)	13.77	29.22	29.37	35.42	14.24	20.78
Other income		0.84		-		0.43
Purchased (lb)	-3.94	-15.96	-7.77	-19.55	-5.25	-14.57
Transferred in (lb)	-8.00	-16.96	-10.30	-21.14	-6.85	-10.31
Inventory change (lb)	23.71	47.34	-1.16	11.76	50.25	57.73
Gross margin		210.90		186.88		163.99
Direct Expenses						
Protein Vit Minerals (lb.)	67.35	6.35	452.55	9.21	20.62	3.32
Complete Ration (lb.)	29.56	4.28	116.35	16.08	6.76	0.83
Corn Silage (lb.)	850.84	14.48	957.57	17.24	425.33	7.47
Hay, Alfalfa (lb.)	195.11	11.58	271.24	19.91	154.58	9.52
Hay, Grass (lb.)	640.26	27.69	951.50	48.09	354.59	13.81
Pasture (aum)	0.82	10.22	0.32	4.92	0.48	8.20
Other feed stuffs (lb)	250.10	8.20	83.91	4.98	161.66	4.92
Veterinary		4.55		4.72		3.45
Supplies		6.09		9.97		3.87
Fuel & oil		6.37		9.38		3.82
Repairs		7.32		12.73		5.16
Custom hire		1.12		2.74		0.57
Bedding		1.22		1.72		0.97
Operating interest		2.03		3.89		1.63
Total direct expenses		111.51		165.59		67.52
Return over direct expense		99.40		21.29		96.46
Overhead Expenses						
Hired labor		1.81		2.00		0.56
RE & pers. property taxes		1.17		2.67		0.67
Farm insurance		2.73		4.91		1.47
Utilities		2.92		6.48		1.79
Dues & professional fees		1.32		3.14		0.55
Interest		4.20		9.57		1.96
Mach & bldg depreciation		9.33		24.02		3.66
Miscellaneous		2.37		4.00		0.99
Total overhead expenses		25.85		56.79		11.66
Total dir & ovhd expenses		137.36		222.38		79.18
Net return		73.54		-35.50		84.80
Labor & management charge		18.14		33.83		9.28
Net return over lbr & mgt		55.40		-69.33		75.52
Cost of Production Per Cwt. Produced						
Total direct expense per unit		111.51		165.59		67.52
Total dir & ovhd expense per unit		137.36		222.38		79.18
With other revenue adjustments		115.78		212.51		49.31
With labor and management		133.92		246.35		58.59
Est. labor hours per unit		1.62		2.92		0.79
Other Information						
Number of cows		67.8		33.5		90.6
Pregnancy percentage		96.8		94.1		98.5
Pregnancy loss percentage		3.4		1.1		1.5
Culling percentage		13.1		14.7		14.2
Calving percentage		93.5		93.1		97.0
Weaning percentage		87.3		84.2		91.5
Calves sold per cow		0.79		0.78		0.80
Calf death loss percent		5.8		5.3		3.1
Cow death loss percent		2.4		3.8		1.6
Cows per FTE		282.1		200.2		375.1
Average weaning weight		533		495		563
Lb. weaned/exposed female		465		417		515
Feed cost per cow		508.48		577.77		455.52
Avg wgt/ Beef Calves sold		615		574		621
Avg price / cwt.		212.33		211.43		215.63

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
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(Farms Sorted By Return to Overhead)

Beef Finishing -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	63		12		13	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Finish Beef sold (lb)	1,345.8	2,026.77	1,355.6	1,933.90	1,285.3	1,966.27
Transferred out (lb)	10.9	16.93	14.8	22.16	4.3	6.41
Cull sales (lb)	0.0	0.07	-	-	-	-
Other income		-3.54		-45.43		7.35
Purchased (lb)	-585.9	-1,154.94	-949.5	-1,988.49	-525.1	-945.32
Transferred in (lb)	-38.5	-89.23	-19.7	-55.45	-31.8	-72.72
Inventory change (lb)	-41.7	249.39	175.9	717.11	-12.1	279.57
Gross margin		1,045.46		583.80		1,241.56
Direct Expenses						
Protein Vit Minerals (lb.)	243.1	54.57	141.5	45.80	195.9	40.66
Complete Ration (lb.)	137.3	18.86	-	-	334.7	35.56
Corn (bu.)	49.0	185.17	45.7	179.79	42.0	159.12
Corn Silage (lb.)	3,105.2	53.72	3,414.6	69.95	4,706.1	79.59
Hay, Grass (lb.)	355.1	15.29	157.7	11.97	280.3	11.87
DDGS, dry (lb.)	426.8	28.01	494.6	36.02	293.6	23.11
Other feed stuffs (lb)	1,182.0	47.92	308.9	13.40	525.0	21.23
Veterinary		16.54		11.05		24.79
Supplies		30.91		8.77		21.92
Fuel & oil		18.30		14.20		19.39
Repairs		18.58		18.82		18.99
Hauling and trucking		12.45		14.48		8.23
Marketing		34.13		49.33		1.38
Bedding		3.88		2.11		8.62
Operating interest		19.20		18.31		25.68
Total direct expenses		557.53		494.02		500.14
Return over direct expense		487.93		89.79		741.42
Overhead Expenses						
Hired labor		16.28		9.13		24.70
Machinery leases		2.60		-		8.75
Farm insurance		8.79		4.56		13.27
Interest		8.29		11.24		11.96
Mach & bldg depreciation		33.24		31.67		24.74
Miscellaneous		15.26		18.42		17.69
Total overhead expenses		84.48		75.01		101.11
Total dir & ovhd expenses		642.00		569.02		601.24
Net return		403.46		14.78		640.32
Labor & management charge		51.30		39.93		43.49
Net return over lbr & mgt		352.16		-25.15		596.83
Cost of Production Per Cwt. Produced						
Total direct expense per unit		113.57		131.88		95.48
Total dir & ovhd expense per unit		119.79		137.36		103.32
With other revenue adjustments		120.90		141.66		103.32
With labor and management		124.68		144.57		106.69
Est. labor hours per unit		3.43		2.56		3.47
Other Information						
No. purchased or trans in		272		280		383
Number sold or trans out		281		218		391
Percentage death loss		0.7		0.4		0.5
Avg. daily gain (lb.)		2.73		2.88		2.86
Lb. of conc / lb. of gain		6.12		5.52		4.90
Lb. of feed / lb. of gain		8.53		8.12		7.62
Feed cost per cwt. of gain		57.77		60.90		51.11
Feed cost per head		403.54		356.94		371.13
Average purchase weight		652		781		587
Avg wgt / Finish Beef sold		1,356		1,412		1,307
Avg purch price / cwt.		197.11		209.42		180.04
Avg sales price / cwt.		150.60		142.66		152.98

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Beef Finishing -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
Number of farms	63		12		13	
	Quantity	Value	Quantity	Value	Quantity	Value
Finish Beef sold (lb)	192.67	290.15	231.27	329.93	177.00	270.78
Transferred out (lb)	1.55	2.42	2.53	3.78	0.59	0.88
Cull sales (lb)	0.01	0.01	-	-	-	-
Other income		-0.51		-7.75		1.01
Purchased (lb)	-83.88	-165.34	-161.99	-339.25	-72.31	-130.18
Transferred in (lb)	-5.51	-12.77	-3.36	-9.46	-4.38	-10.01
Inventory change (lb)	-5.97	35.70	30.01	122.34	-1.66	38.50
Gross margin		149.67		99.60		170.98
Direct Expenses						
Protein Vit Minerals (lb.)	34.80	7.81	24.13	7.81	26.97	5.60
Complete Ration (lb.)	19.65	2.70	-	-	46.10	4.90
Corn (bu.)	7.02	26.51	7.79	30.67	5.78	21.91
Corn Silage (lb.)	444.55	7.69	582.54	11.93	648.09	10.96
Hay, Grass (lb.)	50.84	2.19	26.91	2.04	38.60	1.64
DDGS, dry (lb.)	61.10	4.01	84.38	6.15	40.43	3.18
Other feed stuffs (lb)	169.21	6.86	52.70	2.29	72.30	2.92
Veterinary		2.37		1.89		3.41
Supplies		4.98		1.86		4.21
Fuel & oil		2.62		2.42		2.67
Repairs		2.66		3.21		2.61
Hauling and trucking		1.78		2.47		1.13
Marketing		4.89		8.42		0.19
Operating interest		2.75		3.12		3.54
Total direct expenses		79.82		84.28		68.88
Return over direct expense		69.85		15.32		102.10
Overhead Expenses						
Hired labor		2.33		1.56		3.40
Machinery leases		0.37		-		1.20
Farm insurance		1.26		0.78		1.83
Interest		1.19		1.92		1.65
Mach & bldg depreciation		4.76		5.40		3.41
Miscellaneous		2.19		3.14		2.44
Total overhead expenses		12.09		12.80		13.92
Total dir & ovhd expenses		91.91		97.08		82.80
Net return		57.76		2.52		88.18
Labor & management charge		7.34		6.81		5.99
Net return over lbr & mgt		50.42		-4.29		82.19
Cost of Production Per Cwt. Produced						
Total direct expense per unit		113.57		131.88		95.48
Total dir & ovhd expense per unit		119.79		137.36		103.32
With other revenue adjustments		120.90		141.66		103.32
With labor and management		124.68		144.57		106.69
Est. labor hours per unit		0.49		0.44		0.48
Other Information						
No. purchased or trans in		272		280		383
Number sold or trans out		281		218		391
Percentage death loss		0.7		0.4		0.5
Avg. daily gain (lb.)		2.73		2.88		2.86
Lb. of conc / lb. of gain		6.12		5.52		4.90
Lb. of feed / lb. of gain		8.53		8.12		7.62
Feed cost per cwt. of gain		57.77		60.90		51.11
Feed cost per head		403.54		356.94		371.13
Average purchase weight		652		781		587
Avg wgt / Finish Beef sold		1,356		1,412		1,307
Avg purch price / cwt.		197.11		209.42		180.04
Avg sales price / cwt.		150.60		142.66		152.98

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Dairy -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	394		78		78	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (hd)	23,401.7	5,716.23	18,819.4	4,507.93	25,305.5	6,210.64
Dairy Calves sold (hd)	0.3	84.39	0.2	57.42	0.4	98.64
Transferred out (hd)	0.7	56.56	0.6	51.44	0.7	57.14
Cull sales (hd)	0.3	360.17	0.3	303.34	0.3	401.07
Other income		35.38		36.60		33.69
Purchased (hd)	0.0	-34.22	0.0	-59.32	0.0	-37.17
Transferred in (hd)	0.4	-113.47	0.4	-104.68	0.4	-53.03
Inventory change (hd)	0.0	73.43	0.0	32.53	0.0	105.58
Dairy repl net cost		-597.25		-652.36		-606.32
Gross margin		5,581.78		4,173.02		6,211.68
Direct Expenses						
Protein Vit Minerals (lb.)	3,889.7	927.72	4,043.2	801.15	3,956.4	1,022.66
Complete Ration (lb.)	1,422.2	366.79	2,340.5	224.64	1,030.4	280.43
Corn (bu.)	64.5	243.92	55.4	227.25	65.4	254.98
Corn Silage (lb.)	17,733.3	337.79	15,501.0	279.66	18,545.3	354.49
Hay, Alfalfa (lb.)	2,444.7	218.70	3,487.0	337.43	2,128.4	160.77
Haylage, Alfalfa (lb.)	4,066.5	164.24	3,061.9	149.90	3,882.0	178.54
Other feed stuffs (lb)	3,879.5	161.17	3,822.8	207.95	4,117.4	147.30
Breeding fees		50.70		34.25		50.22
Veterinary		112.47		94.23		106.55
Supplies		367.17		309.65		324.78
Fuel & oil		117.01		114.21		117.26
Repairs		154.00		152.94		158.70
Custom hire		67.83		55.21		90.14
Hired labor		258.84		283.24		207.73
Hauling and trucking		42.72		43.02		55.00
Bedding		89.17		74.56		75.22
Total direct expenses		3,680.25		3,389.30		3,584.78
Return over direct expense		1,901.53		783.72		2,626.90
Overhead Expenses						
Hired labor		178.78		60.10		156.20
Building leases		50.40		23.83		60.23
Farm insurance		47.54		50.33		44.23
Utilities		69.14		77.57		72.48
Interest		84.90		135.61		61.80
Mach & bldg depreciation		166.72		169.27		189.53
Miscellaneous		67.56		73.20		51.62
Total overhead expenses		665.03		589.93		636.08
Total dir & ovhd expenses		4,345.28		3,979.23		4,220.86
Net return		1,236.50		193.79		1,990.82
Labor & management charge		223.95		248.61		313.68
Net return over lbr & mgt		1,012.56		-54.82		1,677.13
Cost of Production Per Cwt. Of Milk						
Total direct expense per unit		15.62		17.89		14.12
Total dir & ovhd expense per unit		18.45		21.00		16.62
With other revenue adjustments		19.14		22.92		16.69
With labor and management		20.09		24.23		17.93
Est. labor hours per unit		40.65		40.73		39.67
Other Information						
Number of cows		180.4		111.7		198.4
Milk produced per cow		23,556		18,949		25,392
Total milk sold		4,221,299		2,102,194		5,020,875
Lb. of milk sold per FTE		1,611,802		1,293,663		1,786,138
Culling percentage		30.3		27.4		31.1
Turnover rate		37.4		36.4		37.9
Cow death loss percent		6.5		8.5		6.2
Percent of barn capacity		110.0		96.5		110.2
Feed cost per day		6.63		6.10		6.57
Feed cost per cwt. of milk		10.27		11.76		9.45
Feed cost per cow		2,420.33		2,227.99		2,399.17
Avg. milk price per cwt.		24.43		23.95		24.54
Milk price / feed margin		14.15		12.20		15.09

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Dairy -- Average Per Cwt. Of Milk

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	394		78		78	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (hd)	99.34	24.27	99.31	23.79	99.66	24.46
Dairy Calves sold (hd)	0.00	0.36	0.00	0.30	0.00	0.39
Transferred out (hd)	0.00	0.24	0.00	0.27	0.00	0.23
Cull sales (hd)	0.00	1.53	0.00	1.60	0.00	1.58
Other income		0.15		0.19		0.13
Purchased (hd)	0.00	-0.15	0.00	-0.31	0.00	-0.15
Transferred in (hd)	0.00	-0.48	0.00	-0.55	0.00	-0.21
Inventory change (hd)	0.00	0.31	0.00	0.17	0.00	0.42
Dairy repl net cost		-2.54		-3.44		-2.39
Gross margin		23.70		22.02		24.46
Direct Expenses						
Protein Vit Minerals (lb.)	16.51	3.94	21.34	4.23	15.58	4.03
Complete Ration (lb.)	6.04	1.56	12.35	1.19	4.06	1.10
Corn (bu.)	0.27	1.04	0.29	1.20	0.26	1.00
Corn Silage (lb.)	75.28	1.43	81.80	1.48	73.04	1.40
Hay, Alfalfa (lb.)	10.38	0.93	18.40	1.78	8.38	0.63
Haylage, Alfalfa (lb.)	17.26	0.70	16.16	0.79	15.29	0.70
Other feed stuffs (lb)	16.47	0.68	20.17	1.10	16.22	0.58
Breeding fees		0.22		0.18		0.20
Veterinary		0.48		0.50		0.42
Supplies		1.56		1.63		1.28
Fuel & oil		0.50		0.60		0.46
Repairs		0.65		0.81		0.62
Custom hire		0.29		0.29		0.36
Hired labor		1.10		1.49		0.82
Hauling and trucking		0.18		0.23		0.22
Bedding		0.38		0.39		0.30
Total direct expenses		15.62		17.89		14.12
Return over direct expense		8.07		4.14		10.35
Overhead Expenses						
Hired labor		0.76		0.32		0.62
Building leases		0.21		0.13		0.24
Farm insurance		0.20		0.27		0.17
Utilities		0.29		0.41		0.29
Interest		0.36		0.72		0.24
Mach & bldg depreciation		0.71		0.89		0.75
Miscellaneous		0.29		0.39		0.20
Total overhead expenses		2.82		3.11		2.51
Total dir & ovhd expenses		18.45		21.00		16.62
Net return		5.25		1.02		7.84
Labor & management charge		0.95		1.31		1.24
Net return over lbr & mgt		4.30		-0.29		6.60
Cost of Production Per Cwt. Of Milk						
Total direct expense per unit		15.62		17.89		14.12
Total dir & ovhd expense per unit		18.45		21.00		16.62
With other revenue adjustments		19.14		22.92		16.69
With labor and management		20.09		24.23		17.93
Est. labor hours per unit		0.17		0.21		0.16
Other Information						
Number of cows		180.4		111.7		198.4
Milk produced per cow		23,556		18,949		25,392
Total milk sold		4,221,299		2,102,194		5,020,875
Lb. of milk sold per FTE		1,611,802		1,293,663		1,786,138
Culling percentage		30.3		27.4		31.1
Turnover rate		37.4		36.4		37.9
Cow death loss percent		6.5		8.5		6.2
Percent of barn capacity		110.0		96.5		110.2
Feed cost per day		6.63		6.10		6.57
Feed cost per cwt. of milk		10.27		11.76		9.45
Feed cost per cow		2,420.33		2,227.99		2,399.17
Avg. milk price per cwt.		24.43		23.95		24.54
Milk price / feed margin		14.15		12.20		15.09

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Dairy Replacement Heifers -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	357		71		72	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Replacements sold (hd)	0.1	58.95	0.1	38.27	0.1	49.71
Transferred out (hd)	0.4	609.82	0.4	360.71	0.5	797.14
Cull sales (hd)	0.0	4.65	0.0	4.80	0.0	5.30
Other income		1.33		0.70		2.43
Purchased (hd)	0.0	-17.47	0.0	-27.33	0.0	-12.95
Transferred in (hd)	0.6	-142.63	0.5	-133.05	0.6	-155.68
Inventory change (hd)	0.0	50.96	0.0	0.96	0.0	115.31
Gross margin		565.67		245.06		801.26
Direct Expenses						
Protein Vit Minerals (lb.)	378.9	95.48	622.1	179.23	250.9	65.06
Milk Replacer (lb.)	15.2	17.34	11.3	22.36	7.5	10.12
Milk (lb.)	123.5	25.16	108.7	24.00	66.4	15.29
Creep / Starter (lb.)	654.3	4.76	1.4	0.65	1,850.1	19.34
Complete Ration (lb.)	330.4	59.42	385.7	52.14	295.0	59.15
Corn (bu.)	6.0	22.50	8.3	31.62	7.0	26.52
Corn Silage (lb.)	4,374.4	79.99	6,193.2	111.51	3,384.9	62.00
Hay, Alfalfa (lb.)	756.1	59.18	1,698.3	130.35	557.5	48.18
Hay, Grass (lb.)	740.4	39.24	626.7	35.46	667.7	34.98
Haylage, Alfalfa (lb.)	856.8	32.37	864.2	39.99	720.6	24.86
Other feed stuffs (lb)	1,489.8	45.51	1,252.8	52.65	925.0	25.32
Breeding fees		14.49		14.67		12.24
Veterinary		17.46		15.76		20.33
Supplies		28.16		38.89		28.92
Contract production exp.		89.34		131.11		52.73
Fuel & oil		20.86		20.41		22.65
Repairs		27.81		27.56		25.39
Hired labor		23.51		13.34		14.41
Bedding		21.22		21.33		13.02
Total direct expenses		723.80		963.03		580.52
Return over direct expense		-158.13		-717.97		220.74
Overhead Expenses						
Hired labor		31.00		26.82		34.64
Building leases		12.11		4.23		8.69
Utilities		12.73		9.64		14.46
Interest		15.10		16.24		13.27
Mach & bldg depreciation		28.92		30.07		25.42
Miscellaneous		20.40		24.46		20.39
Total overhead expenses		120.26		111.46		116.87
Total dir & ovhd expenses		844.06		1,074.50		697.39
Net return		-278.39		-829.43		103.87
Labor & management charge		38.29		41.67		37.10
Net return over lbr & mgt		-316.68		-871.11		66.77
Cost of Production Per Head Per Day						
Total direct expense per unit		2.27		3.06		1.72
Total dir & ovhd expense per unit		2.60		3.37		2.04
With other revenue adjustments		2.60		3.37		2.04
With labor and management		2.70		3.48		2.14
Est. labor hours per unit		7.03		6.39		7.14
Other Information						
No. purchased or trans in		104		70		105
Number sold or trans out		89		60		92
Average number of head		168		125		163
Percentage death loss		9.0		14.0		6.2
Feed cost per average head		480.95		679.95		390.82
Feed cost/head sold/trans		904.43		1,426.44		697.89
Total cost/head sold/trans		1,853.15		2,664.44		1,392.99
Feed cost per head per day		1.32		1.86		1.07
Avg. purch price / head		1,339.49		1,647.96		592.88
Avg. sales price / head		601.40		383.23		553.25

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Dairy and Repl Heifers -- Average Per Cow

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	325		65		65	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Milk sold (hd)	23,508.4	5,725.83	18,612.6	4,457.09	25,374.0	6,240.32
Dairy Calves sold (hd)	-	155.31	-	119.28	-	151.41
Transferred out (hd)	-	31.76	-	22.84	-	38.91
Cull sales (hd)	-	367.45	-	316.43	-	405.54
Other income	-	34.12	-	44.57	-	36.54
Purchased (hd)	-	-51.65	-	-123.98	-	-40.96
Transferred in (hd)	-	-13.75	-	-25.81	-	-8.12
Inventory change (hd)	-	121.19	-	88.48	-	198.68
Gross margin		6,370.54		4,899.03		7,022.74
Direct Expenses						
Protein Vit Minerals (lb.)	4,359.7	984.11	4,943.8	979.18	4,345.0	1,080.94
Complete Ration (lb.)	1,736.0	460.81	2,478.5	181.24	1,240.9	369.84
Corn (bu.)	72.1	273.56	63.0	261.00	71.0	275.58
Corn Silage (lb.)	22,199.8	421.40	20,872.8	380.36	22,813.5	435.62
Hay, Alfalfa (lb.)	3,272.7	276.00	4,039.9	403.35	3,103.8	224.74
Haylage, Alfalfa (lb.)	4,405.0	176.30	3,084.7	150.38	3,992.7	182.67
Other feed stuffs (lb)	5,426.2	250.35	9,302.8	397.24	5,719.0	223.28
Breeding fees		66.08		46.30		66.33
Veterinary		128.70		94.39		123.44
Supplies		412.68		342.23		390.33
Contract production exp.		112.54		24.08		142.65
Fuel & oil		130.20		127.36		136.72
Repairs		180.41		173.46		187.39
Custom hire		78.32		65.81		102.70
Hired labor		282.98		265.86		226.79
Bedding		111.65		98.65		91.22
Total direct expenses		4,346.10		3,990.86		4,260.23
Return over direct expense		2,024.44		908.17		2,762.52
Overhead Expenses						
Hired labor		195.92		80.21		184.33
Building leases		60.54		28.11		78.76
Utilities		82.26		99.24		84.13
Interest		99.35		166.91		56.67
Mach & bldg depreciation		189.58		201.33		210.27
Miscellaneous		132.18		150.06		103.99
Total overhead expenses		759.83		725.86		718.15
Total dir & ovhd expenses		5,105.93		4,716.72		4,978.38
Net return		1,264.61		182.31		2,044.37
Labor & management charge		262.53		296.21		370.16
Net return over lbr & mgt		1,002.08		-113.90		1,674.21
Cost of Production Per Cwt. Of Milk						
Total direct expense per unit		18.37		21.27		16.74
Total dir & ovhd expense per unit		21.58		25.14		19.56
With other revenue adjustments		18.98		22.96		16.55
With labor and management		20.09		24.54		18.01
Est. labor hours per unit		48.15		50.35		45.99
Other Information						
Number of cows		181.6		109.8		206.5
Milk produced per cow		23,658		18,765		25,453
Total milk sold		4,269,408		2,043,054		5,239,652
Lb. of milk sold per FTE		1,367,022		1,034,976		1,544,846
Culling percentage		30.3		27.8		31.1
Turnover rate		37.3		36.7		37.8
Cow death loss percent		6.5		8.3		6.0
Percent of barn capacity		109.8		94.7		110.6
Feed cost per day		7.79		7.54		7.65
Feed cost per cwt. of milk		12.02		14.67		10.97
Feed cost per cow		2,842.53		2,752.74		2,792.67
Avg. milk price per cwt.		24.36		23.95		24.59
Milk price / feed margin		12.34		9.28		13.62

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Dairy Finishing -- Average Per Head

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	91		18		19	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Dairy Finish sold (lb)	1,237.5	1,617.36	1,494.0	1,831.39	1,295.2	1,775.16
Transferred out (lb)	1.6	3.69	5.9	8.98	1.4	9.14
Other income		19.85		12.46		21.24
Purchased (lb)	-359.1	-631.08	-591.9	-952.58	-153.9	-268.07
Transferred in (lb)	-25.6	-62.59	-9.5	-23.43	-30.7	-125.84
Inventory change (lb)	131.3	540.37	-57.7	192.47	98.0	740.00
Gross margin		1,487.60		1,069.28		2,151.64
Direct Expenses						
Protein Vit Minerals (lb.)	943.9	181.94	805.6	191.47	989.9	170.09
Milk Replacer (lb.)	11.2	16.84	1.2	2.19	23.6	39.40
Complete Ration (lb.)	129.9	22.00	72.9	11.81	443.7	53.97
Corn (bu.)	102.0	391.35	89.2	368.13	114.8	419.88
Corn Silage (lb.)	2,097.6	34.54	3,188.0	60.71	1,963.4	33.75
Hay, Grass (lb.)	311.9	17.86	172.0	14.73	534.6	26.39
DDGS, dry (lb.)	291.4	21.51	485.5	27.32	482.3	47.82
DDGS, wet (lb.)	332.2	14.49	982.5	43.46	47.4	3.44
Other feed stuffs (lb)	922.8	42.66	958.6	33.61	480.1	42.74
Veterinary		22.20		17.40		24.07
Supplies		30.95		19.94		28.74
Contract production exp.		6.32		-		11.95
Fuel & oil		20.87		21.19		17.31
Repairs		26.91		22.03		24.01
Custom hire		7.53		10.93		4.75
Bedding		15.42		2.19		15.63
Operating interest		16.17		24.72		3.19
Total direct expenses		889.58		871.81		967.14
Return over direct expense		598.02		197.47		1,184.50
Overhead Expenses						
Hired labor		16.17		18.64		31.05
Farm insurance		11.04		13.96		6.84
Utilities		10.07		7.43		11.20
Interest		16.99		28.34		5.06
Mach & bldg depreciation		38.13		47.71		38.63
Miscellaneous		18.70		25.73		13.64
Total overhead expenses		111.10		141.82		106.42
Total dir & ovhd expenses		1,000.68		1,013.63		1,073.56
Net return		486.91		55.65		1,078.08
Labor & management charge		57.69		56.48		35.76
Net return over lbr & mgt		429.22		-0.82		1,042.32
Cost of Production Per Cwt. Produced						
Total direct expense per unit		82.64		109.53		46.26
Total dir & ovhd expense per unit		91.60		118.98		54.47
With other revenue adjustments		91.52		118.98		54.47
With labor and management		96.18		122.75		57.22
Est. labor hours per unit		5.03		5.45		4.20
Other Information						
No. purchased or trans in		149		180		128
Number sold or trans out		123		176		107
Percentage death loss		3.0		2.1		3.6
Avg. daily gain (lb.)		2.50		2.47		2.33
Lb. of conc / lb. of gain		7.50		8.81		6.92
Lb. of feed / lb. of gain		9.10		10.79		8.17
Feed cost per cwt. of gain		74.27		88.50		68.30
Feed cost per head		743.19		753.43		837.49
Average purchase weight		411		587		243
Avg wgt / Dairy Finish sold		1,418		1,396		1,466
Avg purch price / head		723.11		944.07		423.38
Avg sales price / cwt.		130.69		122.58		137.05

Livestock Enterprise Analysis
Minnesota Statewide Farm Management Database
SW Farm Bus Mgmt Associaion and MnSCU FBM
(Farms Sorted By Return to Overhead)

Dairy Finishing -- Average Per Cwt. Produced

	<u>Avg. Of All Farms</u>		<u>Low 20%</u>		<u>High 20%</u>	
	91		18		19	
	Quantity	Value	Quantity	Value	Quantity	Value
Number of farms						
Dairy Finish sold (lb)	123.67	161.63	175.49	215.11	105.64	144.78
Transferred out (lb)	0.16	0.37	0.70	1.05	0.12	0.75
Other income		1.98		1.46		1.73
Purchased (lb)	-35.89	-63.07	-69.52	-111.89	-12.55	-21.86
Transferred in (lb)	-2.56	-6.25	-1.11	-2.75	-2.50	-10.26
Inventory change (lb)	13.12	54.00	-6.77	22.61	7.99	60.35
Gross margin		148.66		125.59		175.48
Direct Expenses						
Protein Vit Minerals (lb.)	94.33	18.18	94.62	22.49	80.74	13.87
Milk Replacer (lb.)	1.12	1.68	0.14	0.26	1.92	3.21
Complete Ration (lb.)	12.98	2.20	8.56	1.39	36.19	4.40
Corn (bu.)	10.20	39.11	10.47	43.24	9.36	34.24
Corn Silage (lb.)	209.63	3.45	374.45	7.13	160.13	2.75
Hay, Grass (lb.)	31.17	1.79	20.20	1.73	43.60	2.15
DDGS, dry (lb.)	29.12	2.15	57.03	3.21	39.33	3.90
DDGS, wet (lb.)	33.20	1.45	115.41	5.10	3.87	0.28
Other feed stuffs (lb)	92.22	4.26	112.60	3.95	39.16	3.49
Veterinary		2.22		2.04		1.96
Supplies		3.72		2.34		3.32
Fuel & oil		2.09		2.49		1.41
Repairs		2.69		2.59		1.96
Custom hire		0.75		1.28		0.39
Bedding		1.54		0.26		1.27
Operating interest		1.62		2.90		0.26
Total direct expenses		88.90		102.40		78.88
Return over direct expense		59.76		23.19		96.61
Overhead Expenses						
Hired labor		1.62		2.19		2.53
Farm insurance		1.10		1.64		0.56
Interest		1.70		3.33		0.41
Mach & bldg depreciation		3.81		5.60		3.15
Miscellaneous		2.88		3.90		2.03
Total overhead expenses		11.10		16.66		8.68
Total dir & ovhd expenses		100.00		119.06		87.56
Net return		48.66		6.54		87.93
Labor & management charge		5.77		6.63		2.92
Net return over lbr & mgt		42.89		-0.10		85.01
Cost of Production Per Cwt. Produced						
Total direct expense per unit		82.64		109.53		46.26
Total dir & ovhd expense per unit		91.60		118.98		54.47
With other revenue adjustments		91.52		118.98		54.47
With labor and management		96.18		122.75		57.22
Est. labor hours per unit		0.50		0.64		0.34
Other Information						
No. purchased or trans in		149		180		128
Number sold or trans out		123		176		107
Percentage death loss		3.0		2.1		3.6
Avg. daily gain (lb.)		2.50		2.47		2.33
Lb. of conc / lb. of gain		7.50		8.81		6.92
Lb. of feed / lb. of gain		9.10		10.79		8.17
Feed cost per cwt. of gain		74.27		88.50		68.30
Feed cost per head		743.19		753.43		837.49
Average purchase weight		411		587		243
Avg wgt / Dairy Finish sold		1,418		1,396		1,466
Avg purch price / head		723.11		944.07		423.38
Avg sales price / cwt.		130.69		122.58		137.05

Summary Tables

Financial Summary by Years

A better picture of the current financial performance 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>
1995	152.4	2005	195.3
1996	156.9	2006	201.6
1997	160.5	2007	207.3
1998	163.0	2008	215.3
1999	166.6	2009	214.5
2000	172.2	2010	218.1
2001	177.1	2011	224.9
2002	179.9	2012	229.6
2003	184.0	2013	233.0
2004	188.9	2014	236.7

Financial Summary by Farm Size (Gross Farm Income)

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

Financial Summary by Farm Type

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

Financial Summary by Debt To Asset Ratio

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

Financial Summary by Age of Operator

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

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

Row	Items	1995	1996	1997	1998	1999	2000	2001	2002	2003
1	Number of Farms	216	203	208	210	216	212	207	188	175
Farm Income Statement										
2	Gross Cash Farm Income	346,838	382,502	359,710	369,573	388,731	422,897	433,698	428,084	504,022
3	Total Cash Farm Expense	277,214	299,610	303,241	305,344	324,802	348,711	358,506	352,995	400,605
4	Inventory Change	16,939	12,231	19,769	-21,057	15,633	25,296	-17,297	19,571	18,977
5	Depr. & Cap. Adj.	-29,288	-32,424	-35,640	-34,557	-35,800	-17,731	-21,280	-24,654	-25,990
6	Net Farm Income from Operations	57,276	62,699	40,598	8,616	43,762	81,750	36,614	70,007	96,404
7	Gain of Loss on Capital Sales	0	0	0	0	0	0	0	0	0
8	Net Farm Income	57,276	62,699	40,598	8,616	43,762	81,750	36,614	70,007	96,404
9	Net Farm Income (Constant \$)	88,958	94,588	59,873	12,512	62,176	112,371	48,936	92,110	124,015
Profitability*										
10	Rate of Return on Assets (%)	10	10	6	2	7	12	6	9	11
11	Rate of Return on Equity (%)	13	12	5	-6	7	19	4	11	16
12	Operating Profit Margin (%)	22	21	14	4	16	27	14	20	24
13	Asset Turnover Rate (%)	46	48	44	39	43	45	39	44	44
14	Value of Farm Production	247,690	277,026	262,396	250,717	274,411	313,232	282,583	345,743	379,505
15	Farm Interest Paid	22,084	22,337	22,282	25,358	27,488	27,002	27,203	26,739	25,262
Liquidity, Repayment and Efficiency										
16	Current Ratio	1.9	2.0	1.6	1.5	1.6	1.7	1.5	1.6	1.7
17	Working Capital	106,941	118,955	91,023	76,325	95,737	112,896	83,500	117,135	143,632
18	Working Capital to Gross Revenue (%)	29	30	25	21	24	25	20	25	28
19	Term Debt Coverage Ratio	n/a	n/a	2.2	1.6	1.9	2.3	1.0	1.6	2.2
20	Operating Expense Ratio (%)	70.0	69.6	73.3	80.5	73.1	71.4	79.5	73.6	71.5
21	Interest Expense Ratio (%)	6.1	5.8	6.2	7.5	6.7	6.2	6.6	5.8	4.8
Solvency (Year-end, Sole Proprietors Only)*										
22	No. of Sole Proprietors	184	173	180	183	185	181	178	161	149
23	Total Assets	944,208	982,750	1,016,308	1,066,565	1,061,579	1,150,838	1,158,071	1,277,823	1,407,919
24	Total Liabilities	452,253	462,505	490,140	522,994	517,040	545,689	539,918	578,253	619,279
25	Net Worth	491,955	520,245	526,168	543,571	544,539	605,149	618,197	699,570	788,640
26	Debt to Asset Ratio (%)	48	47	48	49	49	47	47	45	44
Acreage Information										
27	Total Acres Owned	256	249	233	250	241	250	252	265	263
28	Total Crop Acres Farmed	625	658	648	697	709	730	759	784	794
29	Crop Acres Owned	211	204	200	219	204	214	214	226	239
30	Crop Acres Cash Rented	340	384	381	402	430	445	468	490	489
31	Crop Acres Share Rented	74	70	67	76	75	70	77	68	67
Crop Yields										
32	Corn per acre (bu.)	119	133	126	161	156	150	128	151	157
33	Soybeans per acre (bu.)	43	42	42	49	45	46	42	49	39
Crop Prices Received (cash sales)										
34	Corn per Bushel	2.30	3.04	2.39	1.97	1.66	1.68	1.72	1.95	2.07
35	Soybeans per Bushel	5.56	6.84	7.13	5.72	4.59	4.57	4.32	4.57	5.73
Household Information										
36	No. Farms Reporting HseHld Info	151	131	123	122	125	120	124	108	102
37	Average Family Size	3.7	3.7	3.7	3.6	3.6	3.5	3.5	3.6	3.4
38	Family living expense	30,439	32,509	34,284	34,097	35,186	38,932	39,793	41,882	43,383
39	Total Family Use of Cash	43,315	47,584	58,051	48,197	50,326	62,349	63,980	51,826	68,470
40	Net Nonfarm Income	14,279	13,506	13,596	15,580	18,430	21,436	20,082	20,846	22,480

* Beginning in 1993, profitability is analyzed using assets valued at adjusted cost basis while solvency is at estimated fair market value. Prior to 1993, profitability and solvency were analyzed using land valued with a conservative market value and all other assets valued at cost basis.

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

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Row
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125	107	110	107	99	95	97	107	110	117	109	1
496,771	579,201	609,886	731,897	876,375	878,404	970,471	1,150,686	1,332,519	1,285,081	1,086,085	2
404,743	477,476	494,409	592,841	720,364	743,487	781,053	898,752	1,057,018	1,029,631	856,705	3
31,076	74,307	66,397	135,843	70,051	-21,159	178,977	136,582	157,209	-53,364	-49,479	4
-24,741	-28,170	-27,176	-32,631	-39,437	-43,972	-48,085	-55,244	-66,085	-69,322	-70,801	5
98,362	147,862	154,698	242,267	186,625	69,787	320,310	333,272	366,624	132,764	109,100	6
0	0	0	0	4,276	0	1,855	3,015	10,447	4,404	9,296	7
98,362	147,862	154,698	242,267	190,901	69,787	322,165	336,287	377,071	137,168	118,396	8
123,252	179,206	181,632	276,626	209,876	77,010	349,640	353,931	388,731	139,346	118,396	9
11	14	13	17	11	3	17	16	14	4	3	10
16	21	19	25	15	2	24	21	19	4	3	11
23	28	28	35	26	9	36	35	30	11	10	12
46	51	48	50	43	37	47	46	46	34	34	13
378,450	478,073	512,081	648,768	658,576	608,181	819,691	871,265	1,052,663	819,449	790,270	14
21,824	22,210	27,677	30,714	30,232	29,727	34,124	28,447	27,141	27,405	26,239	15
1.9	2.1	2.2	2.5	2.6	2.3	2.9	3.3	3.1	2.7	2.6	16
155,804	218,745	268,567	393,911	446,350	404,104	568,438	659,446	771,719	646,719	562,147	17
30	34	40	46	49	45	50	52	52	52	54	18
2.1	3.0	3.1	4.1	2.9	1.1	5.2	5.6	4.6	1.8	1.4	19
72.1	69.2	68.7	64.1	71.6	83.6	64.8	66.9	69.1	81.4	80.0	20
4.2	3.5	4.3	3.7	3.3	3.3	3.0	2.3	1.8	2.2	2.6	21
109	91	93	91	85	80	80	87	85	89	84	22
1,286,775	1,487,232	1,694,428	2,034,365	2,208,883	2,376,886	2,719,826	2,922,324	3,515,081	3,667,344	3,670,892	23
554,962	618,105	698,239	810,184	837,830	892,734	987,753	1,068,183	1,057,882	1,271,925	1,241,969	24
731,813	869,127	996,189	1,224,181	1,371,053	1,484,151	1,732,074	1,854,181	2,288,721	2,395,419	2,428,924	25
43	42	41	40	38	38	36	37	35	35	34	26
236	241	243	241	249	250	240	232	216	211	208	27
766	792	797	825	822	831	831	791	886	845	902	28
193	199	197	208	222	224	221	202	205	203	208	29
494	532	526	546	536	555	550	532	617	592	626	30
79	61	74	71	64	52	61	57	63	50	67	31
171	192	169	162	172	185	184	173	162	175	167	32
41	55	51	49	44	49	51	46	47	52	48	33
2.28	1.89	2.04	3.00	4.51	3.83	3.67	5.29	6.27	6.48	4.35	34
7.17	5.88	5.57	7.14	10.83	10.15	9.72	11.58	13.07	13.97	12.73	35
73	67	66	60	62	52	46	43	42	32	41	36
3.4	3.4	3.3	3.1	3.0	3.3	3.0	3.0	2.9	3.0	2.8	37
48,371	50,608	51,569	56,229	59,939	62,182	63,848	73,704	73,904	72,592	73,073	38
68,029	74,513	82,670	98,388	100,933	123,590	108,468	119,913	135,406	159,539	140,853	39
23,733	24,774	31,059	25,164	28,456	29,369	29,543	35,042	30,841	35,723	42,073	40

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

	<u>Avg. Of All Farms</u>	<u>100,001 - 250,000</u>	<u>250,001 - 500,000</u>	<u>500,001 - 1,000,000</u>	<u>Over 1,000,000</u>
Number of farms	109	10	26	40	30
Income Statement					
Gross cash farm income	1,086,085	170,407	369,907	679,166	2,656,972
Total cash farm expense	856,705	116,375	258,034	473,965	2,214,015
Net cash farm income	229,380	54,032	111,874	205,200	442,957
Inventory change	-49,479	18,001	-20,102	-65,106	-81,609
Depreciation	-70,801	-18,988	-40,043	-66,691	-126,157
Net farm income from operations	109,099	53,045	51,728	73,404	235,192
Gain or loss on capital sales	9,296	446	35,989	430	1,864
Average net farm income	118,396	53,491	87,718	73,834	237,055
Median net farm income	83,335	44,342	61,599	92,072	140,815
Profitability (cost)					
Rate of return on assets	3.3 %	5.3 %	2.8 %	1.8 %	4.2 %
Rate of return on equity	3.0 %	5.7 %	2.1 %	1.1 %	4.4 %
Operating profit margin	9.6 %	19.9 %	8.9 %	6.4 %	10.8 %
Asset turnover rate	34.0 %	26.5 %	31.4 %	27.7 %	39.0 %
Liquidity & Repayment (end of year)					
Current assets	910,597	216,831	358,971	819,000	1,831,596
Current liabilities	348,450	50,082	156,569	222,061	813,535
Current ratio	2.61	4.33	2.29	3.69	2.25
Working capital	562,147	166,749	202,401	596,939	1,018,061
Working capital to gross inc	54.3 %	85.5 %	56.7 %	95.6 %	39.9 %
Term debt coverage ratio	1.40	2.22	0.83	1.34	1.60
Replacement coverage ratio	0.97	1.34	0.62	0.81	1.19
Term debt to EBITDA	1.99	1.00	2.45	2.11	1.87
Solvency (end of year at market)					
Number of farms	109	10	26	40	30
Total assets	3,896,029	1,413,665	2,298,788	4,182,663	6,072,318
Total liabilities	1,357,656	286,583	792,231	1,257,302	2,448,963
Net worth	2,538,374	1,127,082	1,506,557	2,925,362	3,623,355
Total net worth change	139,199	26,254	56,909	222,657	145,262
Farm debt to asset ratio	37 %	22 %	37 %	32 %	41 %
Total debt to asset ratio	35 %	20 %	34 %	30 %	40 %
Change in total net worth %	6 %	2 %	4 %	8 %	4 %
Nonfarm Information					
Net nonfarm income	42,073	32,110	39,498	53,228	30,427
Farms reporting living expenses	41	2	11	18	8
Total family living expense	73,073	-	82,734	68,997	72,698
Total living, invest, cap. purch	140,853	-	141,937	175,313	87,046
Crop Acres					
Total crop acres	902	187	467	844	1,679
Total crop acres owned	208	70	162	222	298
Total crop acres cash rented	626	117	241	545	1,296
Total crop acres share rented	67	-	64	77	85
Machinery value per crop acre	528	549	564	586	482

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

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Hog</u>	<u>Crop and Beef</u>	<u>Other</u>
Number of farms	109	67	6	5	23
Income Statement					
Gross cash farm income	1,086,085	874,720	4,245,547	841,801	510,219
Total cash farm expense	856,705	664,428	3,689,050	657,966	375,134
Net cash farm income	229,380	210,292	556,497	183,834	135,085
Inventory change	-49,479	-117,155	311,281	-105,858	44,646
Depreciation	-70,801	-69,163	-128,668	-65,926	-50,930
Net farm income from operations	109,099	23,975	739,110	12,050	128,801
Gain or loss on capital sales	9,296	14,519	33	665	1,268
Average net farm income	118,396	38,493	739,143	12,715	130,070
Median net farm income	83,335	48,316	730,903	-1,264	110,596
Profitability (cost)					
Rate of return on assets	3.3 %	-0.6 %	14.6 %	-1.2 %	8.3 %
Rate of return on equity	3.0 %	-2.1 %	20.4 %	-3.6 %	11.3 %
Operating profit margin	9.6 %	-1.8 %	34.6 %	-4.1 %	23.1 %
Asset turnover rate	34.0 %	30.6 %	42.3 %	28.5 %	35.7 %
Liquidity & Repayment (end of year)					
Current assets	910,597	895,052	2,478,441	849,859	475,241
Current liabilities	348,450	320,096	1,011,356	285,676	235,093
Current ratio	2.61	2.80	2.45	2.97	2.02
Working capital	562,147	574,957	1,467,085	564,184	240,149
Working capital to gross inc	54.3 %	74.6 %	33.6 %	78.1 %	43.0 %
Term debt coverage ratio	1.40	0.41	4.68	0.48	1.75
Replacement coverage ratio	0.97	0.27	3.55	0.31	1.50
Term debt to EBITDA	1.99	3.31	0.81	3.72	1.88
Solvency (end of year at market)					
Number of farms	109	67	6	5	23
Total assets	3,896,029	4,029,727	7,005,847	2,689,138	2,401,004
Total liabilities	1,357,656	1,362,759	2,899,812	1,142,650	921,117
Net worth	2,538,374	2,666,969	4,106,035	1,546,488	1,479,887
Total net worth change	139,199	93,766	514,298	87,315	145,499
Farm debt to asset ratio	37 %	35 %	42 %	43 %	42 %
Total debt to asset ratio	35 %	34 %	41 %	42 %	38 %
Change in total net worth %	6 %	4 %	14 %	6 %	11 %
Nonfarm Information					
Net nonfarm income	42,073	46,603	6,549	15,756	41,516
Farms reporting living expenses	41	29	2	2	6
Total family living expense	73,073	74,553	-	-	81,693
Total living, invest, cap. purch	140,853	165,268	-	-	116,044
Crop Acres					
Total crop acres	902	1,038	1,056	910	474
Total crop acres owned	208	253	364	36	77
Total crop acres cash rented	626	718	665	655	343
Total crop acres share rented	67	67	26	219	53
Machinery value per crop acre	528	495	700	595	606

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

	<u>Avg. Of All Farms</u>	<u>Less than 20%</u>	<u>20% - 40%</u>	<u>40% - 60%</u>	<u>60% - 80%</u>
Number of farms	109	15	55	23	12
Income Statement					
Gross cash farm income	1,086,085	577,026	1,030,090	1,612,037	1,160,314
Total cash farm expense	856,705	403,733	754,768	1,379,216	1,051,461
Net cash farm income	229,380	173,293	275,322	232,820	108,853
Inventory change	-49,479	-26,295	-52,900	-21,199	-119,066
Depreciation	-70,801	-55,054	-73,254	-88,153	-53,002
Net farm income from operations	109,099	91,944	149,167	123,468	-63,215
Gain or loss on capital sales	9,296	662	556	41,045	2,396
Average net farm income	118,396	92,606	149,723	164,513	-60,819
Median net farm income	83,335	87,039	89,164	86,036	31,613
Profitability (cost)					
Rate of return on assets	3.3 %	2.4 %	4.4 %	3.5 %	-3.7 %
Rate of return on equity	3.0 %	2.3 %	4.7 %	3.3 %	-16.9 %
Operating profit margin	9.6 %	6.9 %	14.3 %	10.5 %	-7.5 %
Asset turnover rate	34.0 %	34.6 %	30.8 %	33.6 %	48.9 %
Liquidity & Repayment (end of year)					
Current assets	910,597	732,902	936,327	1,057,646	974,889
Current liabilities	348,450	34,817	232,843	620,535	754,059
Current ratio	2.61	21.05	4.02	1.70	1.29
Working capital	562,147	698,085	703,484	437,111	220,830
Working capital to gross inc	54.3 %	124.3 %	71.4 %	28.2 %	20.6 %
Term debt coverage ratio	1.40	4.09	2.06	1.10	-0.29
Replacement coverage ratio	0.97	1.02	1.32	0.88	-0.26
Term debt to EBITDA	1.99	0.32	1.34	2.48	18.60
Solvency (end of year at market)					
Number of farms	109	15	55	23	12
Total assets	3,896,029	2,861,411	4,512,654	4,100,911	2,840,387
Total liabilities	1,357,656	394,424	1,275,058	1,888,598	2,007,713
Net worth	2,538,374	2,466,987	3,237,596	2,212,313	832,674
Total net worth change	139,199	77,110	219,118	99,350	-32,606
Farm debt to asset ratio	37 %	14 %	30 %	47 %	73 %
Total debt to asset ratio	35 %	14 %	28 %	46 %	71 %
Change in total net worth %	6 %	3 %	7 %	5 %	-4 %
Nonfarm Information					
Net nonfarm income	42,073	21,469	49,460	34,030	49,859
Farms reporting living expenses	41	2	24	9	5
Total family living expense	73,073	-	69,376	82,050	89,825
Total living, invest, cap. purch	140,853	-	146,585	113,681	115,943
Crop Acres					
Total crop acres	902	730	848	1,009	1,322
Total crop acres owned	208	109	262	235	105
Total crop acres cash rented	626	573	514	674	1,191
Total crop acres share rented	67	48	72	100	25
Machinery value per crop acre	528	575	565	631	221

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

	<u>Avg. Of All Farms</u>	<u>Less Than 31</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	109	7	23	15	28	36
Income Statement						
Gross cash farm income	1,086,085	1,639,053	803,087	597,677	1,164,202	1,302,113
Total cash farm expense	856,705	1,474,870	615,979	431,467	923,884	1,015,235
Net cash farm income	229,380	164,182	187,108	166,211	240,318	286,878
Inventory change	-49,479	-281,190	-32,187	-65,557	16,352	-59,976
Depreciation	-70,801	-56,007	-64,975	-57,192	-76,405	-78,711
Net farm income from operations	109,099	-173,016	89,946	43,462	180,266	148,190
Gain or loss on capital sales	9,296	1,941	717	662	33,886	681
Average net farm income	118,396	-171,075	90,662	44,124	214,151	148,871
Median net farm income	83,335	9,345	87,429	71,309	95,351	77,140
Profitability (cost)						
Rate of return on assets	3.3 %	-7.7 %	3.7 %	0.2 %	6.1 %	4.0 %
Rate of return on equity	3.0 %	-24.6 %	3.5 %	-0.8 %	7.2 %	4.1 %
Operating profit margin	9.6 %	-14.0 %	10.0 %	0.8 %	17.9 %	12.9 %
Asset turnover rate	34.0 %	55.2 %	37.1 %	27.7 %	34.3 %	30.7 %
Liquidity & Repayment (end of year)						
Current assets	910,597	1,296,698	577,825	810,155	1,071,550	964,791
Current liabilities	348,450	945,273	200,643	209,152	348,548	384,797
Current ratio	2.61	1.37	2.88	3.87	3.07	2.51
Working capital	562,147	351,425	377,182	601,003	723,002	579,994
Working capital to gross inc	54.3 %	25.1 %	49.3 %	107.7 %	62.4 %	46.7 %
Term debt coverage ratio	1.40	-0.89	1.63	0.49	2.16	1.64
Replacement coverage ratio	0.97	-0.85	1.21	0.32	1.38	1.12
Term debt to EBITDA	1.99	-18.35	1.85	2.39	1.42	1.62
Solvency (end of year at market)						
Number of farms	109	7	23	15	28	36
Total assets	3,896,029	3,396,269	2,286,468	3,595,427	3,974,141	5,086,034
Total liabilities	1,357,656	2,415,758	935,720	1,083,273	1,330,648	1,556,816
Net worth	2,538,374	980,511	1,350,748	2,512,154	2,643,493	3,529,218
Total net worth change	139,199	-82,816	112,823	48,757	167,154	215,160
Farm debt to asset ratio	37 %	74 %	42 %	32 %	34 %	33 %
Total debt to asset ratio	35 %	71 %	41 %	30 %	33 %	31 %
Change in total net worth %	6 %	-8 %	9 %	2 %	7 %	6 %
Nonfarm Information						
Net nonfarm income	42,073	38,757	42,918	48,507	30,331	48,630
Farms reporting living expenses	41	2	8	3	14	14
Total family living expense	73,073	-	61,683	-	74,695	73,977
Total living, invest, cap. purch	140,853	-	84,708	-	172,007	144,668
Crop Acres						
Total crop acres	902	1,929	710	800	899	868
Total crop acres owned	208	130	71	181	212	319
Total crop acres cash rented	626	1,789	529	563	612	500
Total crop acres share rented	67	9	110	56	75	49
Machinery value per crop acre	528	157	664	547	600	553

Appendix I

Whole Farm Analysis Procedures and Measures

The whole-farm reports include summary financial statements and measures for all farms included in this report. Rounding of individual items may have caused minor discrepancies between those items and the printed totals which are calculated before rounding.

Financial Summary

This table summarizes key measures reported in several of the following tables.

Income Statement

This section summarizes key totals from the Income Statement table. *Average Net Farm Income* is the mean or average farm earnings of the group calculated on an accrual adjusted basis. *Median Net Farm Income* is the farm earnings of the median or middle farm in the group. If it is lower than the average, the average earnings are skewed because some farms had much higher earnings than the rest of the group. If it is higher than the average, the average earnings are skewed because some farms had much lower earnings than the rest of the group.

Profitability

See the Profitability Measures section below for an explanation of these measures.

Liquidity and Repayment

See the Financial Standards Measures and Liquidity Measures sections below for an explanation of these measures.

Solvency

This section summarizes key measures from the Balance Sheet reports.

Nonfarm Information

This section summarizes non-farm earnings for all farms and family living withdrawals for those sole proprietors who kept accurate family living records. More detail is included on the Household and Personal Expenses and Nonfarm Summary pages.

Crop Acres

This section summarizes acres used for cropping from the Crop Production and Marketing table.

Financial Standards Measures

This table contains the Farm Financial Standards Council's 21 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.

Working Capital to Gross Income is *Working Capital* divided by *Gross Revenues (accrual)*.

Solvency

Farm Debt to Asset Ratio is calculated by dividing the total farm liabilities by the total farm assets. It measures the proportion of farm assets financed by debt capital.

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: $\text{Rate of Return on Assets} = \frac{\text{Return on Farm Assets}}{\text{Average Farm Investment}}$, where: $\text{Return on Farm Assets} = \text{Net Farm Income} + \text{Farm Interest} - \text{Value of Operator's Labor \& Management}$, and $\text{Average Farm Investment} = \frac{(\text{Beginning Total Farm Assets} + \text{Ending Total Farm Assets})}{2}$.

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: $\text{Rate of Return on Equity} = \frac{\text{Return on Farm Equity}}{\text{Average Farm Net Worth}}$, where: $\text{Return on Farm Equity} = \text{Net Farm Income} - \text{Value of Operator's Labor \& Management}$, and $\text{Average Farm Net Worth} = \frac{(\text{Beginning Farm Net Worth} + \text{Ending Farm Net Worth})}{2}$.

Operating Profit Margin is a measure of the operating efficiency of the business. It is calculated as follows: $\text{Operating Profit Margin} = \frac{\text{Return to Farm Assets}}{\text{Value of Farm Production}}$. 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.

EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization. It is Net Farm Income from Operations from the income statement plus interest expense and depreciation expense. This measure is common in commercial financial analysis but is not commonly used in agriculture.

Repayment Capacity

Capital Debt Repayment Capacity is *Net Farm Income From Operations* plus *Depreciation, Personal Income*, and *Interest on Term Debt* minus *Family Living/Owner Withdrawals, Payments on Personal Debt* and *Income Taxes Paid*. This represents total earnings available for debt repayment and cash capital replacement.

Capital Debt Repayment Margin is *Capital Debt Repayment Capacity* minus *Scheduled Term Debt Payments*. This is the amount by which earnings available for debt repayment exceeded payments due.

Replacement Margin is *Capital Debt Repayment Margin* minus *Cash Replacement Allowance*. This is the amount by which earnings available for debt repayment and replacement exceed payments due and cash replacement needs.

Term Debt Coverage Ratio measures whether the business generated enough income 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 1.0 indicates that the business did not generate sufficient cash to meet scheduled payments in the past year. A ratio greater than 1.0 indicates the business generated enough cash to pay all term debt payments.

Replacement Coverage Ratio measures whether the business generated enough income to cover scheduled term debt payments plus estimated cash capital replacement needs. A ratio less than 1.0 indicates that the business did not generate sufficient income to meet replacement needs. A ratio greater than 1.0 indicates the business generated enough income to pay all term debt payments and cover an allowance for capital replacement.

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

Depreciation Expense Ratio is calculated as Depreciation ÷ 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 Farm Interest Expense ÷ 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 Net Farm Income ÷ Gross Farm Income. This ratio indicates the percent of the gross farm income that remained after all expenses.

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* 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.

Profitability Measures

Profitability is measured using assets valued first at cost and then at market. The reports include five 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.

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*.

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 and Repayment Capacity Measures

Current Ratio is total *Current Assets* divided by total *Current Liabilities*.

Working Capital is total *Current Assets* minus total *Current Liabilities*.

Working Capital to Gross Income is *Working Capital* divided by *Gross Revenues (accrual)*.

Current Assets are taken from the ending balance sheet and include all assets that will be sold or used up in production within one business year.

Current Liabilities are taken from the ending balance sheet and include all loans and other debt due to be repaid within one business year. Principal due within a twelve months on intermediate and long term loans is included.

Gross Revenues (accrual) is gross cash farm income from the income statement adjusted for inventory changes in crops and feed, market livestock, accounts receivable, hedging accounts, breeding livestock and other income related inventories.

Net Farm Income from Operations is from the Income Statement.

Depreciation is the total depreciation from the Income Statement. It is added as a source of repayment because it is a non-cash expense that was subtracted to arrive at *Net Farm Income From Operations*.

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

Family Living/Owner Withdrawals is the amount of owner withdrawals for family living, partnership withdrawals, and corporate dividends. Reported withdrawals are adjusted to include any discrepancy with actual cash disappearance.

Payments on personal debt is the total principal payments made during the year on all non-farm loans.

Income Taxes Paid are total federal, state, and social security taxes paid during the year on farm and personal earnings.

Interest on Term Debt is the amount of interest paid on intermediate and long term loans during the year. Interest is added as a source of repayment because it was previously subtracted to arrive at *Net Farm Income from Operations*.

Capital Debt Repayment Capacity is *Net Farm Income From Operations* plus *Depreciation, Personal Income*, and *Interest on Term Debt* minus *Family Living/Owner Withdrawals, Payments on Personal Debt* and *Income Taxes Paid*. This represents total earnings available for debt repayment and cash capital replacement.

Scheduled Term Debt Payments is the scheduled amount of principal and interest payments due on farm intermediate and long term loans from the beginning balance sheet.

Capital Debt Repayment Margin is *Capital Debt Repayment Capacity* minus *Scheduled Term Debt Payments*. This is the amount by which earnings available for debt repayment exceeded payments due.

Cash Replacement Allowance is the estimated amount of cash needed to cover the portion of capital replacement needs that normally come from cash flow. It is estimated for each operator based on their financial structure.

Replacement Margin is *Capital Debt Repayment Margin* minus *Cash Replacement Allowance*. This is the amount by which earnings available for debt repayment and replacement exceed payments due and cash replacement needs.

Term Debt Coverage Ratio is *Capital Debt Repayment Capacity* divided by *Scheduled Term Debt Payments*. This is how many times scheduled payments are covered by repayment capacity.

Replacement Coverage Ratio is *Capital Debt Repayment Capacity* divided by the total of *Scheduled Term Debt Payments* and the *Cash Replacement Allowance*. This represents how many times scheduled payments and cash replacement needs are covered by repayment capacity.

Balance Sheets at Cost and Market Values

These tables include all farm and personal assets and liabilities reported by these farms on their beginning and ending balance sheets. Government crop loans are treated consistently as loans on these tables, meaning that the full asset value is included as an asset and total accrued interest and outstanding principal balances are included as liabilities. Capital assets are valued at original purchase price minus economic depreciation on the Cost Value table. Assets are valued at a

conservative market value on the Market Value table. Deferred liabilities are included on the Market Value table. Deferred liabilities are an estimate of the taxes that would be due if the business was liquidated on the date of the balance sheet.

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.

Crop Production and Marketing Summary

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

Household and Personal Expenses

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

Operator and Labor Information

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

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

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

Nonfarm Summary

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

Appendix II

Crop Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

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

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

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

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

Appendix III

Livestock Enterprise Analysis Procedures and Measures

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

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

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

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

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

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

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

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

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

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

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

Appendix IV Prices Used In the Analysis Report

Item	Beginning Inventory	Feed	Ending Inventory
All Corn/bu.	4.17	3.85	3.80
Oats/bu.	3.90	3.50	3.00
All Wheat/bu.	5.79	5.65	5.19
Soybeans/bu.	12.74	12.26	9.93
Alfalfa hay/t. (avg quality)	160.00	136.00	125.00
Alfalfa haylage/t	69.00	58.00	54.00
Grass/Mixed hay/r	150.00	110.00	85.00
Corn silage/t.	33.00	31.00	30.00
Oats straw/bale/ton	3.75/125	3.75/125	3.75/125
Cornstalks/t.	30.00	30.00	30.00
Oatlage/t.	16.00	25.00	24.00

Enterprise production valued at actual selling price if sold or contracted, inventory price for balance.
All feeds are valued on an as fed moisture basis.

Other Prices Used:

Pasture: \$50.00/acre (adjusted for quality and carrying capacity)
Value of milk fed calves \$ 1.50/gallon

Depreciation is calculated by using a 5% rate for buildings, 10% for machinery, 20% for beef cattle and sheep and 33% for breeding hogs and dairy cows. The economic depreciation is calculated by taking the beginning cost (book) value, plus new purchases (boot), less book value of sold items multiplied by the appropriate percentage rate.

Value of operator's labor is calculated by using this formula: For sole proprietors and partnerships, labor and management is valued at \$20,000 per operator plus 5% of the value of farm production, with a minimum of \$30,000 for a full-time farm operator.



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