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SOUTHWESTERN MINNESOTA  
FARM BUSINESS MANAGEMENT ASSOCIATION

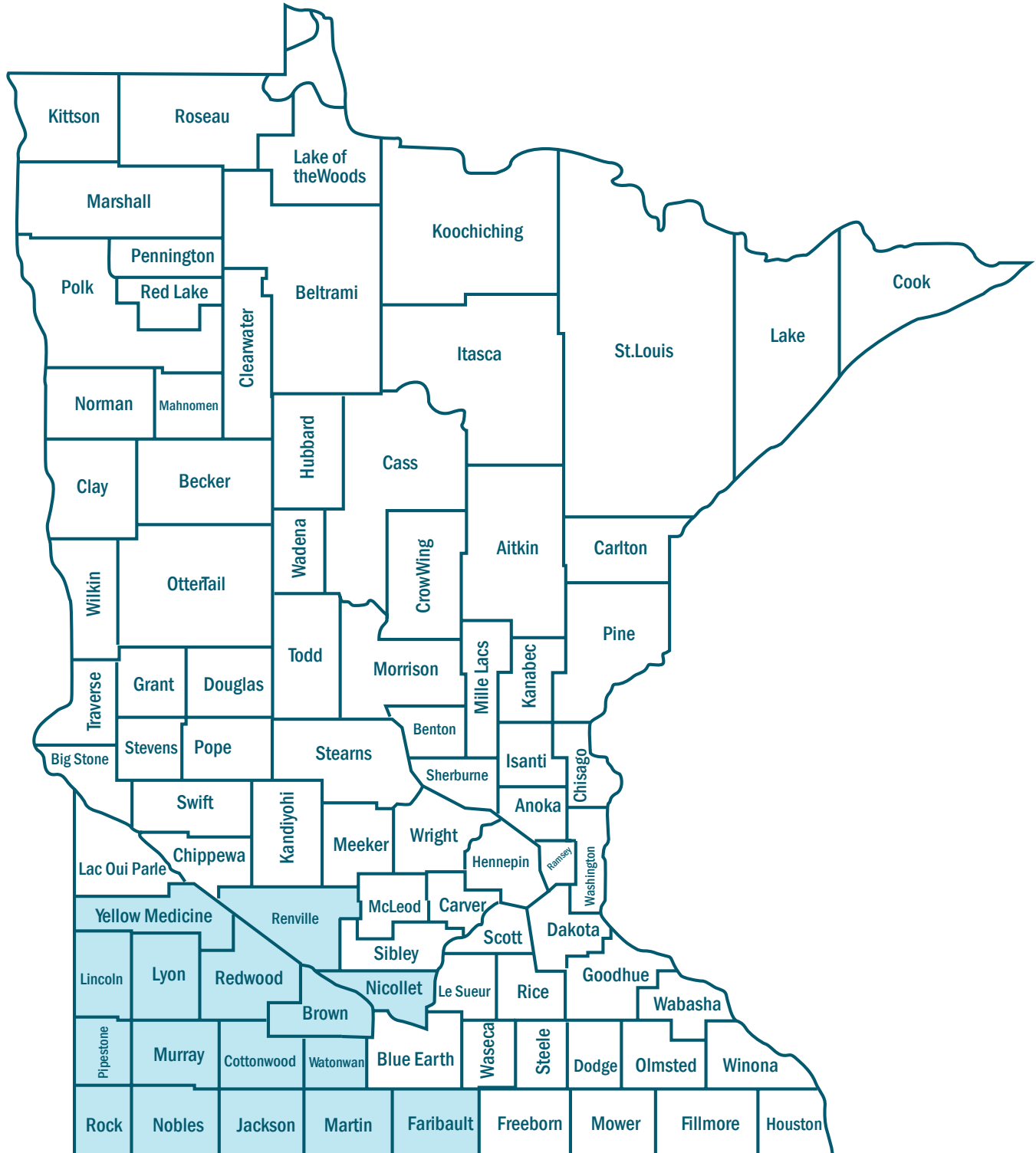
2008  
ANNUAL REPORT



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Department of Applied Economics  
University of Minnesota  
St. Paul, MN 55108  
April 2009

In Cooperation with:  
Center for Farm Financial Management • Department of Applied Economics • University of Minnesota Extension  
College of Food, Agricultural and Natural Resource Sciences • University of Minnesota

# SOUTHWEST MINNESOTA FARM BUSINESS MANAGEMENT ASSOCIATION

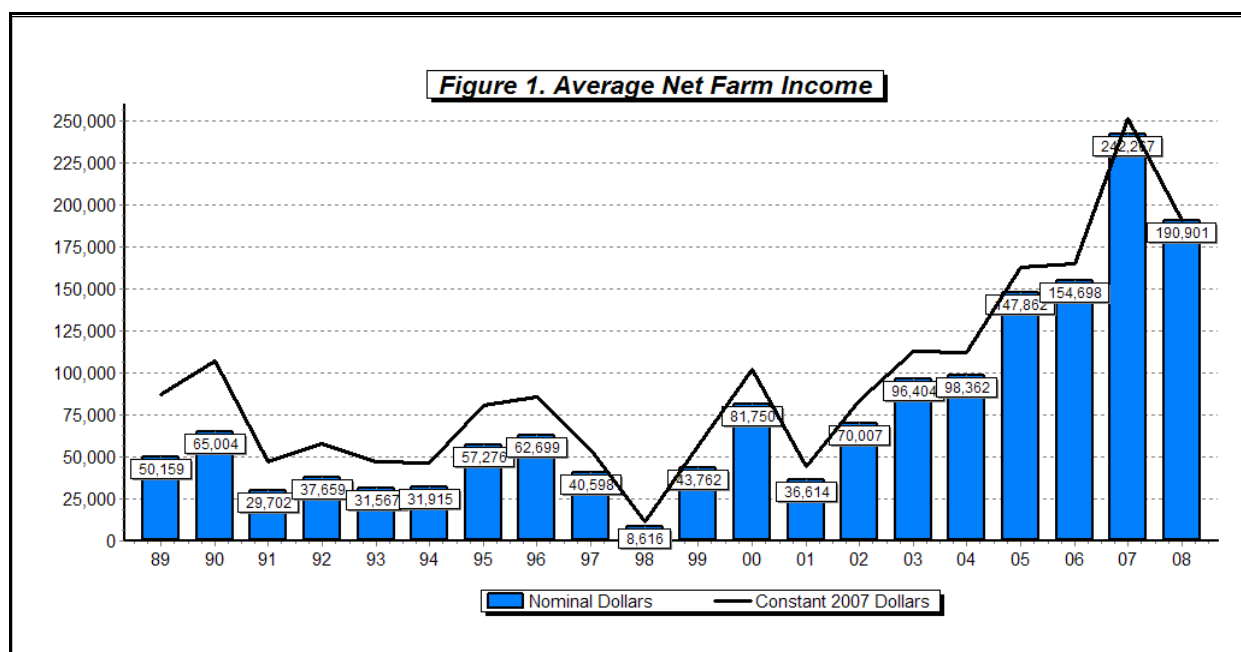


## *Executive Summary*

# **2008 Annual Report of the Southwestern Minnesota Farm Business Management Association**

by Dale W. Nordquist, James N. Kurtz, Garen J. Paulson, James L. Christensen, and Janet M. Frosilan

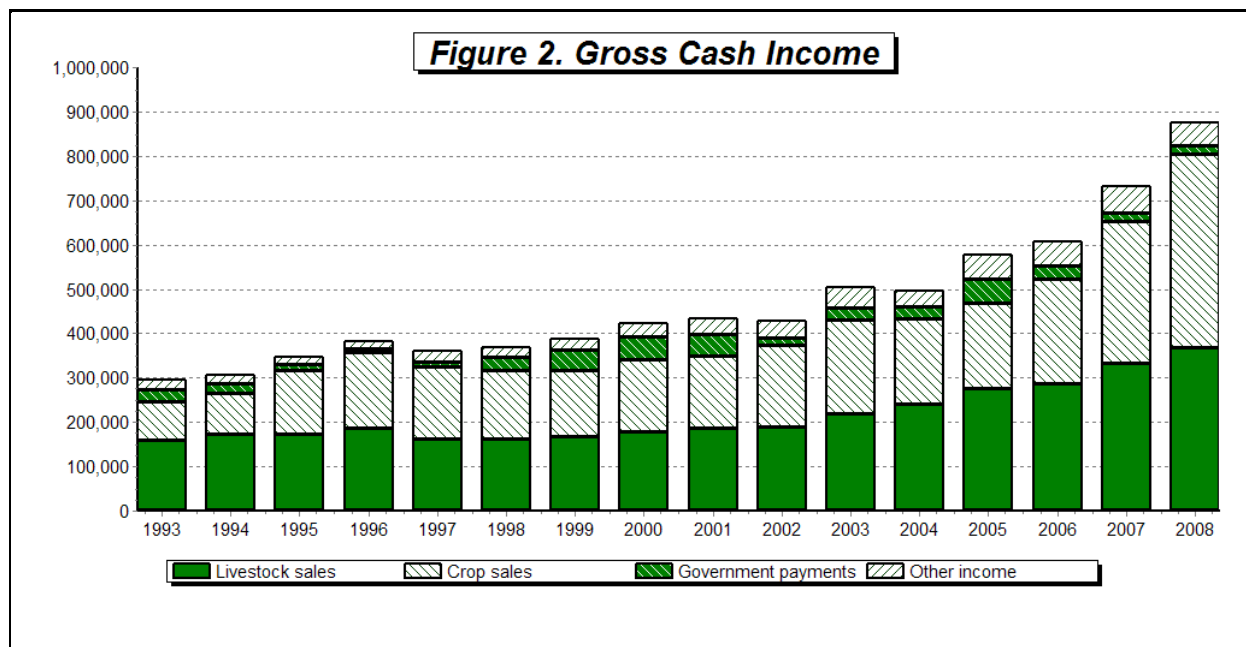
Average net farm income was \$190,901 in 2008 for the 99 farms included in this annual report of the Southwestern Minnesota Farm Business Management Association. Average earnings decreased by 21% from the average of \$242,267 in 2007 (Figure 1). 2008 ended a steady trend of increasing year-to-year incomes for these farms from 2001 to 2007. Crop farms, with historically high corn and soybean prices, remained very profitable. However, specialized hog farms, which had been very profitable for the past four years, experienced substantial losses.



Highlights of association financial results for 2008:

- Median net farm income was \$178,874, slightly lower than the average, indicating that the average was increased by high profits of the most profitable farms. This effect was not as large as previous years, likely because of losses by larger hog operations.
- The difference between the most profitable farms and the least profitable continued to increase. The most profitable 20% of the farms earned an average net farm income of \$449,997 while the least profitable lost \$-29,476.
- Average gross cash income increased by 20% while expenses increased 22% for the average farm. Most of the reduction in income resulted from a lower value of inventory changes. Inventories did increase in value, but not by as much as in 2007.





- Government payments accounted for 2% of gross cash farm income (Figure 2). Crop sales accounted for 50% of income while livestock sales were 42%.
- Average rate of return on assets (ROA) was 11% with assets valued at adjusted cost or book value, down from 17% in 2007 (Figure 3). Rate of return on equity (ROE) averaged 15%, down from 25 percent. The fact that ROE exceeded ROA indicates that debt capital earned more than its cost.
- The average farm generated net worth growth of \$115,999. The average debt-to-asset ratio improved slightly to 39%, down from 40% (Figure 4).
- Corn yields were up but soybean yields were down. Corn averaged 172 bushels per acre compared to 162 in 2007. Soybeans yields decreased to 44 bushels from 49 in 2007 (Figure 5).
- Both corn and soybean prices received increased by over 50% to \$4.51 for corn and \$10.83 for soybeans.
- The cost to raise an acre of corn (with land rent) increased by 23% while soybean costs increased by 21%. The cost to produce a bushel of corn on cash rented land increased from \$2.58 per bushel in 2007 to \$2.90 in 2008, while soybean costs per bushel increased from \$6.14 to \$7.21.
- The average specialized hog operation (those with 70% of sales from hogs or pigs) lost over \$150,000 in 2008 (Figure 6). All other farm types with enough farms to report averaged net incomes very close to the association average.
- Based on rate of return on assets, crop farms (those with 70% of sales from crops) were the most profitable type of farm in 2008, with an ROA of 14.7% (Figure 7). All other farm types were profitable except specialized hog farms, which earned a -2.2% ROA.

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

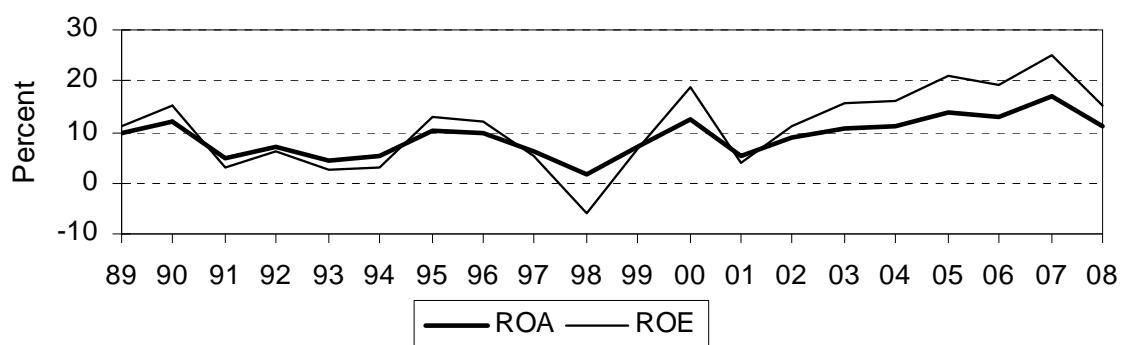


Figure 4. Ending Equity and Ending Debt-Asset Ratio

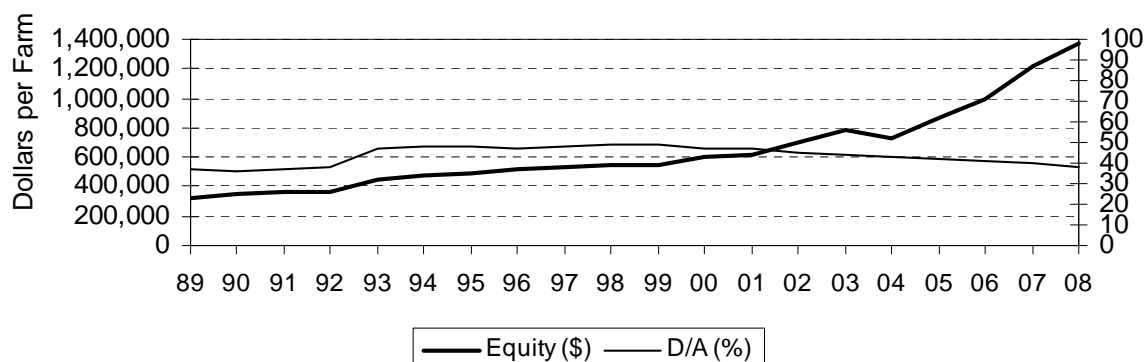


Figure 5. Average Corn & Soybean Yield

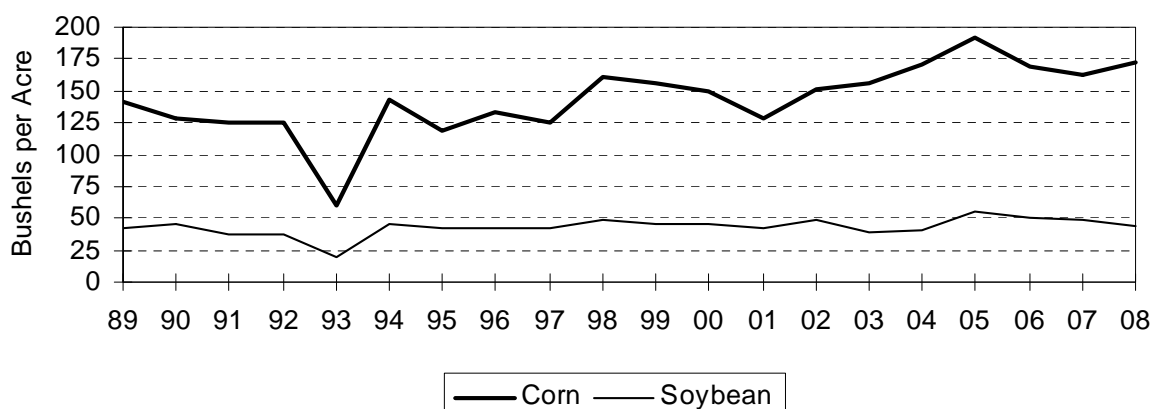


Figure 6. Net Farm Income by Type

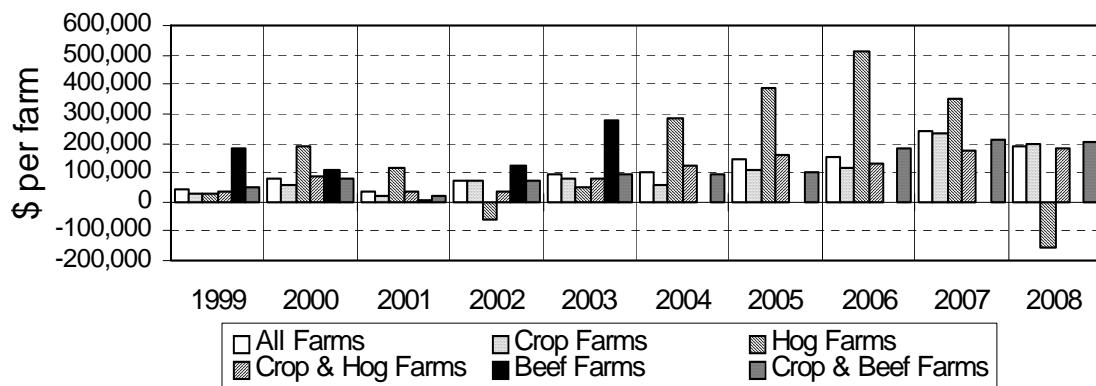


Figure 7. ROA by Type

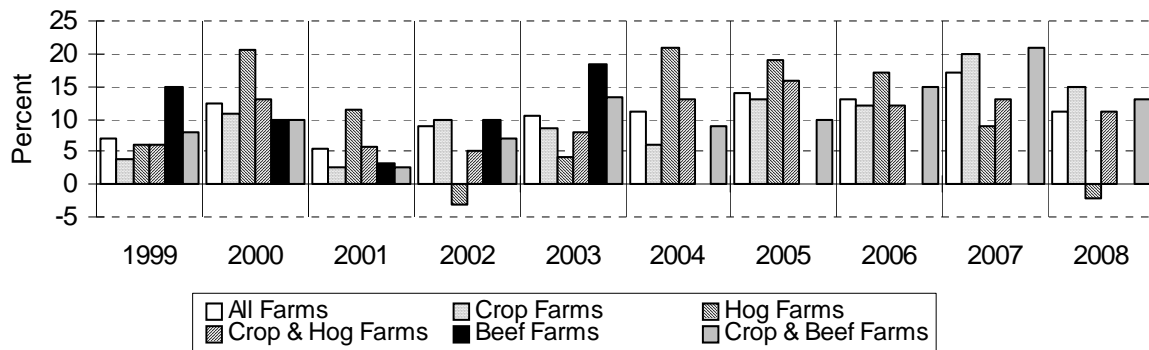
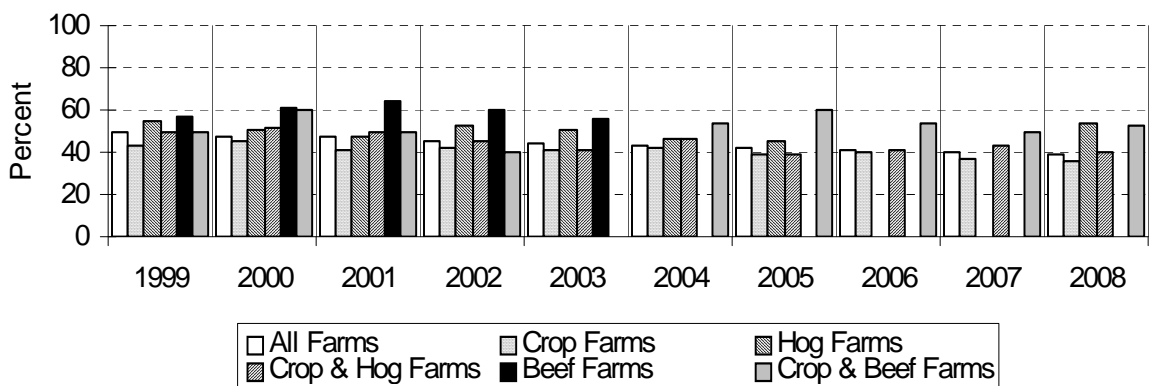


Figure 8. Debt-Asset Ratio by Type



- Hog farms, after large losses in 2008, replaced Crop/Beef farms as the type of farm group with the highest debt to asset ratio at the end of the year (Figure 8).
- The largest farms, those with gross revenue over \$1,000,000, were the least profitable based on rate of return on assets. This group earned an average ROA of 7% compared to 14% for farms that grossed between \$500,000 and \$1,000,000.
- With exceptionally high feed prices, no hog or beef enterprise, with the exception of contract growing of hogs (where the contractor provided the feed), covered even direct costs of production.

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





# **2008 Annual Report**

## **Southwestern Minnesota Farm Business Management Association**

by

Dale W. Nordquist, James N. Kurtz, Garen J. Paulson, James L. Christensen, and Janet M. Froslan<sup>1</sup>

This report summarizes the individual farm records of the members of the Southwestern Minnesota Farm Business Management Association for 2008.

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

Of the 112 farms in the Southwestern Association, the data for 99 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 the Minnesota Extension Service and research programs of the University of Minnesota.

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<sup>1</sup>Nordquist is Extension Economist--Center For Farm Financial Management, University of Minnesota, Twin Cities; Kurtz is Regional Extension Educator--Farm Management and Fieldmen for the Association; Paulson, Christensen and Froslan are financial analysts for the Association; Rann Loppnow, Software Developer, Center For Farm Financial Management, was the programmer for RankEm Central (the analysis package used to prepare this report).

## **Southwestern Minnesota Farm Business Management Association**

### **Distribution of Membership -- 2008**

County	Number of Farm Units	Number of Records Submitted
Cottonwood	18	11
Jackson	17	16
Martin	3	4
Murray	19	17
Nobles	20	19
Pipestone	12	12
Redwood	6	5
Watonwan	7	6
Others <sup>2</sup>	<u>10</u>	<u>9</u>
TOTAL	112	99

#### **Officers and Directors**

Tom Keller, President

Mark Wiebe, Vice President

Janet Froslan, Secretary-Treasurer

The directors of the Southwestern Minnesota Farm Business Management Association for 2008/2009 are: Chad Diemer, Ed Freking, Francis Gervais, Don Hagen, Charles Leuthold, Randy Peter, and Mike Sandager.

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<sup>2</sup>In 2008 the Association had records submitted from members in Faribault, Lyon, Lac Qui Parle, McLeod, Mower, Rock and Wabasha counties, in addition to the counties listed individually.

# Southwestern Minnesota Farm Business Management Association

## Table of Contents

	Page
<b>Whole-Farm Reports</b> .....	<b>5-7</b>
Financial Summary .....	8
Financial Standards Measures .....	9
Farm Income Statement .....	10-11
Profitability Measures .....	12
Liquidity & Repayment Capacity Measures .....	13
Balance Sheet at Cost Values .....	14
Balance Sheet at Market Values .....	15
Statement of Cash Flows .....	16
Crop Production and Marketing Summary .....	17
Household and Personal Expenses .....	18
Operator and Labor Information .....	19
Nonfarm Summary .....	20
<b>Crop Reports</b> .....	<b>21</b>
Corn .....	22-25
Soybeans .....	26-29
Corn Silage .....	30-31
Hay, Alfalfa .....	32-33
Hay, Grass .....	34-35
Pasture .....	36-37
CRP .....	38
<b>Livestock Reports</b> .....	<b>39</b>
Hogs, Weaning to Finish .....	40-41
Hogs, Weaning to Finish, Contract Grower .....	42
Beef Cow-Calf .....	43
Beef Finishing .....	44-45
Dairy .....	46
Dairy Replacement Heifers .....	47
Dairy and Replacement Heifers .....	48
<b>Summary Reports</b> .....	<b>49</b>
Financial Summary of the Whole-Farm Analysis by Years .....	50-51
Financial Summary -- by Gross Farm Income .....	52
Financial Summary -- Farm Type .....	53
Financial Summary -- by Debt to Asset Ratio .....	54
Financial Summary -- by Age of Operator .....	55
Financial Summary -- by County .....	56
<b>Appendices</b> .....	<b>57</b>
Appendix I -- Whole Farm Analysis Procedures and Measures .....	57
Appendix II -- Crop Enterprise Analysis Procedures and Measures .....	65
Appendix III -- Livestock Enterprise Analysis Procedures and Measures .....	67
Appendix IV -- Prices Used in the Analysis Report .....	69



# Whole-Farm Reports

The whole-farm reports summarize the financial performance of member farms in 2008. Each table (except for the balance sheets) includes the average of the 99 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/html/guidelin.htm>.

## Farm Income Statement

The Income Statement calculates the accrual Net Farm Income generated by the average farm for year 2008. 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 Standard Council. Intermediate and long term assets are shown at depreciated value using estimated economic depreciation, not tax, on the cost-based table. On the market table, they are valued at estimated market value.

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

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

## **Statement of Cash Flows**

The Statement of Cash Flows displays the sources and uses of cash for the year. *Cash From Operating Activities* includes sources and uses of cash related to normal farm operations. *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	99	19	20
<b>Income Statement</b>			
Gross cash farm income	876,375	1,373,480	1,329,364
Total cash farm expense	720,364	1,411,186	979,103
Net cash farm income	156,012	-37,706	350,261
Inventory change	70,051	59,683	135,141
Depreciation and capital adjust	-39,437	-52,314	-54,139
Net farm income from operations	186,625	-30,338	431,262
Gain or loss on capital sales	4,276	861	18,735
Average net farm income	190,901	-29,476	449,997
Median net farm income	178,874	27,793	369,834
<b>Profitability (cost)</b>			
Rate of return on assets	11.2 %	-1.2 %	16.9 %
Rate of return on equity	14.5 %	-6.5 %	21.3 %
Operating profit margin	26.0 %	-4.3 %	34.0 %
Asset turnover rate	43.1 %	28.1 %	49.7 %
<b>Liquidity &amp; Repayment (end of year)</b>			
Current assets	728,283	879,841	1,211,469
Current liabilities	281,934	532,685	234,367
Current ratio	2.58	1.65	5.17
Working capital	446,350	347,155	977,102
Working capital to gross inc	49.1 %	24.1 %	71.9 %
Term debt coverage ratio	2.94	0.23	5.04
Replacement coverage ratio	2.34	0.19	3.89
<b>Solvency (end of year at market)</b>			
Number of farms	99	19	20
Total farm assets	2,214,098	2,428,759	3,219,040
Total farm liabilities	597,158	885,047	684,019
Total assets	2,428,917	2,622,308	3,372,317
Total liabilities	951,468	1,171,692	1,201,512
Net worth	1,477,449	1,450,616	2,170,805
Net worth change	115,999	-35,052	232,706
Farm debt to asset ratio	27 %	36 %	21 %
Total debt to asset ratio	39 %	45 %	36 %
<b>Nonfarm Information</b>			
Net nonfarm income	28,456	28,494	19,172
Farms reporting living expenses	62	8	12
Total family living expense	59,939	39,153	64,132
Total living, invest, cap. purch	100,933	35,579	127,402
<b>Crop Acres</b>			
Total acres owned	249	224	379
Total crop acres	822	564	1,349
Total crop acres owned	222	187	297
Total crop acres cash rented	536	323	962
Total crop acres share rented	64	53	90

**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	99	19	20
<b>Liquidity</b>			
Current ratio	2.58	1.65	5.17
Working capital	446,350	347,155	977,102
Working capital to gross inc	49.1 %	24.1 %	71.9 %
<b>Solvency (market)</b>			
Farm debt to asset ratio	41 %	48 %	35 %
Farm equity to asset ratio	59 %	52 %	65 %
Farm debt to equity ratio	0.69	0.92	0.55
<b>Profitability (cost)</b>			
Rate of return on farm assets	11.2 %	-1.2 %	16.9 %
Rate of return on farm equity	14.5 %	-6.5 %	21.3 %
Operating profit margin	26.0 %	-4.3 %	34.0 %
Net farm income	190,901	-29,476	449,997
EBIDTA	258,326	65,744	523,473
<b>Repayment Capacity</b>			
Capital debt repayment capacity	186,272	15,547	398,894
Capital debt repayment margin	123,007	-52,306	319,734
Replacement margin	106,606	-67,308	296,404
Term debt coverage ratio	2.94	0.23	5.04
Replacement coverage ratio	2.34	0.19	3.89
<b>Efficiency</b>			
Asset turnover rate (cost)	43.1 %	28.1 %	49.7 %
Operating expense ratio	71.6 %	95.4 %	61.5 %
Depreciation expense ratio	4.3 %	3.6 %	4.0 %
Interest expense ratio	3.3 %	2.6 %	2.9 %
Net farm income ratio	21.0 %	-2.0 %	33.1 %

**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	99	19	20
<b>Cash Farm Income</b>			
Barley	348	863	-
Beans, Navy	417	-	-
Corn	226,404	59,808	415,992
Corn Silage	753	-	-
Hay, Alfalfa	22,223	504	105,471
Oats	362	-	-
Peas, Processing	430	-	-
Soybeans	180,025	129,544	294,762
Stover	1,339	-	6,437
Sugar Beets	695	-	-
Sweet Corn, Processing	1,247	692	-
Wheat, Spring	704	917	1,562
Wheat, Winter	839	-	3,339
Miscellaneous crop income	609	1,163	119
Beef Cow-Calf, Beef Calves	3,403	-	-
Beef Replacement Heifers	350	-	-
Beef Backgrounding	699	1,722	-
Beef Finishing	39,807	22,116	33,542
Beef Yearlings	6,272	-	31,046
Dairy, Milk	64,002	-	278,546
Dairy, Dairy Calves	275	-	1,133
Dairy Replacement Heifers	611	-	3,022
Dairy Finishing	2,633	-	-
Hogs, Farrow To Finish, Raised Ho	13,960	8,334	1,821
Hogs, Finish Feeder Pigs	6,585	21,772	-
Sheep, Market Lamb Prod, Mkt Lamb	2,052	-	5,514
Sheep, Market Lamb Prod, Wool	46	-	160
Hogs, Weaning to Finish	206,518	1,041,764	-
Cull breeding livestock	3,542	1,745	10,044
Misc. livestock income	415	-	-
Direct & CC govt payments	11,593	8,097	20,893
CRP payments	741	1,824	1,299
Other government payments	4,892	2,529	6,129
Custom work income	19,796	31,786	22,086
Patronage dividends, cash	7,818	3,598	12,636
Insurance income	12,194	26,794	15,989
Contract livestock income	15,920	2,625	4,684
Other farm income	15,859	5,281	53,139
Gross Cash Farm Income	876,375	1,373,480	1,329,364

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

	<u>Avg. Of All Farms</u>	<u>Low20%</u>	<u>High 20%</u>
Number of farms	99	19	20
<b>Cash Farm Expense</b>			
Seed	56,564	34,981	97,109
Fertilizer	68,240	28,853	117,866
Crop chemicals	24,334	11,529	42,883
Crop insurance	16,077	11,772	25,330
Drying expense	6,444	3,573	11,385
Storage	705	942	272
Irrigation energy	115	597	-
Crop hauling and trucking	425	600	663
Crop marketing	530	541	218
Crop miscellaneous	2,747	741	5,749
Feeder livestock purchase	102,193	415,978	36,702
Purchased feed	148,094	521,369	156,765
Breeding fees	1,167	-	2,889
Veterinary	9,538	33,653	7,359
Supplies	6,158	7,386	11,412
Contract production exp.	3,636	8,094	8,295
Livestock leases	507	-	-
Livestock hauling and trucking	1,957	3,721	3,817
Livestock marketing	1,181	2,312	3,404
Interest	30,232	37,562	39,600
CCC buyback	7,776	-	16,206
Fuel & oil	30,486	24,710	56,817
Repairs	29,554	30,252	43,623
Custom hire	11,915	13,341	23,353
Hired labor	27,309	53,967	52,994
Land rent	73,438	43,047	130,173
Machinery leases	8,917	18,710	14,808
Building leases	21,987	66,987	35,995
Real estate taxes	4,876	4,376	7,307
Farm insurance	7,570	11,423	9,371
Utilities	8,220	9,696	8,844
Dues & professional fees	2,094	1,494	1,991
Miscellaneous	5,379	8,978	5,904
Total cash expense	720,364	1,411,186	979,103
Net cash farm income	156,012	-37,706	350,261
<b>Inventory Changes</b>			
Prepays and supplies	40,655	-2,163	100,855
Accounts receivable	4,783	-10,634	-2,075
Hedging accounts	11,663	54,420	-3,341
Other current assets	-123	-375	61
Crops and feed	4,544	-80,437	43,661
Market livestock	9,974	105,242	-13,568
Breeding livestock	-1,031	-1,948	-393
Other assets	2,679	596	4,909
Accounts payable	-1,060	1,188	3,503
Accrued interest	-2,032	-6,205	1,529
Total inventory change	70,051	59,683	135,141
Net operating profit	226,062	21,976	485,401
<b>Depreciation</b>			
Machinery and equipment	-23,963	-22,354	-36,638
Titled vehicles	-1,978	-2,081	-2,808
Buildings and improvements	-13,497	-27,880	-14,692
Total depreciation	-39,437	-52,314	-54,139
Net farm income from operations	186,625	-30,338	431,262
Gain or loss on capital sales	4,276	861	18,735
Net farm income	190,901	-29,476	449,997

**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	99	19	20
<b>Profitability (assets valued at cost)</b>			
Net farm income from operations	186,625	-30,338	431,262
Rate of return on assets	11.2 %	-1.2 %	16.9 %
Rate of return on equity	14.5 %	-6.5 %	21.3 %
Operating profit margin	26.0 %	-4.3 %	34.0 %
Asset turnover rate	43.1 %	28.1 %	49.7 %
Farm interest expense	32,264	43,768	38,071
Value of operator lbr and mgmt.	47,369	34,942	73,107
Return on farm assets	171,519	-21,513	396,227
Average farm assets	1,527,797	1,787,214	2,342,710
Return on farm equity	139,256	-65,280	358,155
Average farm equity	962,118	1,004,396	1,680,375
Value of farm production	658,576	502,997	1,165,151
	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	99	19	20
<b>Profitability (assets valued at market)</b>			
Net farm income from operations	179,745	8,004	362,505
Rate of return on assets	7.8 %	0.7 %	10.7 %
Rate of return on equity	10.6 %	-2.1 %	14.8 %
Operating profit margin	25.0 %	3.3 %	28.1 %
Asset turnover rate	31.3 %	21.5 %	38.2 %
Farm interest expense	32,264	43,768	38,071
Value of operator lbr and mgmt.	47,369	34,942	73,107
Return on farm assets	164,640	16,829	327,469
Average farm assets	2,107,375	2,337,381	3,050,926
Return on farm equity	132,376	-26,938	289,398
Average farm equity	1,249,207	1,282,196	1,957,334
Value of farm production	658,576	502,997	1,165,151

**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	99	19	20
<b>Liquidity</b>			
Current ratio	2.58	1.65	5.17
Working capital	446,350	347,155	977,102
Working capital to gross inc	49.1 %	24.1 %	71.9 %
Current assets	728,283	879,841	1,211,469
Current liabilities	281,934	532,685	234,367
Gross revenues (accrual)	908,863	1,440,343	1,358,618
<b>Repayment capacity</b>			
Net farm income from operations	186,625	-30,338	431,262
Depreciation	39,437	52,314	54,139
Personal income	28,456	28,494	19,172
Family living/owner withdrawals	-70,094	-50,973	-105,124
Payments on personal debt	-2,002	-480	-750
Income taxes paid	-17,879	-9,656	-28,425
Interest on term debt	21,729	26,184	28,620
Capital debt repayment capacity	186,272	15,547	398,894
Scheduled term debt payments	-63,265	-67,853	-79,160
Capital debt repayment margin	123,007	-52,306	319,734
Cash replacement allowance	-16,401	-15,001	-23,330
Replacement margin	106,606	-67,308	296,404
Term debt coverage ratio	2.94	0.23	5.04
Replacement coverage ratio	2.34	0.19	3.89



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

	<b>Avg. Of All Farms</b>		<b>Low20%</b>		<b>High 20%</b>	
	99		19		20	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
<b>Assets</b>						
Current Farm Assets						
Cash and checking balance	51,096	67,428	2,170	30,249	217,888	248,516
Prepaid expenses & supplies	62,741	103,396	56,846	54,683	101,883	202,738
Growing crops	87	146	120	212	315	376
Accounts receivable	13,981	18,764	23,969	13,335	31,371	29,295
Hedging accounts	6,021	7,168	25,970	24,074	2,119	4,542
Crops held for sale or feed	356,572	394,310	346,899	290,882	602,168	662,266
Crops under government loan	53,359	15,429	48,019	23,599	26,835	0
Market livestock held for sale	110,035	120,009	329,104	434,346	77,303	63,735
Other current assets	1,817	1,634	8,928	8,460	0	0
Total current farm assets	655,708	728,283	842,025	879,841	1,059,882	1,211,469
Intermediate Farm Assets						
Breeding livestock	16,718	19,453	2,755	1,964	64,346	77,858
Machinery and equipment	205,528	242,039	189,891	209,199	313,152	366,742
Titled vehicles	8,174	9,516	13,444	12,263	6,123	8,803
Other intermediate assets	5,494	6,116	5,785	5,731	11,258	13,008
Total intermediate farm assets	235,913	277,124	211,876	229,158	394,879	466,410
Long Term Farm Assets						
Farmland	302,182	328,315	287,110	308,915	463,805	513,019
Buildings and improvements	192,308	228,716	279,782	337,059	201,663	264,619
Other long-term assets	54,050	58,190	97,633	101,031	57,550	62,522
Total long-term farm assets	548,540	615,221	664,525	747,004	723,018	840,160
Total Farm Assets	1,440,162	1,620,628	1,718,426	1,856,003	2,177,780	2,518,039
Total Nonfarm Assets	162,930	174,514	160,142	162,441	113,016	122,880
Total Assets	1,603,092	1,795,143	1,878,568	2,018,444	2,290,796	2,640,919
<b>Liabilities</b>						
Current Farm Liabilities						
Accrued interest	6,872	8,846	8,424	14,629	8,298	6,689
Accounts payable	13,311	14,371	23,237	22,049	26,067	22,564
Current notes	163,074	209,989	282,496	433,121	145,105	165,684
Government crop loans	24,338	7,690	22,864	11,449	10,318	0
Principal due on term debt	41,536	41,037	41,669	51,436	50,540	39,430
Total current farm liabilities	249,130	281,934	378,690	532,685	240,328	234,367
Total intermediate farm liabs	94,912	79,851	113,656	133,558	173,750	84,867
Total long term farm liabilities	195,355	235,373	188,243	218,804	236,972	364,785
Total farm liabilities	539,397	597,158	680,589	885,047	651,050	684,019
Total nonfarm liabilities	29,448	36,788	7,029	7,549	39,291	52,520
Total liabilities	568,845	633,946	687,618	892,596	690,341	736,539
Net worth (farm and nonfarm)	1,034,246	1,161,197	1,190,950	1,125,848	1,600,455	1,904,379
Net worth change		126,950		-65,102		303,924
<b>Ratio Analysis</b>						
Current farm liabilities / assets	38 %	39 %	45 %	61 %	23 %	19 %
Intermediate farm liab. / assets	40 %	29 %	54 %	58 %	44 %	18 %
Long term farm liab. / assets	36 %	38 %	28 %	29 %	33 %	43 %
Total debt to asset ratio	35 %	35 %	37 %	44 %	30 %	28 %

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

	<b>Avg. Of All Farms</b>		<b>Low20%</b>		<b>High 20%</b>	
Number of farms	99		19		20	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
<b>Assets</b>						
Current Farm Assets						
Cash and checking balance	51,096	67,428	2,170	30,249	217,888	248,516
Prepaid expenses & supplies	62,741	103,396	56,846	54,683	101,883	202,738
Growing crops	87	146	120	212	315	376
Accounts receivable	13,981	18,764	23,969	13,335	31,371	29,295
Hedging accounts	6,021	7,168	25,970	24,074	2,119	4,542
Crops held for sale or feed	356,572	394,310	346,899	290,882	602,168	662,266
Crops under government loan	53,359	15,429	48,019	23,599	26,835	0
Market livestock held for sale	110,035	120,009	329,104	434,346	77,303	63,735
Other current assets	1,817	1,634	8,928	8,460	0	0
Total current farm assets	655,708	728,283	842,025	879,841	1,059,882	1,211,469
Intermediate Farm Assets						
Breeding livestock	28,852	31,602	4,757	4,972	98,166	111,697
Machinery and equipment	340,918	382,865	314,879	347,399	506,924	557,114
Titled vehicles	9,366	10,945	12,748	12,067	7,081	8,679
Other intermediate assets	8,173	7,820	9,943	9,416	20,520	17,243
Total intermediate farm assets	387,309	433,231	342,328	373,854	632,691	694,733
Long Term Farm Assets						
Farm land	609,128	649,653	543,664	577,798	835,324	876,163
Buildings and improvements	277,246	330,503	407,716	486,577	293,977	362,146
Other long-term assets	76,457	72,428	110,269	110,689	71,335	74,530
Total long-term farm assets	962,832	1,052,583	1,061,649	1,175,065	1,200,636	1,312,839
Total Farm Assets	2,005,849	2,214,098	2,246,002	2,428,759	2,893,210	3,219,040
Total Nonfarm Assets	209,059	214,819	202,557	193,549	146,724	153,277
Total Assets	2,214,908	2,428,917	2,448,559	2,622,308	3,039,934	3,372,317
<b>Liabilities</b>						
Current Farm Liabilities						
Accrued interest	6,872	8,846	8,424	14,629	8,298	6,689
Accounts payable	13,311	14,371	23,237	22,049	26,067	22,564
Current notes	163,074	209,989	282,496	433,121	145,105	165,684
Government crop loans	24,338	7,690	22,864	11,449	10,318	0
Principal due on term debt	41,536	41,037	41,669	51,436	50,540	39,430
Total current farm liabilities	249,130	281,934	378,690	532,685	240,328	234,367
Total intermediate farm liab	94,912	79,851	113,656	133,558	173,750	84,867
Total long term farm liabilities	195,355	235,373	188,243	218,804	236,972	364,785
Total farm liabilities	539,397	597,158	680,589	885,047	651,050	684,019
Total nonfarm liabilities	29,448	36,788	7,029	7,549	39,291	52,520
Total liab. excluding deferreds	568,845	633,946	687,618	892,596	690,341	736,539
Total deferred liabilities	284,612	317,522	275,273	279,096	411,493	464,973
Total liabilities	853,458	951,468	962,891	1,171,692	1,101,834	1,201,512
Retained earnings	1,034,246	1,161,197	1,190,950	1,125,848	1,600,455	1,904,379
Market valuation equity	327,204	316,252	294,718	324,768	337,644	266,426
Net worth (farm and nonfarm)	1,361,450	1,477,449	1,485,668	1,450,616	1,938,100	2,170,805
Net worth excluding deferreds	1,646,062	1,794,971	1,760,940	1,729,712	2,349,593	2,635,778
Net worth change		115,999		-35,052		232,706
<b>Ratio Analysis</b>						
Current farm liabilities / assets	38 %	39 %	45 %	61 %	23 %	19 %
Intermediate farm liab. / assets	25 %	18 %	33 %	36 %	27 %	12 %
Long term farm liab. / assets	20 %	22 %	18 %	19 %	20 %	28 %
Total debt to asset ratio	39 %	39 %	39 %	45 %	36 %	36 %
Debt to assets excl deferreds	26 %	26 %	28 %	34 %	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	99	19	20
Beginning cash (farm & nonfarm)	58,445	22,245	218,139
<b>Cash Provided By Operating Activities</b>			
Gross cash farm income	876,375	1,373,480	1,329,364
Total cash farm expense	-720,364	-1,411,186	-979,103
Net cash from hedging transactions	10,517	56,316	-5,764
Cash provided by operating	166,528	18,610	344,497
<b>Cash Provided By Investing Activities</b>			
Sale of breeding livestock	291	-	-
Sale of machinery & equipment	2,480	1,754	4,810
Sale of titled vehicles	70	105	-
Sale of farm land	4,453	-	21,500
Sale of farm buildings	5	-	-
Sale of other farm assets	812	931	583
Sale of nonfarm assets	4,539	761	1,303
Purchase of breeding livestock	-4,088	-1,157	-13,905
Purchase of machinery & equip.	-62,411	-42,554	-94,454
Purchase of titled vehicles	-3,369	-1,004	-5,487
Purchase of farm land	-26,919	-21,805	-52,564
Purchase of farm buildings	-49,910	-85,157	-77,649
Purchase of other farm assets	-2,894	-3,679	-2,395
Purchase of nonfarm assets	-20,891	-4,926	-20,846
Cash provided by investing	-157,833	-156,731	-239,104
<b>Cash Provided By Financing Activities</b>			
Money borrowed	409,464	451,239	579,887
Principal payments	-348,733	-252,083	-538,843
Personal income	28,456	28,494	19,172
Family living/owner withdrawals	-70,094	-50,973	-105,124
Income and social security tax	-17,879	-9,656	-28,425
Capital contributions	1,515	7,895	-
Capital distributions	-1,625	-5,661	-1,503
Dividends paid	-	-	-
Cash gifts and inheritances	6,972	330	155
Gifts given	-1,533	-7,985	-
Cash provided by financing	6,543	161,601	-74,681
Net change in cash balance	15,239	23,480	30,712
Ending cash (farm & nonfarm)	73,684	45,725	248,850

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

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	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	99	19	20
<b>Acreage Summary</b>			
Total acres owned	249	224	379
Total crop acres	822	564	1,349
Crop acres owned	222	187	297
Crop acres cash rented	536	323	962
Crop acres share rented	64	53	90
Total pasture acres	6	7	20
Percent crop acres owned	27 %	33 %	22 %
<b>Average Price Received (Cash Sales Only)</b>			
Soybeans per bushel	10.83	10.78	11.21
Corn per bushel	4.51	4.40	4.78
Hay, Grass per ton	83.11	-	-
Hay, Alfalfa per ton	101.71	-	-
Wheat, Spring per bushel	7.83	-	-
Oats per bushel	4.09	-	-
<b>Average Yield Per Acre</b>			
Corn (bushel)	172.31	162.44	177.88
Soybeans (bushel)	44.20	43.43	43.58
Hay, Alfalfa (ton)	4.87	-	4.99
Corn Silage (ton)	22.13	-	22.44
Hay, Grass (ton)	2.69	-	-
Wheat, Spring (bushel)	49.15	-	-
Oats (bushel)	90.71	-	-

**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	62	8	12
Average family size	3.0	1.6	3.3
Family Living Expenses			
Food and meals expense	7,916	5,877	8,780
Medical care	3,693	3,087	2,869
Health insurance	4,764	4,987	3,384
Cash donations	4,831	2,074	7,094
Household supplies	6,210	2,030	7,413
Clothing	2,210	1,688	2,187
Personal care	2,397	2,642	4,076
Child / Dependent care	298	-	335
Alimony and child support	-	-	-
Gifts	3,682	2,336	2,425
Education	3,569	194	8,109
Recreation	4,008	4,302	3,725
Utilities (household share)	2,699	1,609	2,666
Personal vehicle operating exp	5,359	3,603	4,629
Household real estate taxes	253	73	204
Dwelling rent	243	-	206
Household repairs	1,582	1,335	918
Personal interest	1,018	-	594
Disability / Long term care ins	256	125	464
Life insurance payments	1,812	1,872	1,692
Personal property insurance	116	38	50
Miscellaneous	2,807	1,132	2,212
Total cash family living expense	59,724	39,003	64,032
Family living from the farm	216	150	100
Total family living	59,939	39,153	64,132
Other Nonfarm Expenditures			
Income taxes	19,836	5,818	34,976
Furnishing & appliance purchases	2,057	985	1,147
Nonfarm vehicle purchases	5,401	961	7,495
Nonfarm real estate purchases	9,596	-	5,674
Other nonfarm capital purchases	715	-	4
Nonfarm savings & investments	2,039	-11,189	14,076
Total other nonfarm expenditures	39,643	-3,424	63,370
Total cash family living investment & nonfarm capital purch	99,366	35,579	127,402

**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	99	19	20
<b>Operator Information</b>			
Average number of operators	1.2	1.1	1.3
Average age of operators	51.4	52.8	49.8
Average number of years farming	27.8	27.4	26.6
<b>Results Per Operator</b>			
Working capital	387,620	329,798	781,681
Total assets (market)	2,109,323	2,491,193	2,697,854
Total liabilities	826,275	1,113,108	961,210
Net worth (market)	1,283,048	1,378,085	1,736,644
Net worth excl deferred liabs	1,558,791	1,643,227	2,108,622
Gross farm income	789,276	1,368,326	1,086,894
Total farm expense	627,206	1,397,147	741,884
Net farm income from operations	162,069	-28,821	345,010
Net nonfarm income	24,712	27,070	15,337
Family living & tax withdrawals	76,398	57,597	106,839
Total acres owned	216.6	212.7	303.6
Total crop acres	713.7	535.4	1,079.1
Crop acres owned	192.8	177.9	237.8
Crop acres cash rented	465.5	307.3	769.7
Crop acres share rented	55.5	50.3	71.7
Total pasture acres	5.2	6.2	15.9
<b>Labor Analysis</b>			
Number of farms	99	19	20
Total unpaid labor hours	2,136	1,831	2,212
Total hired labor hours	1,995	3,761	4,174
Total labor hours per farm	4,131	5,592	6,386
Unpaid hours per operator	1,855	1,740	1,769
Value of farm production / hour	159.43	89.95	182.47
Net farm income / unpaid hour	87.38	-16.57	194.98
Average hourly hired labor wage	13.19	14.08	12.53
<b>Partnerships &amp; LLCs</b>			
Number of farms	9	2	2
Number of operators	2.1	-	-
Owner withdrawals per farm	119,963	-	-
Withdrawals per operator	56,825	-	-
<b>Corporations</b>			
Number of farms	5	2	2
Number of operators	1.8	-	-

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

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of farms	99	19	20
<b>Nonfarm Income</b>			
Personal wages & salary	14,736	18,514	9,438
Net nonfarm business income	3,746	1,963	920
Personal rental income	1,869	2,532	763
Personal interest income	1,222	1,153	1,450
Personal cash dividends	59	5	-
Tax refunds	1,091	1,190	580
Other nonfarm income	5,733	3,138	6,021
Total nonfarm income	28,456	28,494	19,172
Gifts and inheritances	6,972	330	155
<b>Nonfarm Assets (market)</b>			
Checking & savings	6,256	15,476	334
Stocks & bonds	14,660	16,118	23,429
Other current assets	1,262	2,320	340
Furniture & appliances	11,587	9,011	8,425
Nonfarm vehicles	14,132	11,418	16,046
Cash value of life ins.	11,458	16,228	12,958
Retirement accounts	40,225	50,695	30,226
Other intermediate assets	15,042	18,847	394
Nonfarm real estate	67,726	35,789	51,025
Personal bus. investment	-	-	-
Other long term assets	32,472	17,647	10,100
Total nonfarm assets	214,819	193,549	153,277
<b>Nonfarm Liabilities</b>			
Accrued interest	30	-	4
Accounts payable	18,695	7,106	47,403
Current notes	141	-	244
Princ due on term debt	1,077	242	326
Total current liabilities	19,943	7,348	47,977
Intermediate liabilities	1,426	201	827
Long term liabilities	15,419	-	3,716
Total nonfarm liabilities	36,788	7,549	52,520
Nonfarm net worth	178,031	186,000	100,757
Nonfarm debt to asset ratio	17 %	4 %	34 %



## 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, LDP payments, crop insurance proceeds and any disaster payments that might have been received. It does not include direct and counter-cyclical government payments (see Net Return With Government Payments).

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

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

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

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

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

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

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

**Corn on Owned Land**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	101	21	21
Number of farms	68	13	14
Acres	103.90	98.16	65.84
Yield per acre (bu.)	170.68	162.17	182.37
Operator's share of yield %	100.00	100.00	100.00
Value per bu.	3.97	3.53	4.34
Other product return per acre	0.36	1.49	-
Total product return per acre	677.84	574.12	791.10
Hedging gains/losses per acre	2.48	-	-
Crop insurance per acre	11.87	19.49	26.28
Other crop income per acre	0.57	-	-
Gross return per acre	692.76	593.61	817.38
<b>Direct Expenses</b>			
Seed	74.14	71.10	71.87
Fertilizer	98.12	104.64	89.54
Crop chemicals	24.39	19.23	23.97
Crop insurance	18.63	21.65	26.46
Drying expense	20.86	17.61	19.53
Storage	0.73	1.24	-
Fuel & oil	28.90	31.95	25.27
Repairs	32.88	44.01	34.25
Custom hire	5.06	5.00	3.46
Hired labor	1.59	3.08	0.13
Machinery leases	3.17	-	-
Utilities	1.02	1.71	0.57
Hauling and trucking	0.88	1.59	0.56
Operating interest	7.28	11.72	9.41
Miscellaneous	2.22	1.80	0.70
Total direct expenses per acre	319.85	336.32	305.71
Return over direct exp per acre	372.91	257.29	511.67
<b>Overhead Expenses</b>			
Hired labor	6.40	4.29	10.69
Machinery leases	0.49	1.67	0.62
Building leases	0.31	1.10	0.16
RE & pers. property taxes	16.04	16.76	12.66
Farm insurance	6.34	6.58	6.51
Utilities	3.44	3.23	3.38
Dues & professional fees	2.83	1.77	4.77
Interest	51.64	92.38	20.72
Mach & bldg depreciation	35.18	36.61	36.94
Miscellaneous	2.82	2.93	2.66
Total overhead expenses per acre	125.50	167.31	99.11
Total dir & ovhd expenses per acre	445.35	503.63	404.83
Net return per acre	247.41	89.98	412.56
Government payments	20.40	19.75	20.05
Net return with govt pmts	267.81	109.74	432.60
Labor & management charge	46.92	43.90	45.40
Net return over lbr & mgt	220.90	65.84	387.21
<b>Cost of Production</b>			
Total direct expense per bu.	1.87	2.07	1.68
Total dir & ovhd exp per bu.	2.61	3.11	2.22
Less govt & other income	2.40	2.85	1.97
With labor & management	2.68	3.13	2.21
Net value per unit	3.98	3.53	4.34
Machinery cost per acre	104.29	118.11	98.15
Est. labor hours per acre	2.79	2.79	2.97

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

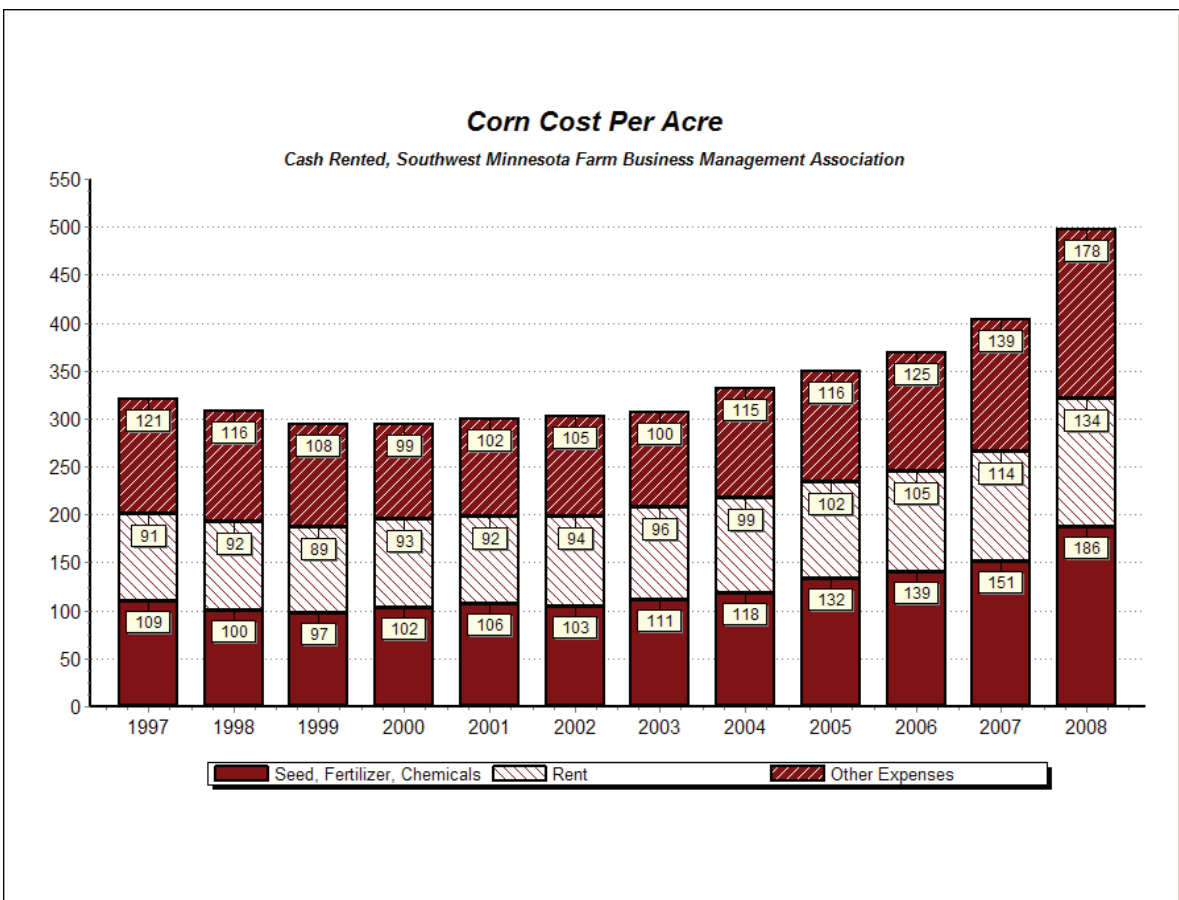
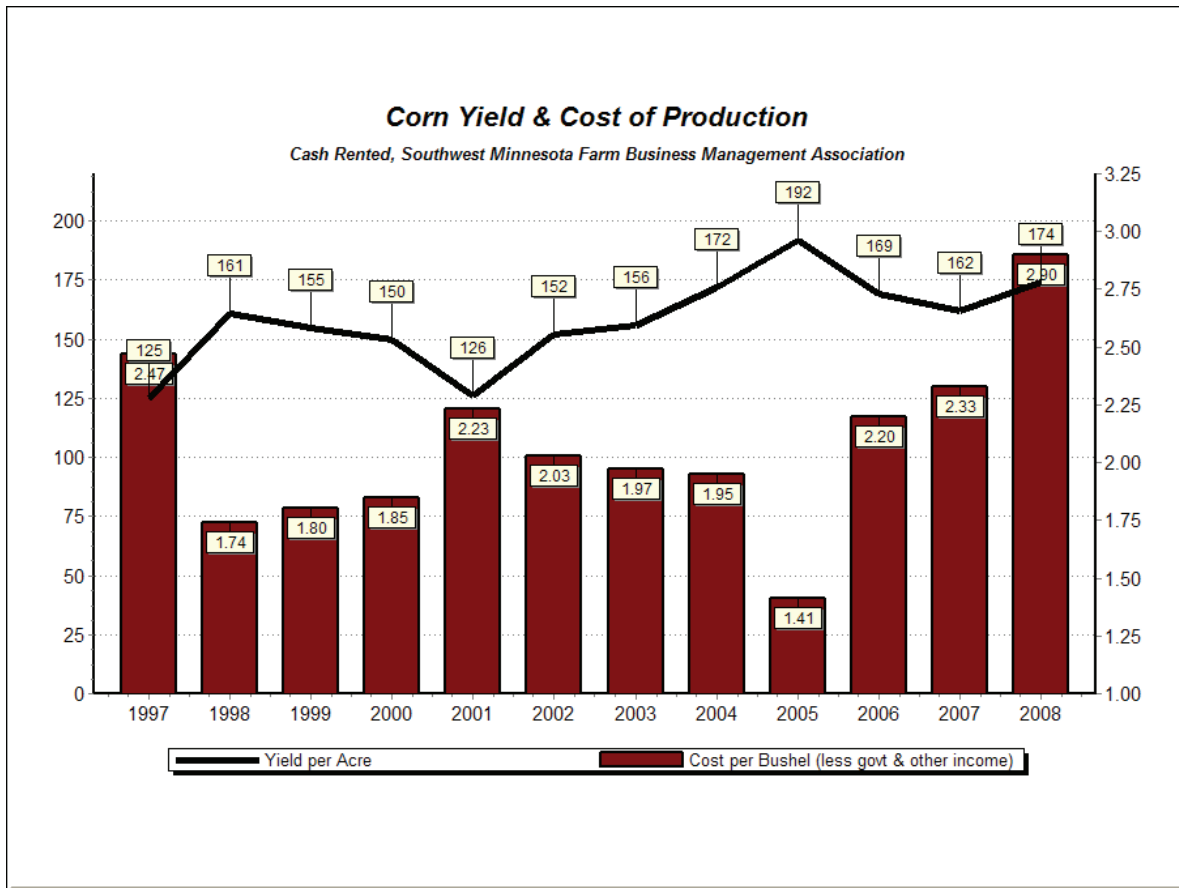
**Corn on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Low20%</u>	<u>High 20%</u>
Number of fields	194	35	50
Number of farms	79	15	16
Acres	132.70	118.84	96.59
Yield per acre (bu.)	174.40	157.74	190.12
Operators share of yield %	100.00	100.00	100.00
Value per bu.	3.94	3.57	4.24
Total product return per acre	687.23	563.74	805.47
Hedging gains/losses per acre	2.96	-	0.94
Crop insurance per acre	12.76	20.59	7.48
Other crop income per acre	0.73	-	1.51
Gross return per acre	703.69	584.33	815.39
<b>Direct Expenses</b>			
Seed	71.96	74.48	66.01
Fertilizer	92.66	113.25	80.28
Crop chemicals	21.87	19.31	25.03
Crop insurance	22.16	21.89	25.64
Drying expense	15.74	16.92	11.51
Storage	0.97	1.49	0.28
Fuel & oil	27.32	28.40	25.32
Repairs	27.90	37.61	24.42
Custom hire	6.76	4.78	9.96
Hired labor	0.79	1.62	0.04
Land rent	133.72	133.94	130.38
Machinery leases	3.03	-	2.06
Utilities	0.98	0.22	0.60
Hauling and trucking	0.50	2.56	0.41
Marketing	0.50	0.41	0.22
Operating interest	9.35	12.24	10.16
Miscellaneous	1.97	2.32	1.11
Total direct expenses per acre	438.19	471.44	413.44
Return over direct exp per acre	265.49	112.89	401.96
<b>Overhead Expenses</b>			
Hired labor	6.56	4.58	3.67
Machinery leases	3.97	1.43	12.30
Building leases	0.48	2.34	-
Farm insurance	5.67	5.50	5.45
Utilities	2.66	2.90	2.48
Dues & professional fees	1.98	2.24	1.14
Interest	5.13	3.80	5.94
Mach & bldg depreciation	29.73	32.45	23.75
Miscellaneous	3.15	2.88	2.67
Total overhead expenses per acre	59.33	58.11	57.39
Total dir & ovhd expenses per acre	497.52	529.55	470.83
Net return per acre	206.16	54.78	344.56
Government payments	19.76	20.10	20.27
Net return with govt pmts	225.92	74.88	364.83
Labor & management charge	44.29	43.25	41.49
Net return over lbr & mgt	181.62	31.63	323.34
<b>Cost of Production</b>			
Total direct expense per bu.	2.51	2.99	2.17
Total dir & ovhd exp per bu.	2.85	3.36	2.48
Less govt & other income	2.65	3.10	2.32
With labor & management	2.90	3.37	2.54
Net value per unit	3.96	3.57	4.24
Machinery cost per acre	98.76	102.01	100.25
Est. labor hours per acre	2.40	2.43	2.42

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

**Corn on Share Rent**

	<u><b>Avg. Of All Farms</b></u>
Number of fields	30
Number of farms	19
Acres	97.40
Yield per acre (bu.)	160.00
Operators share of yield %	56.64
Value per bu.	3.92
Total product return per acre	355.26
Crop insurance per acre	4.90
Gross return per acre	360.16
<b>Direct Expenses</b>	
Seed	56.91
Fertilizer	68.92
Crop chemicals	18.15
Crop insurance	12.30
Drying expense	7.36
Fuel & oil	24.47
Repairs	25.01
Custom hire	4.83
Hired labor	0.56
Machinery leases	1.37
Hauling and trucking	0.54
Marketing	1.78
Operating interest	7.45
Miscellaneous	1.12
Total direct expenses per acre	230.76
Return over direct exp per acre	129.39
<b>Overhead Expenses</b>	
Hired labor	4.36
Machinery leases	5.89
Farm insurance	4.85
Utilities	2.22
Dues & professional fees	1.70
Interest	4.33
Mach & bldg depreciation	21.70
Miscellaneous	1.79
Total overhead expenses per acre	46.83
Total dir & ovhd expenses per acre	277.60
Net return per acre	82.56
Government payments	12.20
Net return with govt pmts	94.75
Labor & management charge	34.23
Net return over lbr & mgt	60.52
<b>Cost of Production</b>	
Total direct expense per bu.	2.55
Total dir & ovhd exp per bu.	3.06
Less govt & other income	2.87
With labor & management	3.25
Net value per unit	3.92
Machinery cost per acre	84.69
Est. labor hours per acre	2.22



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

**Soybeans on Owned Land**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	82	14	17
Number of farms	57	11	12
Acres	90.22	80.96	83.03
Yield per acre (bu.)	44.79	42.56	48.44
Operators share of yield %	100.00	100.00	100.00
Value per bu.	9.71	9.48	10.14
Total product return per acre	434.66	403.61	491.20
Hedging gains/losses per acre	-0.15	-	-
Crop insurance per acre	38.33	26.64	56.39
Other crop income per acre	0.68	1.57	-
Gross return per acre	473.53	431.82	547.59
<b>Direct Expenses</b>			
Seed	37.19	42.65	35.28
Fertilizer	23.57	31.56	13.69
Crop chemicals	30.42	31.57	31.95
Crop insurance	19.76	19.08	23.46
Fuel & oil	24.17	28.99	19.90
Repairs	25.86	23.85	29.21
Custom hire	3.91	4.96	3.16
Hired labor	1.66	3.06	-
Machinery leases	1.29	4.49	1.89
Utilities	0.59	0.27	0.18
Marketing	0.68	0.92	0.42
Operating interest	6.21	6.69	5.49
Miscellaneous	2.32	2.70	0.91
Total direct expenses per acre	177.61	200.78	165.55
Return over direct exp per acre	295.92	231.04	382.04
<b>Overhead Expenses</b>			
Hired labor	6.20	2.85	5.11
Building leases	0.19	0.91	0.02
RE & pers. property taxes	15.43	17.76	15.85
Farm insurance	5.69	4.74	6.10
Utilities	2.91	3.43	2.86
Dues & professional fees	2.99	1.29	1.94
Interest	43.03	87.84	40.79
Mach & bldg depreciation	27.53	20.79	23.41
Miscellaneous	2.66	1.88	2.55
Total overhead expenses per acre	106.64	141.48	98.62
Total dir & ovhd expenses per acre	284.25	342.26	264.17
Net return per acre	189.28	89.56	283.42
Government payments	18.94	18.97	21.34
Net return with govt pmts	208.22	108.53	304.75
Labor & management charge	41.70	35.14	38.20
Net return over lbr & mgt	166.52	73.39	266.56
<b>Cost of Production</b>			
Total direct expense per bu.	3.97	4.72	3.42
Total dir & ovhd exp per bu.	6.35	8.04	5.45
Less govt & other income	5.06	6.93	3.85
With labor & management	5.99	7.76	4.64
Net value per unit	9.70	9.48	10.14
Machinery cost per acre	81.31	80.73	75.02
Est. labor hours per acre	2.49	1.93	2.99

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

**Soybeans on Cash Rent**

	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>High 20%</u>
Number of fields	184	32	45
Number of farms	78	15	16
Acres	124.51	152.06	91.61
Yield per acre (bu.)	44.14	39.32	44.62
Operators share of yield %	100.00	100.00	100.00
Value per bu.	9.80	9.50	10.42
Total product return per acre	432.74	373.37	465.13
Hedging gains/losses per acre	1.22	-	6.75
Crop insurance per acre	42.90	11.19	117.07
Other crop income per acre	2.96	11.66	0.85
Gross return per acre	479.82	396.21	589.80
<b>Direct Expenses</b>			
Seed	36.53	38.81	32.62
Fertilizer	20.74	23.73	10.90
Crop chemicals	29.18	39.42	25.72
Crop insurance	22.07	18.93	27.06
Storage	0.88	0.63	1.03
Fuel & oil	21.55	20.87	20.57
Repairs	22.03	24.18	23.91
Custom hire	6.17	10.01	1.97
Hired labor	0.86	1.72	0.58
Land rent	133.82	133.80	135.92
Machinery leases	1.60	-	5.48
Hauling and trucking	0.32	0.15	1.14
Marketing	0.51	0.31	0.85
Operating interest	6.28	5.72	6.41
Miscellaneous	1.74	0.85	2.56
Total direct expenses per acre	304.30	319.13	296.74
Return over direct exp per acre	175.52	77.08	293.07
<b>Overhead Expenses</b>			
Hired labor	5.15	2.70	5.59
Machinery leases	3.07	0.07	9.58
Building leases	0.45	1.66	0.19
Farm insurance	4.19	3.27	4.92
Utilities	2.16	1.51	2.14
Dues & professional fees	1.50	1.04	2.16
Interest	3.74	2.83	3.25
Mach & bldg depreciation	22.79	21.50	23.52
Miscellaneous	2.25	2.23	1.76
Total overhead expenses per acre	45.30	36.82	53.11
Total dir & ovhd expenses per acre	349.60	355.95	349.84
Net return per acre	130.22	40.26	239.96
Government payments	18.38	16.67	19.84
Net return with govt pmts	148.60	56.93	259.80
Labor & management charge	34.19	33.51	35.24
Net return over lbr & mgt	114.40	23.42	224.56
<b>Cost of Production</b>			
Total direct expense per bu.	6.89	8.12	6.65
Total dir & ovhd exp per bu.	7.92	9.05	7.84
Less govt & other income	6.44	8.05	4.60
With labor & management	7.21	8.90	5.39
Net value per unit	9.83	9.50	10.58
Machinery cost per acre	77.91	76.85	83.58
Est. labor hours per acre	1.90	1.60	1.96



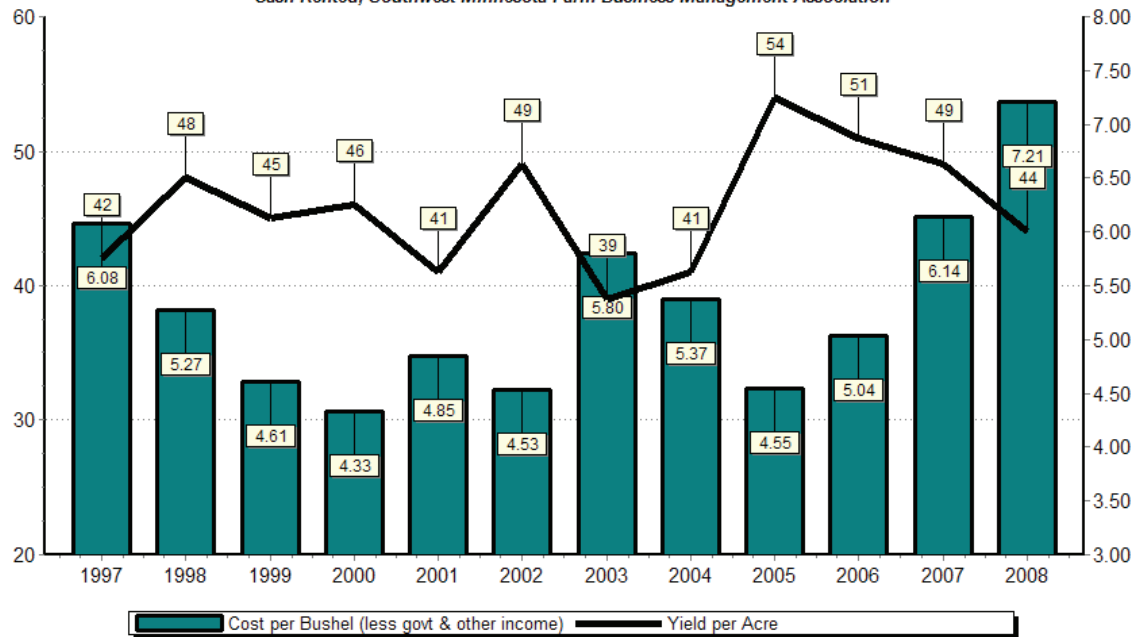
**Crop Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return)**

**Soybeans on Share Rent**

	<u>Avg. Of All Farms</u>
Number of fields	29
Number of farms	18
Acres	90.41
Yield per acre (bu.)	43.44
Operators share of yield %	59.48
Value per bu.	9.57
Total product return per acre	247.27
Hedging gains/losses per acre	0.53
Crop insurance per acre	31.19
Other crop income per acre	3.07
Gross return per acre	282.06
<b>Direct Expenses</b>	
Seed	27.26
Fertilizer	16.24
Crop chemicals	20.48
Crop insurance	13.90
Fuel & oil	21.02
Repairs	23.93
Custom hire	3.84
Hired labor	0.52
Machinery leases	0.62
Utilities	0.16
Marketing	1.25
Operating interest	6.57
Miscellaneous	1.09
Total direct expenses per acre	136.89
Return over direct exp per acre	145.17
<b>Overhead Expenses</b>	
Hired labor	3.90
Machinery leases	1.98
Building leases	0.17
Farm insurance	4.40
Utilities	2.09
Dues & professional fees	1.42
Interest	3.76
Mach & bldg depreciation	19.27
Miscellaneous	1.18
Total overhead expenses per acre	38.17
Total dir & ovhd expenses per acre	175.06
Net return per acre	107.00
Government payments	12.77
Net return with govt pmts	119.77
Labor & management charge	28.27
Net return over lbr & mgt	91.50
<b>Cost of Production</b>	
Total direct expense per bu.	5.30
Total dir & ovhd exp per bu.	6.77
Less govt & other income	4.93
With labor & management	6.03
Net value per unit	9.59
Machinery cost per acre	71.92
Est. labor hours per acre	1.82

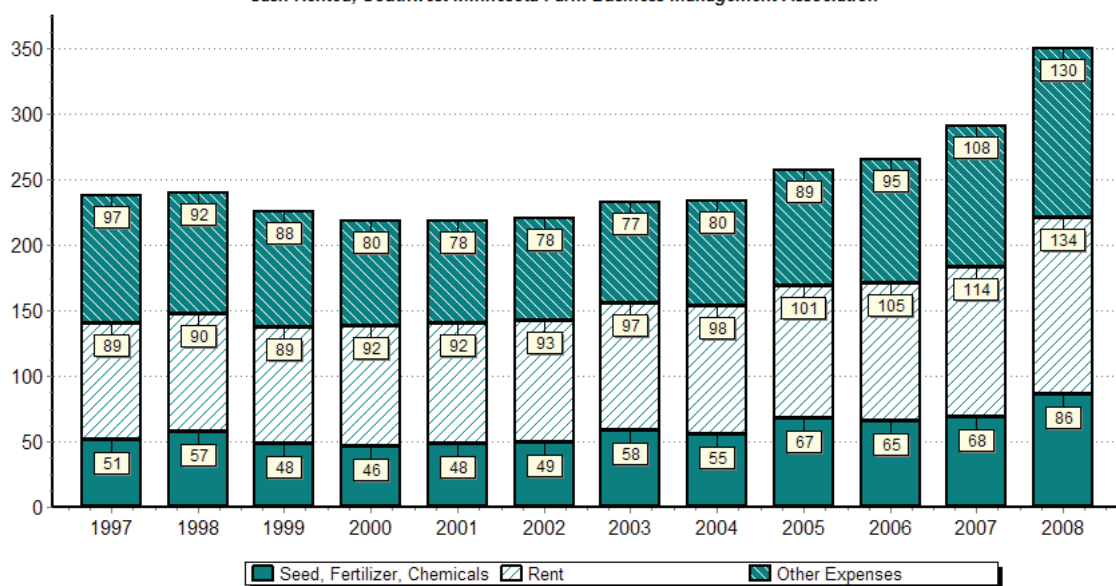
### Soybean Yield & Cost of Production

Cash Rented, Southwest Minnesota Farm Business Management Association



### Soybean Cost Per Acre

Cash Rented, Southwest Minnesota Farm Business Management Association



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

**Corn Silage on Owned Land**

	<u><b>Avg. Of All Farms</b></u>
Number of fields	10
Number of farms	9
Acres	83.33
Yield per acre (ton)	22.35
Operators share of yield %	100.00
Value per ton	25.34
Total product return per acre	566.36
Crop insurance per acre	7.91
Gross return per acre	574.27
<b>Direct Expenses</b>	
Seed	60.35
Fertilizer	80.48
Crop chemicals	18.76
Crop insurance	14.28
Fuel & oil	33.77
Repairs	35.29
Custom hire	15.53
Hired labor	3.76
Machinery leases	32.03
Utilities	1.06
Operating interest	4.74
Miscellaneous	2.78
Total direct expenses per acre	302.83
Return over direct exp per acre	271.44
<b>Overhead Expenses</b>	
Hired labor	5.71
RE & pers. property taxes	15.14
Farm insurance	3.73
Utilities	1.97
Dues & professional fees	1.22
Interest	55.19
Mach & bldg depreciation	28.67
Miscellaneous	2.46
Total overhead expenses per acre	114.08
Total dir & ovhd expenses per acre	416.91
Net return per acre	157.36
Government payments	18.55
Net return with govt pmts	175.91
Labor & management charge	25.89
Net return over lbr & mgt	150.01
<b>Cost of Production</b>	
Total direct expense per ton	13.55
Total dir & ovhd exp per ton	18.65
Less govt & other income	17.47
With labor & management	18.63
Net value per unit	25.34
Machinery cost per acre	147.34
Est. labor hours per acre	2.56

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

**Corn Silage on Cash Rent**

	<u>Avg. Of All Farms</u>
Number of fields	10
Number of farms	9
Acres	61.25
Yield per acre (ton)	21.82
Operators share of yield %	100.00
Value per ton	29.07
Total product return per acre	634.19
Crop insurance per acre	13.01
Gross return per acre	647.20
<b>Direct Expenses</b>	
Seed	71.18
Fertilizer	77.57
Crop chemicals	18.13
Crop insurance	13.99
Fuel & oil	38.99
Repairs	25.69
Custom hire	18.22
Hired labor	2.03
Land rent	120.34
Machinery leases	10.84
Operating interest	7.30
Miscellaneous	7.36
Total direct expenses per acre	411.64
Return over direct exp per acre	235.56
<b>Overhead Expenses</b>	
Hired labor	12.03
Farm insurance	3.82
Utilities	1.79
Dues & professional fees	0.97
Interest	2.53
Mach & bldg depreciation	27.08
Miscellaneous	3.23
Total overhead expenses per acre	51.44
Total dir & ovhd expenses per acre	463.08
Net return per acre	184.12
Government payments	20.24
Net return with govt pmts	204.36
Labor & management charge	36.57
Net return over lbr & mgt	167.79
<b>Cost of Production</b>	
Total direct expense per ton	18.87
Total dir & ovhd exp per ton	21.23
Less govt & other income	19.70
With labor & management	21.38
Net value per unit	29.07
Machinery cost per acre	120.66
Est. labor hours per acre	2.97

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

**Hay, Alfalfa on Owned Land**

	<u>Avg. Of All Farms</u>
Number of fields	9
Number of farms	8
Acres	31.02
Yield per acre (ton)	4.61
Operators share of yield %	100.00
Value per ton	123.18
Total product return per acre	567.34
Gross return per acre	567.34
<b>Direct Expenses</b>	
Fertilizer	36.51
Crop chemicals	8.11
Crop insurance	1.61
Fuel & oil	39.80
Repairs	40.68
Custom hire	19.01
Hired labor	4.80
Machinery leases	30.31
Utilities	1.16
Operating interest	3.39
Miscellaneous	1.90
Total direct expenses per acre	187.27
Return over direct exp per acre	380.07
<b>Overhead Expenses</b>	
Hired labor	4.77
Building leases	0.69
RE & pers. property taxes	17.33
Farm insurance	5.25
Utilities	2.46
Dues & professional fees	1.31
Interest	76.64
Mach & bldg depreciation	36.53
Miscellaneous	2.33
Total overhead expenses per acre	147.31
Total dir & ovhd expenses per acre	334.58
Net return per acre	232.76
Government payments	18.07
Net return with govt pmts	250.83
Labor & management charge	36.03
Net return over lbr & mgt	214.80
<b>Cost of Production</b>	
Total direct expense per ton	40.66
Total dir & ovhd exp per ton	72.64
Less govt & other income	68.72
With labor & management	76.54
Net value per unit	123.18
Machinery cost per acre	167.84
Est. labor hours per acre	3.22

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

**Hay, Alfalfa on Cash Rent**

	<u><b>Avg. Of All Farms</b></u>
Number of fields	18
Number of farms	12
Acres	43.34
Yield per acre (ton)	4.89
Operators share of yield %	100.00
Value per ton	119.13
Total product return per acre	582.43
Other crop income per acre	0.27
Gross return per acre	582.71
<b>Direct Expenses</b>	
Fertilizer	47.77
Crop chemicals	9.83
Crop insurance	1.98
Fuel & oil	34.27
Repairs	25.60
Custom hire	16.25
Hired labor	1.90
Land rent	87.69
Machinery leases	6.01
Utilities	0.26
Operating interest	7.45
Miscellaneous	3.12
Total direct expenses per acre	242.11
Return over direct exp per acre	340.60
<b>Overhead Expenses</b>	
Hired labor	5.80
Building leases	0.24
Farm insurance	6.37
Utilities	3.01
Dues & professional fees	1.03
Interest	2.79
Mach & bldg depreciation	31.76
Miscellaneous	2.18
Total overhead expenses per acre	53.17
Total dir & ovhd expenses per acre	295.28
Net return per acre	287.43
Government payments	18.23
Net return with govt pmts	305.66
Labor & management charge	46.84
Net return over lbr & mgt	258.81
<b>Cost of Production</b>	
Total direct expense per ton	49.52
Total dir & ovhd exp per ton	60.40
Less govt & other income	56.61
With labor & management	66.19
Net value per unit	119.13
Machinery cost per acre	114.34
Est. labor hours per acre	2.71

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

**Hay, Grass on Owned Land**

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	<u>Avg. Of All Farms</u>
Number of fields	8
Number of farms	8
Acres	12.50
Yield per acre (ton)	3.21
Operators share of yield %	100.00
Value per ton	84.53
Total product return per acre	271.76
Gross return per acre	271.76
<b>Direct Expenses</b>	
Fuel & oil	12.94
Repairs	11.47
Custom hire	18.46
Hired labor	1.64
Utilities	1.07
Operating interest	6.49
Total direct expenses per acre	52.06
Return over direct exp per acre	219.69
<b>Overhead Expenses</b>	
Hired labor	0.94
RE & pers. property taxes	9.79
Farm insurance	2.73
Utilities	1.12
Dues & professional fees	0.28
Interest	16.63
Mach & bldg depreciation	12.59
Miscellaneous	1.93
Total overhead expenses per acre	46.01
Total dir & ovhd expenses per acre	98.08
Net return per acre	173.68
Government payments	-
Net return with govt pmts	173.68
Labor & management charge	30.60
Net return over lbr & mgt	143.08
<b>Cost of Production</b>	
Total direct expense per ton	16.20
Total dir & ovhd exp per ton	30.51
Less govt & other income	30.51
With labor & management	40.03
Net value per unit	84.53
Machinery cost per acre	58.81
Est. labor hours per acre	1.45

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

**Hay, Grass on Cash Rent**

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	<u>Avg. Of All Farms</u>
Number of fields	5
Number of farms	5
Acres	55.00
Yield per acre (ton)	2.78
Operators share of yield %	100.00
Value per ton	107.49
Total product return per acre	298.35
Gross return per acre	298.35
<b>Direct Expenses</b>	
Fuel & oil	9.98
Repairs	5.40
Land rent	38.11
Operating interest	2.00
Miscellaneous	4.57
Total direct expenses per acre	60.05
Return over direct exp per acre	238.30
<b>Overhead Expenses</b>	
Hired labor	4.60
Farm insurance	2.19
Utilities	0.68
Dues & professional fees	0.22
Interest	0.38
Mach & bldg depreciation	7.32
Miscellaneous	0.69
Total overhead expenses per acre	16.08
Total dir & ovhd expenses per acre	76.13
Net return per acre	222.21
Government payments	0.83
Net return with govt pmts	223.05
Labor & management charge	18.52
Net return over lbr & mgt	204.52
<b>Cost of Production</b>	
Total direct expense per ton	21.63
Total dir & ovhd exp per ton	27.43
Less govt & other income	27.13
With labor & management	33.80
Net value per unit	107.49
Machinery cost per acre	22.85
Est. labor hours per acre	0.69



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

**Pasture on Owned Land**

	<u>Avg. Of All Farms</u>
Number of fields	5
Number of farms	5
Acres	34.08
Yield per acre (aum)	2.70
Operators share of yield %	100.00
Value per aum	10.00
Total product return per acre	26.98
Gross return per acre	26.98
<b>Direct Expenses</b>	
Seed	0.59
Fertilizer	12.14
Crop chemicals	3.72
Crop insurance	1.22
Fuel & oil	2.95
Repairs	3.82
Operating interest	0.77
Miscellaneous	0.38
Total direct expenses per acre	25.59
Return over direct exp per acre	1.39
<b>Overhead Expenses</b>	
RE & pers. property taxes	10.22
Farm insurance	0.81
Utilities	0.45
Interest	27.67
Mach & bldg depreciation	3.88
Miscellaneous	0.74
Total overhead expenses per acre	43.77
Total dir & ovhd expenses per acre	69.36
Net return per acre	-42.38
Government payments	2.57
Net return with govt pmts	-39.81
Labor & management charge	4.25
Net return over lbr & mgt	-44.07
<b>Cost of Production</b>	
Total direct expense per aum	9.48
Total dir & ovhd exp per aum	25.71
Less govt & other income	24.76
With labor & management	26.33
Net value per unit	10.00
Machinery cost per acre	10.06
Est. labor hours per acre	0.24

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

**Pasture on Cash Rent**

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	<u>Avg. Of All Farms</u>
Number of fields	5
Number of farms	5
Acres	81.80
Yield per acre (aum)	2.25
Operators share of yield %	100.00
Value per aum	10.00
Total product return per acre	22.54
Other crop income per acre	6.50
Gross return per acre	29.04
<b>Direct Expenses</b>	
Fertilizer	0.53
Crop chemicals	3.92
Fuel & oil	2.47
Repairs	2.68
Land rent	34.06
Operating interest	0.88
Total direct expenses per acre	44.54
Return over direct exp per acre	-15.49
<b>Overhead Expenses</b>	
Hired labor	0.52
Mach & bldg depreciation	2.76
Miscellaneous	1.08
Total overhead expenses per acre	4.35
Total dir & ovhd expenses per acre	48.89
Net return per acre	-19.85
Government payments	-
Net return with govt pmts	-19.85
Labor & management charge	3.15
Net return over lbr & mgt	-23.00
<b>Cost of Production</b>	
Total direct expense per aum	19.76
Total dir & ovhd exp per aum	21.69
Less govt & other income	18.81
With labor & management	20.21
Net value per unit	10.00
Machinery cost per acre	7.57
Est. labor hours per acre	0.16

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

**CRP on Owned Land**

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	<u>Avg. Of All Farms</u>
Number of fields	19
Number of farms	19
Acres	33.17
Yield per acre (\$)	90.16
Operators share of yield %	100.00
Value per \$	1.00
Total product return per acre	90.16
Gross return per acre	90.16
<b>Direct Expenses</b>	
Crop chemicals	0.60
Fuel & oil	2.64
Repairs	3.81
Operating interest	0.66
Total direct expenses per acre	7.70
Return over direct exp per acre	82.45
<b>Overhead Expenses</b>	
RE & pers. property taxes	13.40
Farm insurance	0.70
Utilities	0.62
Interest	34.70
Mach & bldg depreciation	15.25
Miscellaneous	0.88
Total overhead expenses per acre	65.55
Total dir & ovhd expenses per acre	73.26
Net return per acre	16.90
Government payments	-
Net return with govt pmts	16.90
Labor & management charge	5.22
Net return over lbr & mgt	11.68
<b>Cost of Production</b>	
Total direct expense per \$	0.09
Total dir & ovhd exp per \$	0.81
Less govt & other income	0.81
With labor & management	0.87
Net value per unit	1.00
Machinery cost per acre	20.35
Est. labor hours per acre	0.29

# 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.

The “Dairy” table contains the information for only the milking herd (which includes dry cows). “Dairy Replacement Heifers” are those heifers kept for replacement into the milking herd. 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**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Hogs, Weaning to Finish -- Average Per Head**

	<u>Avg. Of All Farms</u>	
Number of farms	6	
	Quantity	Value
Wean-Fin Pig sold (lb)	237.6	116.31
Butchered (lb)	0.0	0.01
Hedging gain/loss		5.91
Other income		0.09
Purchased (lb)	-15.5	-46.82
Inventory change (lb)	26.5	15.09
Gross margin		90.58
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	61.3	14.49
Complete Ration (lb.)	26.4	8.10
Corn (bu.)	8.5	39.16
DDGS (lb.)	26.6	2.19
Other feed stuffs (lb)	7.3	13.31
Veterinary		3.96
Supplies		1.45
Contract production exp.		0.88
Fuel & oil		1.33
Repairs		1.16
Custom hire		1.40
Hired labor		5.13
Machinery leases		2.10
Utilities		0.67
Operating interest		2.19
Total direct expenses		97.53
Return over direct expense		-6.96
<b>Overhead Expenses</b>		
Hired labor		0.47
Building leases		7.61
Farm insurance		0.74
Interest		0.70
Mach & bldg depreciation		3.43
Miscellaneous		1.11
Total overhead expenses		14.06
Total dir & ovhd expenses		111.59
Net return		-21.02
Labor & management charge		1.08
Net return over lbr & mgt		-22.10
<b>Cost of Production/Cwt. Carcass Sold</b>		
Total direct expense per unit		73.44
Total dir & ovhd expense per unit		81.42
With other revenue adjustments		78.02
With labor and management		78.63
Est. labor hours per unit		0.44
<b>Other Information</b>		
No. purchased or trans in		33,866
Number sold or trans out		26,115
Percentage death loss		7.9
Percent substandard hogs		0
Avg. daily gain (lbs)		1.41
Lbs of feed / lb of gain		2.73
Feed cost per cwt of gain		31.08
Feed cost per head		77.25
Average purchase weight		13
Avg wgt / Wean-Fin Pig sold		254
Avg purch price / head		38.58
Avg sales price / cwt.		48.96
Average carcass weight		189
Average price / cwt. carcass		65.97

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

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

	<u>Avg. Of All Farms</u>	
Number of farms	6	
	Quantity	Value
Wean-Fin Pig sold (lb)	134.96	66.08
Butchered (lb)	0.02	0.01
Hedging gain/loss		3.36
Other income		0.05
Purchased (lb)	-8.82	-26.60
Inventory change (lb)	15.08	8.57
Gross margin		51.46
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	34.80	8.23
Complete Ration (lb.)	15.00	4.60
Corn (bu.)	4.80	22.25
DDGS (lb.)	15.10	1.24
Other feed stuffs (lb)	4.15	7.56
Veterinary		2.25
Supplies		0.83
Contract production exp.		0.50
Fuel & oil		0.76
Repairs		0.66
Custom hire		0.80
Hired labor		2.91
Machinery leases		1.19
Utilities		0.38
Operating interest		1.25
Total direct expenses		55.41
Return over direct expense		-3.95
<b>Overhead Expenses</b>		
Hired labor		0.26
Building leases		4.32
Farm insurance		0.42
Interest		0.40
Mach & bldg depreciation		1.95
Miscellaneous		0.63
Total overhead expenses		7.99
Total dir & ovhd expenses		63.40
Net return		-11.94
Labor & management charge		0.61
Net return over lbr & mgt		-12.55
<b>Cost of Production/Cwt. Carcass Sold</b>		
Total direct expense per unit		73.44
Total dir & ovhd expense per unit		81.42
With other revenue adjustments		78.02
With labor and management		78.63
Est. labor hours per unit		0.25
<b>Other Information</b>		
No. purchased or trans in		33,866
Number sold or trans out		26,115
Percentage death loss		7.9
Percent substandard hogs		0
Avg. daily gain (lbs)		1.41
Lbs of feed / lb of gain		2.73
Feed cost per cwt of gain		31.08
Feed cost per head		77.25
Average purchase weight		13
Avg wgt / Wean-Fin Pig sold		254
Avg purch price / head		38.58
Avg sales price / cwt.		48.96
Average carcass weight		189
Average price / cwt. carcass		65.97

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Hogs, Weaning to Finish (Contract Grower) -- Average Per Pig Space**

	<b>Avg. Of All Farms</b>	
Number of farms	11	
	Quantity	Value
Other income		36.07
Gross margin		36.07
<b>Direct Expenses</b>		
Veterinary		0.07
Supplies		0.94
Contract production exp.		2.69
Fuel & oil		2.34
Repairs		2.30
Custom hire		1.16
Hired labor		0.45
Machinery leases		0.16
Utilities		1.63
Operating interest		0.21
Total direct expenses		11.95
Return over direct expense		24.12
<b>Overhead Expenses</b>		
Hired labor		0.21
Building leases		2.83
RE & pers. property taxes		0.43
Farm insurance		1.15
Utilities		0.48
Interest		5.92
Mach & bldg depreciation		5.95
Miscellaneous		0.40
Total overhead expenses		17.37
Total dir & ovhd expenses		29.32
Net return		6.75
Labor & management charge		5.21
Net return over lbr & mgt		1.55
<b>Cost of Production Per Pig Space</b>		
Total direct expense per unit		-
Total dir & ovhd expense per unit		-
With other revenue adjustments		-
With labor and management		-
Est. labor hours per unit		0.38
<b>Other Information</b>		
Number of pigs		4,910
Pigs per pig space (per year)		2.09
Net return per 100 sq. ft.		80.82
Net return per labor hour		17.84
Square feet per pig space		8.35

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Beef Cow-Calf -- Average Per Cow**

	<u>Avg. Of All Farms</u>	
Number of farms	6	
	Quantity	Value
Beef Calves sold (lb)	315.2	346.73
Transferred out (lb)	323.0	330.05
Cull sales (lb)	109.0	59.86
Butchered (lb)	-	4.44
Other income		-
Purchased (lb)	-161.4	-155.07
Inventory change (lb)	14.7	-148.14
Gross margin		437.87
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	56.4	66.29
Complete Ration (lb.)	-	37.94
Corn (bu.)	1.3	5.10
Corn Silage (lb.)	4,375.3	54.10
Hay, Alfalfa (lb.)	4,017.8	195.10
Hay, Grass (lb.)	589.5	27.83
Pasture (aum)	3.8	11.14
Stover (lb.)	375.3	4.94
Other feed stuffs (lb)	0.1	1.67
Veterinary		20.20
Fuel & oil		44.14
Repairs		36.21
Custom hire		2.22
Utilities		2.08
Hauling and trucking		7.20
Operating interest		16.32
Total direct expenses		532.47
Return over direct expense		-94.61
<b>Overhead Expenses</b>		
RE & pers. property taxes		2.06
Farm insurance		5.86
Utilities		6.91
Interest		13.10
Mach & bldg depreciation		35.72
Miscellaneous		4.10
Total overhead expenses		67.74
Total dir & ovhd expenses		600.21
Net return		-162.34
Labor & management charge		115.96
Net return over lbr & mgt		-278.30
<b>Cost of Production Per Cwt. Produced</b>		
Total direct expense per unit		88.68
Total dir & ovhd expense per unit		99.96
With other revenue adjustments		120.27
With labor and management		139.58
Est. labor hours per unit		9.56
<b>Other Information</b>		
Number of cows		33.8
Pregnancy percentage		94.4
Pregnancy loss percentage		4.1
Culling percentage		9.1
Calving percentage		90.5
Weaning percentage		83.1
Calves sold per cow		1.15
Calf death loss percent		7.8
Cow death loss percent		2.0
Cows per FTE		292.9
Average weaning weight		482
Lbs weaned/exposed female		401
Feed cost per cow		404.10
Avg wgt/ Beef Calves sold		578
Avg price / cwt.		110.00



**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Beef Finishing -- Average Per Head**

	<u>Avg. Of All Farms</u>	
Number of farms	10	
	Quantity	Value
Finish Beef sold (lb)	1,289.8	1,237.10
Transferred out (lb)	9.9	9.94
Cull sales (lb)	4.2	4.22
Butchered (lb)	4.2	3.96
Other income		-
Purchased (lb)	-457.4	-504.27
Transferred in (lb)	-29.1	-29.37
Inventory change (lb)	-143.0	-212.42
Gross margin		509.17
<b>Direct Expenses</b>		
Corn Gluten (lb.)	1,069.8	34.98
Corn Distillers Grn (dry) (lb.)	115.6	9.68
Protein Vit Minerals (lb.)	337.3	55.93
Complete Ration (lb.)	-	6.21
Corn (bu.)	59.0	264.75
Corn Silage (lb.)	3,069.0	38.13
Hay, Alfalfa (lb.)	252.4	14.03
Hay, Grass (lb.)	144.9	6.18
Haylage, Alfalfa (lb.)	106.2	2.13
Other feed stuffs (lb)	429.5	8.38
Veterinary		10.22
Supplies		11.32
Fuel & oil		12.68
Repairs		12.08
Custom hire		13.10
Hauling and trucking		14.78
Operating interest		28.10
Total direct expenses		542.66
Return over direct expense		-33.49
<b>Overhead Expenses</b>		
Hired labor		5.27
RE & pers. property taxes		1.69
Farm insurance		3.81
Utilities		2.42
Interest		13.57
Mach & bldg depreciation		19.04
Miscellaneous		4.58
Total overhead expenses		50.37
Total dir & ovhd expenses		593.03
Net return		-83.86
Labor & management charge		31.51
Net return over lbr & mgt		-115.37
<b>Cost of Production Per Cwt. Produced</b>		
Total direct expense per unit		98.52
Total dir & ovhd expense per unit		102.40
With other revenue adjustments		102.40
With labor and management		104.82
Est. labor hours per unit		2.74
<b>Other Information</b>		
No. purchased or trans in		280
Number sold or trans out		362
Percentage death loss		1.1
Avg. daily gain (lbs)		2.61
Lbs of conc / lb of gain		7.49
Lbs of feed / lb of gain		9.85
Feed cost per cwt of gain		64.90
Feed cost per head		440.39
Average purchase weight		645
Avg wgt / Finish Beef sold		1.333
Avg purch price / cwt.		110.25
Avg sales price / cwt.		95.92

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Beef Finishing -- Average Per Cwt. Produced**

	<u>Avg. Of</u> <u>All Farms</u>	
Number of farms	10	
	Quantity	Value
Finish Beef sold (lb)	190.07	182.31
Transferred out (lb)	1.46	1.46
Cull sales (lb)	0.62	0.62
Butchered (lb)	0.62	0.58
Other income		-
Purchased (lb)	-67.40	-74.31
Transferred in (lb)	-4.30	-4.33
Inventory change (lb)	-21.08	-31.30
Gross margin		75.04
<b>Direct Expenses</b>		
Corn Gluten (lb.)	157.66	5.15
Corn Distillers Grn (dry) (lb.)	17.04	1.43
Protein Vit Minerals (lb.)	49.71	8.24
Complete Ration (lb.)	-	0.92
Corn (bu.)	8.69	39.02
Corn Silage (lb.)	452.26	5.62
Hay, Alfalfa (lb.)	37.19	2.07
Hay, Grass (lb.)	21.35	0.91
Haylage, Alfalfa (lb.)	15.64	0.31
Other feed stuffs (lb)	63.30	1.23
Veterinary		1.51
Supplies		1.67
Fuel & oil		1.87
Repairs		1.78
Custom hire		1.93
Hauling and trucking		2.18
Operating interest		4.14
Total direct expenses		79.97
Return over direct expense		-4.94
<b>Overhead Expenses</b>		
Hired labor		0.78
RE & pers. property taxes		0.25
Farm insurance		0.56
Utilities		0.36
Interest		2.00
Mach & bldg depreciation		2.81
Miscellaneous		0.67
Total overhead expenses		7.42
Total dir & ovhd expenses		87.39
Net return		-12.36
Labor & management charge		4.64
Net return over lbr & mgt		-17.00
<b>Cost of Production Per Cwt. Produced</b>		
Total direct expense per unit		98.52
Total dir & ovhd expense per unit		102.40
With other revenue adjustments		102.40
With labor and management		104.82
Est. labor hours per unit		0.40
<b>Other Information</b>		
No. purchased or trans in		280
Number sold or trans out		362
Percentage death loss		1.1
Avg. daily gain (lbs)		2.61
Lbs of conc / lb of gain		7.49
Lbs of feed / lb of gain		9.85
Feed cost per cwt of gain		64.90
Feed cost per head		440.39
Average purchase weight		645
Avg wgt / Finish Beef sold		1.333
Avg purch price / cwt.		110.25
Avg sales price / cwt.		95.92

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Dairy -- Average Per Cow**

	<b>Avg. Of All Farms</b>	
Number of farms	5	
	Quantity	Value
Milk sold (hd)	23,450.1	4,318.09
Milk used in home (hd)	6.7	1.37
Milk fed to animals (hd)	102.6	15.05
Dairy Calves sold (hd)	0.1	8.74
Transferred out (hd)	0.3	8.93
Cull sales (hd)	0.2	147.29
Butchered (hd)	0.0	0.21
Other income		-
Purchased (hd)	0.1	-180.37
Transferred in (hd)	0.4	-
Inventory change (hd)	0.2	172.42
Dairy repl net cost		-707.85
Gross margin		3,783.87
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	954.0	812.18
Corn (bu.)	66.0	308.59
Corn Silage (lb.)	18,507.8	260.89
Hay, Alfalfa (lb.)	4,911.0	283.23
Haylage, Alfalfa (lb.)	240.5	5.11
Other feed stuffs (lb)	2,202.3	142.08
Breeding fees		38.02
Veterinary		91.22
Supplies		157.54
DHIA		5.22
Fuel & oil		76.63
Repairs		125.43
Custom hire		66.95
Hired labor		238.98
Utilities		35.02
Hauling and trucking		41.14
Marketing		49.60
Total direct expenses		2,737.83
Return over direct expense		1,046.05
<b>Overhead Expenses</b>		
Hired labor		229.09
Farm insurance		32.22
Utilities		21.22
Interest		70.70
Mach & bldg depreciation		190.47
Miscellaneous		32.71
Total overhead expenses		576.42
Total dir & ovhd expenses		3,314.24
Net return		469.63
Labor & management charge		185.34
Net return over lbr & mgt		284.29
<b>Cost of Production Per Cwt. Of Milk</b>		
Total direct expense per unit		11.62
Total dir & ovhd expense per unit		14.07
With other revenue adjustments		16.40
With labor and management		17.19
Est. labor hours per unit		38.58
<b>Other Information</b>		
Number of cows		291.1
Milk produced per cow		23,559
Total milk sold		6,826,794
Pounds of milk sold per FTE		1,701,867
Culling percentage		21.2
Turnover rate		27.1
Cow death loss percent		5.8
Percent of barn capacity		90.9
Feed cost per day		4.96
Feed cost per cwt of milk		7.69
Feed cost per cow		1,812.08
Avg. milk price per cwt.		18.41

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Dairy Replacement Heifers -- Average Per Head**

	<u>Avg. Of All Farms</u>	
Number of farms	5	
	Quantity	Value
Replacements sold (hd)	0.3	53.63
Transferred out (hd)	0.4	496.88
Cull sales (hd)	0.0	2.83
Other income		-
Transferred in (hd)	0.3	-41.93
Inventory change (hd)	0.0	-116.87
Gross margin		394.54
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	91.5	61.00
Complete Ration (lb.)	57.7	11.53
Corn (bu.)	12.1	56.35
Corn Silage (lb.)	5,182.3	74.95
Hay, Alfalfa (lb.)	3,082.9	171.22
Hay, Grass (lb.)	81.3	3.25
Oatlage (lb.)	119.1	1.19
Oats (bu.)	0.7	2.11
Pasture (aum)	0.3	2.98
Other feed stuffs (lb)	43.6	1.74
Breeding fees		10.80
Veterinary		20.54
Supplies		3.46
Contract production exp.		108.33
Fuel & oil		11.88
Repairs		9.43
Custom hire		18.45
Total direct expenses		569.22
Return over direct expense		-174.68
<b>Overhead Expenses</b>		
Hired labor		27.12
Building leases		10.46
Farm insurance		4.72
Utilities		2.86
Dues & professional fees		0.57
Interest		11.82
Mach & bldg depreciation		30.31
Miscellaneous		3.96
Total overhead expenses		91.82
Total dir & ovhd expenses		661.04
Net return		-266.51
Labor & management charge		26.80
Net return over lbr & mgt		-293.31
<b>Cost of Production Per Head Per Day</b>		
Total direct expense per unit		1.99
Total dir & ovhd expense per unit		2.24
With other revenue adjustments		2.24
With labor and management		2.31
Est. labor hours per unit		5.81
<b>Other Information</b>		
No. purchased or trans in		96
Number sold or trans out		177
Average number of head		275
Percentage death loss		3.8
Feed cost per average head		386.32
Feed cost/head sold/trans		602.79
Total cost/head sold/trans		1,316.64
Feed cost per head per day		1.06
Avg. wgt / Replacements sold		175
Avg. sales price / head		214.37

**Livestock Enterprise Analysis**  
**Southwest Minnesota Farm Business Management Association**  
**(Farms Sorted By Net Return Per Unit)**

**Dairy and Repl Heifers -- Average Per Cow**

	<u>Avg. Of All Farms</u>	
Number of farms	5	
	Quantity	Value
Milk sold (hd)	23,450.1	4,318.09
Milk used in home (hd)	6.7	1.37
Milk fed to animals (hd)	102.6	15.05
Dairy Calves sold (hd)	0.1	59.48
Transferred out (hd)	0.3	8.93
Cull sales (hd)	0.2	149.97
Butchered (hd)	0.0	0.21
Other income		-
Purchased (hd)	0.1	-180.37
Transferred in (hd)	0.4	-
Inventory change (hd)	0.2	61.86
Gross margin		4,434.58
<b>Direct Expenses</b>		
Protein Vit Minerals (lb.)	1,040.6	869.88
Complete Ration (lb.)	177.2	13.73
Corn (bu.)	77.5	361.90
Corn Silage (lb.)	23,410.3	331.79
Hay, Alfalfa (lb.)	7,827.4	445.20
Other feed stuffs (lb)	2,551.9	155.04
Breeding fees		48.24
Veterinary		110.65
Supplies		214.12
Contract production exp.		102.48
Fuel & oil		87.87
Repairs		134.36
Custom hire		84.41
Hired labor		240.35
Utilities		35.16
Hauling and trucking		41.14
Total direct expenses		3,276.31
Return over direct expense		1,158.27
<b>Overhead Expenses</b>		
Hired labor		254.75
Farm insurance		36.69
Utilities		23.93
Interest		81.88
Mach & bldg depreciation		219.14
Miscellaneous		46.89
Total overhead expenses		663.28
Total dir & ovhd expenses		3,939.59
Net return		494.98
Labor & management charge		210.69
Net return over lbr & mgt		284.29
<b>Cost of Production Per Cwt. Of Milk</b>		
Total direct expense per unit		13.91
Total dir & ovhd expense per unit		16.72
With other revenue adjustments		16.30
With labor and management		17.19
Est. labor hours per unit		44.08
<b>Other Information</b>		
Number of cows		291.1
Milk produced per cow		23,559
Total milk sold		6,826,794
Pounds of milk sold per FTE		1,489,528
Culling percentage		21.2
Turnover rate		27.1
Cow death loss percent		5.8
Percent of barn capacity		90.9
Feed cost per day		5.97
Feed cost per cwt of milk		9.24
Feed cost per cow		2,177.54
Avg. milk price per cwt.		18.41

## 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.

CPI-U		CPI-U	
<u>Year</u>	<u>1982-84=100</u>	<u>Year</u>	<u>1982-84=100</u>
1989	124.0	1999	166.6
1990	130.7	2000	172.2
1991	136.2	2001	177.0
1992	140.3	2002	179.9
1993	144.5	2003	184.0
1994	148.2	2004	188.9
1995	152.4	2005	195.3
1996	156.9	2006	201.6
1997	160.5	2007	207.3
1998	163.0	2008	215.2

### 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.

### Financial Summary by County

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

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

Row	Items	1989	1990	1991	1992	1993	1994	1995	1996	1997
		----	----	----	----	----	----	----	----	----
1	Number of Farms	203	200	207	201	202	202	216	203	208
	Farm Income Statement									
2	Gross Cash Farm Income	265,019	291,839	288,031	301,907	296,705	306,175	346,838	382,502	359,710
3	Total Cash Farm Expense	204,939	222,201	221,385	236,768	242,616	256,246	277,214	299,610	303,241
4	Inventory Change	11,788	22,242	-10,822	-429	4,474	9,254	16,939	12,231	19,769
5	Depr. & Cap. Adj.	-21,709	-26,876	-26,122	-27,051	-26,997	-27,268	-29,288	-32,424	-35,640
6	Net Farm Income from Operations	50,159	65,004	29,702	37,659	31,567	31,915	57,276	62,699	40,598
7	Gain of Loss on Capital Sales	0	0	0	0	0	0	0	0	0
8	Net Farm Income	50,159	65,004	29,702	37,659	31,567	31,915	57,276	62,699	40,598
9	Net Farm Income (Constant \$)	87,050	107,030	46,930	57,763	47,012	46,344	80,878	85,996	54,434
	Profitability*									
10	Rate of Return on Assets (%)	10	12	5	7	5	5	10	10	6
11	Rate of Return on Equity (%)	11	15	3	6	2	3	13	12	5
12	Operating Profit Margin (%)	19	23	12	14	12	12	22	21	14
13	Asset Turnover Rate (%)	49	53	43	46	40	41	46	48	44
14	Value of Farm Production	233,867	264,282	225,829	244,243	191,194	207,729	247,690	277,026	262,396
15	Farm Interest Paid	15,489	17,126	17,061	17,943	15,667	17,837	22,084	22,337	22,282
	Liquidity, Repayment and Efficiency									
16	Current Ratio	n/a	n/a	n/a	n/a	1.9	1.8	1.9	2.0	1.6
17	Working Capital	n/a	n/a	n/a	n/a	99,295	91,719	106,941	118,955	91,023
18	Working Capital to Gross Revenue (%)	n/a	n/a	n/a	n/a	33	28	29	30	25
19	Term Debt Coverage Ratio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.2
20	Operating Expense Ratio (%)	68.5	65.1	73.9	72.8	75.1	75.9	70.0	69.6	73.3
21	Interest Expense Ratio (%)	5.6	5.4	6.1	5.9	5.4	5.7	6.1	5.8	6.2
	Solvency (Year-end, Sole Proprietors Only)*									
22	No. of Sole Proprietors	179	180	187	180	178	179	184	173	180
23	Total Assets	506,988	557,912	579,629	596,525	844,030	901,807	944,208	982,750	1,016,308
24	Total Liabilities	186,956	202,626	216,189	227,131	396,899	431,390	452,253	462,505	490,140
25	Net Worth	320,032	355,286	363,440	369,394	447,132	470,418	491,955	520,245	526,168
26	Debt to Asset Ratio (%)	37	36	37	38	47	48	48	47	48
	Acreage Information									
27	Total Acres Owned	237	237	241	251	252	267	256	249	233
28	Total Crop Acres Farmed	568	561	570	586	600	612	625	658	648
29	Crop Acres Owned	199	191	200	203	204	204	211	204	200
30	Crop Acres Cash Rented	269	275	274	286	299	323	340	384	381
31	Crop Acres Share Rented	100	95	96	96	97	86	74	70	67
	Crop Yields									
32	Corn per acre (bu.)	141	128	125	126	61	143	119	133	126
33	Soybeans per acre (bu.)	43	45	38	38	20	46	43	42	42
	Crop Prices Received (cash sales)									
34	Corn per Bushel	2.20	2.30	2.26	2.20	2.11	2.24	2.30	3.04	2.39
35	Soybeans per Bushel	6.57	5.69	5.41	5.39	5.84	5.94	5.56	6.84	7.13
	Household Information									
36	No. Farms Reporting HseHld Info	129	126	145	136	131	134	151	131	123
37	Average Family Size	3.9	3.9	4.0	4.1	3.9	3.8	3.7	3.7	3.7
38	Family living expense	23,924	27,187	26,607	27,428	28,999	29,438	30,439	32,509	34,284
39	Total Family Use of Cash	44,214	46,587	48,911	45,638	45,897	42,179	43,315	47,584	58,051
40	Net Nonfarm Income	11,973	12,135	10,803	12,329	12,387	12,381	14,279	13,506	13,596

\* 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)

1998 ----	1999 ----	2000 ----	2001 ----	2002 ----	2003 ----	2004 ----	2005 ----	2006 ----	2007 ----	2008 ----	Row ----
210	216	212	207	188	175	125	107	110	107	107	1
369,573	388,731	422,897	433,698	428,084	504,022	496,771	579,201	609,886	731,897	876,375	2
305,344	324,802	348,711	358,506	352,995	400,605	404,743	477,476	494,409	592,841	720,364	3
-21,057	15,633	25,296	-17,297	19,571	18,977	31,076	74,307	66,397	135,843	70,051	4
-34,557	-35,800	-17,731	-21,280	-24,654	-25,990	-24,741	-28,170	-27,176	-32,631	-39,437	5
8,616	43,762	81,750	36,614	70,007	96,404	98,362	147,862	154,698	242,267	186,625	6
0	0	0	0	0	0	0	0	0	0	4,276	7
8,616	43,762	81,750	36,614	70,007	96,404	98,362	147,862	154,698	242,267	190,901	8
11,375	56,528	102,164	44,516	83,744	112,751	112,057	162,928	165,134	251,500	190,901	9
2	7	12	6	9	11	11	14	13	17	11	10
-6	7	19	4	11	16	16	21	19	25	15	11
4	16	27	14	20	24	23	28	28	35	26	12
39	43	45	39	44	44	46	51	48	50	43	13
250,717	274,411	313,232	282,583	345,743	379,505	378,450	478,073	512,081	648,768	658,576	14
25,358	27,488	27,002	27,203	26,739	25,262	21,824	22,210	27,677	30,714	30,232	15
1.5	1.6	1.7	1.5	1.6	1.7	1.9	2.1	2.2	2.5	2.6	16
76,325	95,737	112,896	83,500	117,135	143,632	155,804	218,745	268,567	393,911	446,350	17
21	24	25	20	25	28	30	34	40	46	49	18
1.6	1.9	2.3	1.0	1.6	2.2	2.1	3.0	3.1	4.1	2.9	19
80.5	73.1	71.4	79.5	73.6	71.5	72.1	69.2	68.7	64.1	71.6	20
7.5	6.7	6.2	6.6	5.8	4.8	4.2	3.5	4.3	3.7	3.3	21
183	185	181	178	161	149	109	91	93	91	85	22
1,066,565	1,061,579	1,150,838	1,158,071	1,277,823	1,407,919	1,286,775	1,487,232	1,694,428	2,034,365	2,208,883	23
522,994	517,040	545,689	539,918	578,253	619,279	554,962	618,105	698,239	810,184	837,830	24
543,571	544,539	605,149	618,197	699,570	788,640	731,813	869,127	996,189	1,224,181	1,371,053	25
49	49	47	47	45	44	43	42	41	40	38	26
250	241	250	252	265	263	236	241	243	241	249	27
697	709	730	759	784	794	766	792	797	825	822	28
219	204	214	214	226	239	193	199	197	208	222	29
402	430	445	468	490	489	494	532	526	546	536	30
76	75	70	77	68	67	79	61	74	71	64	31
161	156	150	128	151	157	171	192	169	162	172	32
49	45	46	42	49	39	41	55	51	49	44	33
1.97	1.66	1.68	1.72	1.95	2.07	2.28	1.89	2.04	3.00	4.51	34
5.72	4.59	4.57	4.32	4.57	5.73	7.17	5.88	5.57	7.14	10.83	35
122	125	120	124	108	102	73	67	66	60	62	36
3.6	3.6	3.5	3.5	3.6	3.4	3.4	3.4	3.3	3.1	3.0	37
34,097	35,186	38,932	39,793	41,882	43,383	48,371	50,608	51,569	56,229	59,939	38
48,197	50,326	62,349	63,980	51,826	68,470	68,029	74,513	82,670	98,388	100,933	39
15,580	18,430	21,436	20,082	20,846	22,480	23,733	24,774	31,059	25,164	28,456	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	99	13	33	33	19
<b>Income Statement</b>					
Gross cash farm income	876,375	180,244	370,022	728,828	2,530,475
Total cash farm expense	720,364	127,398	240,926	520,554	2,342,489
Net cash farm income	156,012	52,846	129,096	208,274	187,986
Inventory change	70,051	27,550	47,394	80,743	122,072
Depreciation and capital adjust	-39,437	-15,469	-24,813	-38,858	-82,959
Net farm income from operations	186,625	64,928	151,677	250,159	227,099
Gain or loss on capital sales	4,276	1,164	139	445	19,942
Average net farm income	190,901	66,091	151,815	250,605	247,041
Median net farm income	178,874	70,480	170,746	238,119	260,396
<b>Profitability (cost)</b>					
Rate of return on assets	11.2 %	9.9 %	13.6 %	14.3 %	7.4 %
Rate of return on equity	14.5 %	14.7 %	16.9 %	18.8 %	8.4 %
Operating profit margin	26.0 %	26.7 %	33.0 %	32.2 %	16.9 %
Asset turnover rate	43.1 %	37.0 %	41.2 %	44.6 %	43.5 %
<b>Liquidity &amp; Repayment (end of year)</b>					
Current assets	728,283	195,409	405,312	730,669	1,683,250
Current liabilities	281,934	99,907	125,350	223,498	793,278
Current ratio	2.58	1.96	3.23	3.27	2.12
Working capital	446,350	95,502	279,962	507,171	889,972
Working capital to gross inc	49.1 %	44.3 %	69.2 %	66.9 %	34.7 %
Term debt coverage ratio	2.94	3.13	3.66	4.15	1.63
Replacement coverage ratio	2.34	2.41	2.66	3.12	1.43
<b>Solvency (end of year at market)</b>					
Number of farms	99	13	33	33	19
Total farm assets	2,214,098	962,303	1,582,641	2,345,654	4,039,440
Total farm liabilities	597,158	343,479	269,970	557,406	1,437,414
Total assets	2,428,917	1,130,996	1,821,563	2,614,010	4,158,377
Total liabilities	951,468	488,912	576,009	976,899	1,923,215
Net worth	1,477,449	642,084	1,245,553	1,637,111	2,235,162
Net worth change	115,999	58,558	97,804	165,813	101,932
Farm debt to asset ratio	27 %	36 %	17 %	24 %	36 %
Total debt to asset ratio	39 %	43 %	32 %	37 %	46 %
<b>Nonfarm Information</b>					
Net nonfarm income	28,456	44,671	30,890	25,670	16,922
Farms reporting living expenses	62	8	23	24	6
Total family living expense	59,939	43,099	63,469	62,452	65,776
Total living, invest, cap. purch	100,933	54,646	108,261	110,259	109,953
<b>Crop Acres</b>					
Total acres owned	249	146	231	292	290
Total crop acres	822	301	569	988	1,360
Total crop acres owned	222	151	189	287	226
Total crop acres cash rented	536	149	314	664	993
Total crop acres share rented	64	-	66	37	142

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

	<u>Avg. Of All Farms</u>	<u>Crop</u>	<u>Hog</u>	<u>Crop and Hog</u>	<u>Crop and Beef</u>	<u>Other</u>
Number of farms	99	65	6	5	6	13
<b>Income Statement</b>						
Gross cash farm income	876,375	552,604	3,839,119	1,008,070	1,139,939	768,290
Total cash farm expense	720,364	399,943	4,109,747	912,067	871,678	516,997
Net cash farm income	156,012	152,661	-270,627	96,003	268,261	251,293
Inventory change	70,051	74,645	244,404	120,824	-32,108	33,146
Depreciation and capital adjust	-39,437	-28,461	-130,184	-35,371	-34,259	-38,274
Net farm income from operations	186,625	198,845	-156,407	181,456	201,893	246,165
Gain or loss on capital sales	4,276	6,196	917	-	-	158
Average net farm income	190,901	205,041	-155,491	181,456	201,893	246,323
Median net farm income	178,874	185,903	-134,688	216,353	158,190	174,221
<b>Profitability (cost)</b>						
Rate of return on assets	11.2 %	14.7 %	-2.2 %	11.3 %	13.3 %	14.8 %
Rate of return on equity	14.5 %	19.1 %	-10.5 %	14.4 %	22.5 %	18.9 %
Operating profit margin	26.0 %	31.2 %	-7.5 %	20.1 %	31.4 %	32.5 %
Asset turnover rate	43.1 %	47.2 %	28.9 %	56.4 %	42.3 %	45.5 %
<b>Liquidity &amp; Repayment (end of year)</b>						
Current assets	728,283	585,613	2,155,331	756,013	902,321	702,704
Current liabilities	281,934	175,848	1,524,498	305,389	453,524	191,784
Current ratio	2.58	3.33	1.41	2.48	1.99	3.66
Working capital	446,350	409,765	630,833	450,624	448,797	510,921
Working capital to gross inc	49.1 %	70.2 %	15.4 %	43.3 %	43.8 %	63.7 %
Term debt coverage ratio	2.94	4.32	-0.20	2.11	4.25	2.40
Replacement coverage ratio	2.34	3.17	-0.18	1.94	3.06	2.01
<b>Solvency (end of year at market)</b>						
Number of farms	99	65	6	5	6	13
Total farm assets	2,214,098	1,863,388	5,103,043	1,928,161	1,881,276	2,334,743
Total farm liabilities	597,158	396,010	2,377,519	573,301	745,203	551,742
Total assets	2,428,917	2,080,411	5,354,387	2,094,582	1,974,753	2,553,712
Total liabilities	951,468	747,394	2,865,403	830,396	1,044,676	870,763
Net worth	1,477,449	1,333,017	2,488,984	1,264,186	930,077	1,682,949
Net worth change	115,999	134,752	-171,744	109,126	120,100	141,861
Farm debt to asset ratio	27 %	21 %	47 %	30 %	40 %	24 %
Total debt to asset ratio	39 %	36 %	54 %	40 %	53 %	34 %
<b>Nonfarm Information</b>						
Net nonfarm income	28,456	30,694	17,970	38,911	18,726	24,496
Farms reporting living expenses	62	43	2	3	5	6
Total family living expense	59,939	59,462	-	-	68,533	66,756
Total living, invest, cap. purch	100,933	99,945	-	-	102,511	127,714
<b>Crop Acres</b>						
Total acres owned	249	259	230	170	204	194
Total crop acres	822	832	958	1,167	905	490
Total crop acres owned	222	243	296	161	184	59
Total crop acres cash rented	536	524	636	987	537	415
Total crop acres share rented	64	66	26	19	184	16

**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	99	14	33	41	10
<b>Income Statement</b>					
Gross cash farm income	876,375	657,548	579,829	1,139,953	1,123,840
Total cash farm expense	720,364	407,642	444,178	1,010,653	926,049
Net cash farm income	156,012	249,906	135,651	129,300	197,791
Inventory change	70,051	35,590	57,797	121,470	-57,350
Depreciation and capital adjust	-39,437	-31,997	-38,469	-43,573	-37,175
Net farm income from operations	186,625	253,499	154,978	207,198	103,266
Gain or loss on capital sales	4,276	1,074	379	9,610	174
Average net farm income	190,901	254,573	155,357	216,808	103,440
Median net farm income	178,874	182,147	158,793	220,795	99,859
<b>Profitability (cost)</b>					
Rate of return on assets	11.2 %	12.7 %	10.3 %	11.6 %	8.2 %
Rate of return on equity	14.5 %	13.0 %	12.1 %	16.9 %	12.1 %
Operating profit margin	26.0 %	35.5 %	27.1 %	23.9 %	19.8 %
Asset turnover rate	43.1 %	35.7 %	38.1 %	48.4 %	41.6 %
<b>Liquidity &amp; Repayment (end of year)</b>					
Current assets	728,283	870,776	591,202	812,563	668,019
Current liabilities	281,934	29,747	165,017	432,057	416,096
Current ratio	2.58	29.27	3.58	1.88	1.61
Working capital	446,350	841,029	426,186	380,506	251,922
Working capital to gross inc	49.1 %	126.4 %	70.7 %	31.2 %	24.5 %
Term debt coverage ratio	2.94	25.38	4.38	2.28	1.20
Replacement coverage ratio	2.34	4.81	2.89	2.03	1.16
<b>Solvency (end of year at market)</b>					
Number of farms	99	14	33	41	10
Total farm assets	2,214,098	2,843,904	1,909,501	2,355,937	1,861,142
Total farm liabilities	597,158	128,761	317,187	883,652	991,719
Total assets	2,428,917	3,110,705	2,205,959	2,516,184	1,965,731
Total liabilities	951,468	569,830	695,966	1,211,808	1,255,015
Net worth	1,477,449	2,540,875	1,509,993	1,304,376	710,717
Net worth change	115,999	144,740	97,052	144,199	25,016
Farm debt to asset ratio	27 %	5 %	17 %	38 %	53 %
Total debt to asset ratio	39 %	18 %	32 %	48 %	64 %
<b>Nonfarm Information</b>					
Net nonfarm income	28,456	25,035	41,491	21,634	16,020
Farms reporting living expenses	62	8	28	21	4
Total family living expense	59,939	45,193	58,951	64,208	-
Total living, invest, cap. purch	100,933	106,742	87,885	110,510	-
<b>Crop Acres</b>					
Total acres owned	249	432	238	215	197
Total crop acres	822	636	702	976	883
Total crop acres owned	222	278	228	212	186
Total crop acres cash rented	536	293	443	693	553
Total crop acres share rented	64	66	31	72	144

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

	<u>Avg. Of All Farms</u>	<u>31 - 40</u>	<u>41 - 50</u>	<u>51 - 60</u>	<u>Over 60</u>
Number of farms	99	13	19	49	14
<b>Income Statement</b>					
Gross cash farm income	876,375	698,290	1,275,376	855,946	726,732
Total cash farm expense	720,364	544,102	1,231,612	654,041	553,486
Net cash farm income	156,012	154,188	43,764	201,905	173,245
Inventory change	70,051	88,562	146,924	41,995	26,040
Depreciation and capital adjust	-39,437	-25,716	-41,344	-45,597	-30,523
Net farm income from operations	186,625	217,033	149,344	198,303	168,761
Gain or loss on capital sales	4,276	715	19,103	752	300
Average net farm income	190,901	217,749	168,446	199,055	169,061
Median net farm income	178,874	178,241	191,759	184,944	172,484
<b>Profitability (cost)</b>					
Rate of return on assets	11.2 %	19.1 %	8.7 %	11.2 %	9.4 %
Rate of return on equity	14.5 %	28.5 %	11.2 %	13.9 %	11.0 %
Operating profit margin	26.0 %	30.3 %	20.1 %	27.5 %	24.4 %
Asset turnover rate	43.1 %	63.2 %	43.5 %	40.7 %	38.4 %
<b>Liquidity &amp; Repayment (end of year)</b>					
Current assets	728,283	562,395	904,286	738,482	698,972
Current liabilities	281,934	186,080	479,789	268,126	181,788
Current ratio	2.58	3.02	1.88	2.75	3.84
Working capital	446,350	376,315	424,497	470,355	517,183
Working capital to gross inc	49.1 %	50.9 %	30.3 %	54.6 %	74.1 %
Term debt coverage ratio	2.94	6.09	1.67	3.26	2.77
Replacement coverage ratio	2.34	4.77	1.49	2.47	1.94
<b>Solvency (end of year at market)</b>					
Number of farms	99	13	19	49	14
Total farm assets	2,214,098	1,298,058	2,510,276	2,336,084	2,545,587
Total farm liabilities	597,158	460,505	962,254	550,275	420,666
Total assets	2,428,917	1,407,616	2,668,604	2,616,540	2,740,285
Total liabilities	951,468	688,780	1,267,437	969,216	787,739
Net worth	1,477,449	718,836	1,401,167	1,647,323	1,952,547
Net worth change	115,999	140,514	80,805	120,783	126,948
Farm debt to asset ratio	27 %	35 %	38 %	24 %	17 %
Total debt to asset ratio	39 %	49 %	47 %	37 %	29 %
<b>Nonfarm Information</b>					
Net nonfarm income	28,456	20,449	13,728	36,583	28,587
Farms reporting living expenses	62	10	10	32	7
Total family living expense	59,939	48,800	55,367	65,172	73,795
Total living, invest, cap. purch	100,933	69,911	102,626	114,916	99,028
<b>Crop Acres</b>					
Total acres owned	249	73	218	285	365
Total crop acres	822	803	881	809	864
Total crop acres owned	222	74	195	257	308
Total crop acres cash rented	536	676	621	474	532
Total crop acres share rented	64	53	66	78	25

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

	Brown Faribault		Watsonwan			Lyon Murray	Pipestone Rock		
	Avg. Of All Farms	Martin	Cottonwood	Jackson			Nobles	Yellow Med	Redwood
Number of farms	99	13	11	16		18	19	13	5
Income Statement									
Gross cash farm income	876,375	732,941	636,156	1,000,228		857,174	845,761	1,295,595	362,297
Total cash farm expense	720,364	601,382	455,813	795,724		611,796	642,423	1,384,822	238,966
Net cash farm income	156,012	131,559	180,343	204,504		245,378	203,338	-89,227	123,331
Inventory change	70,051	132,351	50,313	-31,107		43,222	54,077	236,010	-8,172
Depreciation and capital adjust	-39,437	-30,251	-26,358	-37,724		-37,853	-41,043	-63,922	-23,374
Net farm income from operations	186,625	233,658	204,297	135,673		250,747	216,372	82,861	91,785
Gain or loss on capital sales	4,276	67	45	396		781	20,505	149	2,000
Average net farm income	190,901	233,725	204,343	136,069		251,528	236,877	83,010	93,785
Median net farm income	178,874	224,949	201,563	163,544		190,365	189,236	158,793	66,370
Profitability (cost)									
Rate of return on assets	11.2 %	16.6 %	12.3 %	7.3 %		14.4 %	12.9 %	5.8 %	7.4 %
Rate of return on equity	14.5 %	23.3 %	16.6 %	8.1 %		18.4 %	17.7 %	5.8 %	8.0 %
Operating profit margin	26.0 %	30.8 %	31.5 %	19.5 %		31.3 %	27.8 %	16.1 %	21.2 %
Asset turnover rate	43.1 %	54.0 %	39.2 %	37.7 %		46.0 %	46.3 %	36.0 %	34.8 %
Liquidity & Repayment (end of year)									
Current assets	728,283	678,902	686,774	652,083		941,015	594,048	914,993	418,095
Current liabilities	281,934	221,702	233,488	237,247		268,237	247,705	636,968	104,079
Current ratio	2.58	3.06	2.94	2.75		3.51	2.40	1.44	4.02
Working capital	446,350	457,200	453,286	414,835		672,778	346,343	278,024	314,016
Working capital to gross inc	49.1 %	56.5 %	73.1 %	43.9 %		79.9 %	40.2 %	18.1 %	93.4 %
Term debt coverage ratio	2.94	3.77	4.07	2.03		4.60	2.35	1.69	3.48
Replacement coverage ratio	2.34	3.00	2.77	1.66		3.31	2.11	1.37	2.88
Solvency (end of year at market)									
Number of farms	99	13	11	16		18	19	13	5
Total farm assets	2,214,098	1,991,465	2,121,692	2,210,523		2,278,384	2,266,348	2,550,727	1,410,784
Total farm liabilities	597,158	504,237	511,643	587,843		521,480	664,312	1,008,267	209,774
Total assets	2,428,917	2,185,553	2,231,981	2,452,965		2,504,392	2,523,922	2,762,447	1,569,583
Total liabilities	951,468	844,162	926,927	943,020		932,596	1,009,370	1,274,122	471,437
Net worth	1,477,449	1,341,391	1,305,054	1,509,945		1,571,796	1,514,552	1,488,325	1,098,146
Net worth change	115,999	140,394	93,559	113,916		141,491	118,515	51,752	103,365
Farm debt to asset ratio	27 %	25 %	24 %	27 %		23 %	29 %	40 %	15 %
Total debt to asset ratio	39 %	39 %	42 %	38 %		37 %	40 %	46 %	30 %
Nonfarm Information									
Net nonfarm income	28,456	31,651	22,866	23,550		30,582	27,507	32,060	29,009
Farms reporting living expenses	62	10	8	10		10	12	7	3
Total family living expense	59,939	65,144	77,614	60,005		56,530	51,190	62,287	-
Total living, invest, cap. purch	100,933	108,604	95,518	87,123		123,703	108,617	85,766	-
Crop Acres									
Total acres owned	249	248	300	286		283	238	113	232
Total crop acres	822	917	935	778		950	813	592	472
Total crop acres owned	222	201	332	193		226	223	134	226
Total crop acres cash rented	536	708	457	552		638	517	410	202
Total crop acres share rented	64	7	145	33		86	74	48	44

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

*Rate of Return on Farm Equity* represents the interest rate being earned on farm net worth. If assets are valued at market value, this return can be compared to returns available if the assets were liquidated and invested in alternate investments. If assets are valued at cost value, this more closely represents the actual return on the funds that have been invested or retained in the business. The rate of return on farm equity is calculated as follows:  $\text{Rate of Return on Equity} = \text{Return on Farm Equity} \div \text{Average Farm Net Worth}$ , where:  $\text{Return on Farm Equity} = \text{Net Farm Income} - \text{Value of Operator's Labor \& Management}$ , and  $\text{Average Farm Net Worth} = (\text{Beginning Farm Net Worth} + \text{Ending Farm Net Worth}) \div 2$ .

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

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

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

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

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

## **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 represents 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	Crop Enterprise Production	Ending Inventory
All Corn/bu.	4.22	4.87	Actual	3.70
Oats/bu.	2.85	2.80	Actual	2.10
All Wheat/bu.	9.34	9.33	Actual	5.40
Soybeans/bu.	11.20	11.61	Actual	9.20
Alfalfa hay/t. (avg quality)	120.00	110.00	110.00	110.00
Alfalfa hay/t. (dairy qual)	150.00	140.00	140.00	140.00
Alfalfa haylage/t	60.00	55.00	55.00	55.00
Grass/Mixed hay/r	100.00	100.00	90.00	90.00
Corn silage/t.	25.00	25.00	25.00	24.00
Oatlage/t.	16.00	16.00	14.00	14.00
Oats straw/bale	2.65/100	2.65/100	2.50/90	2.50/90
Cornstalks/t.	25.00	25.00	25.00	25.00

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

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#### Other Prices Used:

Pasture:	\$12.00/AUM
Value of milk used in home	\$ 2.00/gallon
Value of milk fed calves	\$ 1.50/gallon

Starting in 2000, depreciation is calculated by using an 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 basis, plus new purchases (boot), less basis of sold items multiplied by the appropriate percentage rate.

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



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